FRANCHISE DISCLOSURE DOCUMENT

By The Bucket Franchise System, LLC
An Arizona limited liability company
3991 N Jefferson Street
Medina, Ohio 44256
Phone: (435) 901-8619
Email: ByTheBucketfranchise@gmail.com
Website: www.bythebucket.com

By The Bucket Franchise System, LLC offers franchises for a quick service restaurant featuring a variety of menu items, including our signature spaghetti and meatball dishes prepared with our proprietary sauce and served in buckets, for takeout and delivery.

The total investment necessary to begin operation of a single By The Bucket restaurant ranges from $179,800 to $265,500. This includes $50,000 that must be paid to us.

Area developers must commit to open a minimum of 2 restaurants. If you purchase area development rights to open 2 to 5 restaurants, the total investment necessary to begin operation of an area development franchise ranges from $202,300 to $355,500. This includes $72,500 to $140,000 that must be paid to us.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 3991 N Jefferson Street, Medina, Ohio 44256 or by phone at (435) 901-8619.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission (the "FTC"). 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: August 1, 2022 (amended October 12, 2022)

How to Use this Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

2. **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 in a system 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 other risks to be highlighted.

MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any document relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

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

Any questions regarding this notice should be directed to:

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

TABLE OF CONTENTS

ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "we," "us" and "the Company" mean By The Bucket Franchise System, LLC - the franchisor. "You" means the person who buys a By The Bucket franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

For purposes of this Disclosure Document, a "Restaurant" refers to a quick service restaurant that: (a) is owned and operated by us, our affiliate, you or another By The Bucket franchisee; (b) operates using our System (defined below); and (c) operates under the name BY THE BUCKET®.

Corporate Information

By The Bucket Franchise System, LLC is an Arizona limited liability company that was organized on June 20, 2022. Our principal business address is located at 3991 N Jefferson Street, Medina, Ohio 44256 and our telephone number is (435) 901-8619. Our agent for service of process is disclosed in EXHIBIT "B" to this Disclosure Document. We do not do business under any names other than "By The Bucket Franchise System, LLC" and our d/b/a "By The Bucket."

Business History

The first Restaurant opened in Payson, Arizona in June 2018. From 2020 to 2021, a company named By The Bucket LLC (which is not affiliated with us) offered trademark licenses for the operation of Restaurants. By The Bucket LLC ceased offering trademark licenses in 2021. Our predecessor, By The Bucket Franchising, LLC, offered Restaurant franchises from 2021 until May 2022. Our predecessor is discussed in more detail below.

In January 2022, our predecessor granted franchise development rights for the State of Utah to a company owned by Paul Kruger (who currently serves as our President). In May 2022, Mr. Kruger acquired from our predecessor all of the assets associated with the By The Bucket franchise system. In June 2022, Mr. Kruger formed our company to become the new "franchisor" for the By The Bucket franchise system.

We have offered Restaurant franchises since June 2022. We are not engaged in any business other than offering Restaurant franchises and administering the franchise system. We have never offered franchises in any other line of business.

We have never directly owned and operated a Restaurant. We plan to open a company-owned Restaurant in Scottsdale, Arizona in 2022 through an affiliated entity. In addition, our President intends to continue to develop Restaurants in Utah under the terms of his Area Development Agreement. These restaurants will also be classified as company-owned Restaurants.

Parents, Affiliates and Predecessors

Our parent company, By The Bucket, LLC, has a principal business address located at 1718 Capitol Avenue, Cheyenne, Wyoming 82001. Although they share the same name, our parent (a Wyoming limited liability company) is a different company than our predecessor's affiliate (an Arizona limited liability company) that offered trademark licenses for Restaurants from 2020 to 2021.

We do not have any affiliates that: (a) offer (or have ever offered) franchises in this or any other line of business; or (b) provide goods or services to our franchisees.

By The Bucket Franchising, LLC is our predecessor. Its principal business address is located at 319 East Highway 260, Payson, Arizona 85541. Our predecessor offered Restaurant franchises from 2021 through May 2022. Our predecessor never offered franchises in any other line of business. Our predecessor never directly owned or operated a Restaurant.

Description of Franchised Business

If we award you a franchise, you will establish and operate a quick service restaurant featuring a variety of menu items, including our signature spaghetti and meatball dishes prepared with our proprietary sauce and served in buckets, for takeout and delivery (your "Business" or your "Restaurant"). At this time, our model does not include sit-down dining.

You must sign a franchise agreement in the form attached to this Disclosure Document as EXHIBIT "C" (the "Franchise Agreement"). We will grant you a license to use certain logos, service marks and trademarks, including the trademark "BY THE BUCKET®" and associated logos (collectively, the "Marks"). The "Marks" also include our distinctive trade dress used to identify a Restaurant or the products it sells, whether now in existence or developed in the future. We will also license you the right to operate your Restaurant using a distinct system and method of operation (the "System"). The operational aspects of Restaurant are described in our confidential Brand Standards Manual (the "Manual"). You will operate your Restaurant as an independent business using the Marks, the System and the support, guidance and other methods and materials we provide.

Area Development Rights

If you satisfy our criteria for multi-unit developers, we may (but need not) offer you the right to enter into an Area Development Agreement in the form attached to this Disclosure Document as EXHIBIT "D" (an "ADA"). The ADA grants you the right and obligation to develop, open and operate multiple Restaurants within a defined "development territory" according to a predetermined "development schedule". You must develop, open and operate all of the Restaurants identified in the development schedule. We only grant area development rights to franchisees that commit to develop, open and operate a minimum of 2 Restaurants. You sign a separate franchise agreement for each Restaurant you develop under the ADA. Each franchise agreement will be our then-current form of franchise agreement, which may differ from the current Franchise Agreement attached to this Disclosure Document.

Market and Competition

The target market for our Restaurants includes members of the general public, especially families seeking a budget friendly option for feeding the entire family. The restaurant industry is well developed and highly competitive. As a franchisee, you will compete primarily with other restaurants offering Italian food, including independently owned and operated restaurants as well as regional and national chains. Many competitors operate through a franchise model. Sales are not seasonal.

Laws and Regulations

You must comply with all local, state and federal laws that apply to businesses generally, including laws governing discrimination and sexual harassment in the work place, minimum wage, smoking in public areas as well as EEOC and OSHA standards. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. Building codes and requirements vary in different jurisdictions and it is important for you and your architect to be aware of and comply with all local laws.

The United States Department of Agriculture and the Food and Drug Administration regulate the manufacture, labeling and distribution of food products. There may also be local ordinances and regulations governing food storage, preparation and serving. The Food and Drug Administration regulates menu labeling for retail food establishments that are part of a chain of 20 or more locations operating under the same name, regardless of ownership. Many states have enacted similar state laws governing menu labeling and disclosure of nutritional content. Some state and federal laws impose general requirements or restrictions on advertising containing false or misleading claims or health and nutrient claims on menus, such as "low calorie" or "fat free".

You must comply with federal, state and local health and sanitation laws and licensure requirements applicable to food establishments, including laws that require food handlers to have certain inoculations and/or food service permits. Health laws are intended, in part, to reduce food borne illnesses and may cover such issues as:

- requiring employees to take a test and obtain a license as a food service worker
- having accessible sinks and bathrooms for certain size establishments

- inspections for cleanliness and sanitation standards, including equipment cleaning, food storage and packaging, ingredients utilized, refrigeration requirements, etc.

The Payment Card Industry Data Security Standard ("PCI") requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCI applies to all organizations or merchants, regardless of size or number of transactions, that accepts, transmits or stores any cardholder data.

There may be other local, state and/or federal laws or regulations thatthat apply to your Business. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

Paul C Kruger – President

Paul C Kruger has served as our President since our inception in June 2022. From April 2009 to December 2016, he was a professional football player in the National Football League with the following teams:

- Baltimore Ravens - Baltimore, Maryland (April 2009 to February 2012)
- Cleveland Browns – Cleveland, Ohio (March 2013 to August 2015)
- New Orleans Saints – New Orleans, Louisiana (August 2015 to December 2016)

From November 2016 until March 2022, Mr. Kruger was President of the Kruger Companies, a national real estate development company.

Jason Thomas Stevenson – Chief Executive Officer

Jason Stevenson has served as our Chief Executive Officer since our inception in June 2022. From June 2019 to present, he has also served as Chief Executive Officer for American Salon Group in Medina, Ohio. From June 2016 to present, he has served as Director and Vice President of The Oswald Companies in Cleveland, Ohio.

Douglas A daCosta – Chief Operations Officer

Douglas A daCosta has served as our Chief Operations Officer since our inception in June 2022. From December 1997 through the present, he has also served as President of daCosta Companies, Inc. in Scottsdale, Arizona.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee

You pay us a nonrefundable $50,000 initial franchise fee when you sign the Franchise Agreement. The initial franchise fee is uniform (except as discussed below for area developers) and fully earned.

Development Fee

If you sign an ADA, you pay us a $50,000 initial franchise fee for your 1st Restaurant and a $45,000 discounted initial franchise fee for each additional Restaurant you commit to develop. At the time you sign the ADA, you pay us the full $50,000 initial franchise fee for your 1st Restaurant and a nonrefundable development fee calculated as 50% of the total discounted initial franchise fee (i.e., $22,500) for each additional Restaurant you commit to develop. For example, if you purchase the right to develop 5 Restaurants, you pay us the full $50,000 initial franchise for your 1st Restaurant plus a development fee equal to $90,000 ($22,500 X 4) for the right to develop the 4 additional Restaurants. We anticipate most area developers will purchase the right to develop between 2 and 5 Restaurants, which results in development fees ranging from $22,500 to $90,000. Development fees are nonrefundable and uniformly imposed.

You must pay us the remaining balance of the initial franchise fee (i.e., $22,500) for each additional Restaurant at the time you sign the Franchise Agreement for that Restaurant. However, if we terminate the ADA due to your default, you will not be required to pay the remaining balance of the initial franchise fee for any Restaurant for which a Franchise Agreement had not been signed as of the date of termination.

ITEM 6 OTHER FEES

TYPE OF FEE [1]	AMOUNT	DUE DATE	REMARKS
Royalty Fee	6.5% of Gross Sales [2]	Day of each week that we specify (currently Monday)	Our current reporting period runs from Monday through Sunday. We may change the reporting period and royalty fee due date at any time upon at least 30 days' prior notice. You must provide weekly reports of your Gross Sales.
Brand Fund Fee	2.5% of Gross Sales [3]	Same as royalty fee	See Note 3.
Training Fee	$200 per day (plus reimbursement of expenses for onsite training)	10 days after invoice	See Note 4.
Conference Registration Fee	Up to $500 per person per conference	10 days after invoice	See Note 5.
Technology Fee	Varies (currently $99 per month)	10 days after invoice	See Note 6.
Product Purchases	Varies depending on item purchased	10 days after invoice	In the future we and our affiliates may become suppliers of items franchisees must purchase.
Transfer Fee	$5,000-Franchise Agreement $10,000-ADA	Before transfer	Payable when you transfer your franchise. No charge for transfer to an entity you control or certain transfers between existing owners. If the buyer is found by a broker we engage, you must also reimburse us for all commissions we pay to the broker.
Reimbursement of Insurance Costs	Amount of expenses we incur (including premiums)	10 days after invoice	If you fail to obtain and maintain the insurance we require, and we elect to do so on your behalf, you must reimburse us.
Quality Assurance Program Expense	Varies	10 days after invoice	See Note 7.
Reimbursement of Reinspection Costs	All costs we incur to travel to and inspect your Restaurant	10 days after invoice	Payable if we inspect your Restaurant to determine if you remedied (a) a health or safety issue identified by a government agency or (b) a breach of system standards we bring to your attention.
Audit Fee	Actual cost of audit (including travel and lodging expenses for audit team)	10 days after invoice	Payable if audit (a) reveals you understated Gross Sales by at least 3% or (b) is necessary because you fail to send us required information or reports in a timely manner.

TYPE OF FEE [1]	AMOUNT	DUE DATE	REMARKS
Late Fee	$100 plus default interest at lesser of 18% per annum (prorated on daily basis) or highest rate allowed by law	10 days after invoice	If we debit your account but there are insufficient funds, or a check you issue is returned due to insufficient funds, then we may also charge you an NSF fee of $50 per incident.
Fines	$500 per incident	Upon demand	Payable if you fail to comply with a mandatory standard or operating procedure (including timely filing of reports) and do not cure within the time period we require. We may impose an additional fine every 24 hours the issue remains uncured after we impose initial fine.
Management Fee	Up to $500 per day	10 days after invoice	If you default under the Franchise Agreement or the Managing Owner dies, we can designate a temporary manager to manage your Restaurant until you cure the default or find a replacement Managing Owner, as applicable.
Indemnification	Amount of our damages, losses or expenses	10 days after invoice	You must indemnify us for any damages, losses or expenses we incur relating to your operation of the Restaurant or breach of the Franchise Agreement.
Attorneys' Fees and Costs	Amount of attorneys' fees and costs we incur	Upon demand	You must reimburse us for all attorneys' fees and other costs we incur relating to your breach of any term of the Franchise Agreement or any other agreement with us or our affiliates.

Notes:

1. All fees are uniformly imposed, nonrefundable and payable to us. You must sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT "C") authorizing us to electronically debit your bank account for payment of amounts owed. You must deposit all Gross Sales into the bank account and ensure sufficient funds are available for withdrawal before each due date.

2. "Gross Sales" means all gross sums you collect from all goods and services you sell, excluding taxes, refunds and gratuities paid to and retained by your employees. From time to time, we may establish policies governing the manner in which the proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales. The Manual may also provide details on the calculation of Gross Sales relating to qualifying purchases and redemptions by members under any customer loyalty program we implement.

3. We may, but need not, establish and maintain a brand and system development fund to promote public awareness of our brand and improve our System. As of the issuance date of this Disclosure Document, we have not yet formed the fund. You will have no voting rights pertaining to the administration of the fund, the creation and placement of the marketing materials or the amount of the required contribution. In addition to your contributions to the brand and system development fund, we reserve the right to require that you spend at least 1% of your monthly Gross Sales on local advertising (we do not currently impose this requirement).

4. We may charge the training fee for:
   - each person that attends our initial training program after you open your Restaurant (such as new Managing Owners or managers)
   - any person who retakes training after failing a prior attempt
   - any remedial training we require based on your operational deficiencies
   - each person to whom we provide additional training that you request

If we provide onsite training, you must also reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to expenses we incur in sending our representative to your Restaurant to provide up to 3 days of opening assistance). You are responsible for all expenses your trainees incur for training, including wages, travel and living expenses.

5. We may hold periodic national or regional conferences to discuss business and operational issues affecting franchisees. We may designate attendance at these conferences as either optional or mandatory. You are also responsible for all expenses your attendees incur, including wages, travel and living expenses.

6. You must acquire and utilize all information and communication technology systems that we require, including computer systems, point-of-sale systems, security systems, music systems, etc. (the "Technology Systems"). The "technology fee" includes all amounts you must pay us and our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change (not to exceed $500 per month) based on changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts you pay directly to third-party suppliers. Our current technology fee covers research and development of new technology as well as the costs of hosting, maintaining and optimizing our website.

7. We reserve the right to engage the services of one or more "mystery shoppers" or quality assurance inspection firms for purposes of inspecting Restaurants for quality control purposes. These inspections may address a variety of issues, including customer service, food safety, sanitation, inventory rotation, etc. If we implement such a program, we intend to utilize the program for all Restaurants, including Restaurants owned by us and our affiliates. Franchisees may be invoiced directly by the mystery shopper or quality assurance firm for the services rendered. Alternatively, we may be invoiced by the mystery shopper or quality assurance firm, in which case all franchisees must pay their proportionate share of the total fee based on the number of open Restaurants owned by the franchisee as compared to the total number of all open Restaurants at the time of the program (including company and affiliate-owned Restaurants). We agree to pay our proportionate share of these costs with respect to each Restaurant that is owned by us or our affiliates. We do not mark up these fees or retain any portion of the amounts you pay us for our mystery shopper / quality assurance program.

ITEM 7 ESTIMATED INITIAL INVESTMENT

Table A: Estimated initial investment for the purchase of a single Restaurant.

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Initial Franchise Fee	$50,000	Lump sum	At time you sign Franchise Agreement	Us
Expenses for Training (2 people)	$1,000 to $3,000	As incurred	During training	Hotels, restaurants and airlines
Lease Deposit & 3 Months' Rent [2]	$10,000 to $12,000	Lump sum	Monthly (security deposit paid before opening)	Landlord
Construction & Improvements [3]	$60,000 to $100,000	As incurred	Before opening	Contractors & suppliers
Exterior Signage [4]	$5,000 to $10,000	Lump sum	Before opening	Suppliers
Optional Wall Graphics [5]	$0 to $3,000	Lump sum	Before opening	Suppliers

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Equipment [6]	$30,000 to $40,000	As incurred	50% when order placed; balance upon delivery	Suppliers
Technology Systems [7]	$2,000 to $4,000	Lump sum	Before opening	Suppliers
Initial Inventory [8]	$2,500 to $3,500	Lump sum	Before opening	Suppliers
Initial Marketing [9]	$1,000 to $3,500	Lump sum	Prior to opening	Suppliers
Utility Deposits	$500 to $1,500	As incurred	Before opening	Utility companies
Licenses & Permits	$500 to $1,000	Lump sum	Before opening	Government agencies
Professional Fees	$2,000 to $8,000	Lump sum	Before opening	Lawyers, architects & accountants
Insurance (3 months' premium)	$300 to $1,000	Lump sum	Before opening	Insurance companies
Additional Funds [10] (3 months)	$15,000 to $25,000	As incurred	As incurred	Suppliers and employees
Total Estimated Initial Investment [11]	$179,800 to $265,500			

Table B – Estimated initial investment for the purchase of area development rights (2 to 5 Restaurants).

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Development Fee [12]	$22,500 to $90,000	Lump sum	At time you sign ADA	Us
Initial Investment to Open 1st Restaurant	$179,800 to $265,500	This is the total estimated initial investment in Table A above.		
Total Estimated Initial Investment	$202,300 to $355,500			

Notes to Tables:

1. We do not offer direct or indirect financing for any of these items. None of the fees payable to us are refundable. We are unaware of any fees payable to third-party suppliers that are refundable, although some landlords refund security deposits at the end of the lease if the tenant does not default.

2. This estimate assumes you lease your premises. Rent varies depending on the size of the premises, its location, landlord contributions and the requirements of individual landlords. We anticipate most Restaurants will range in size from 900 to 1,200 square feet with rent ranging from $2,500 to $3,000 per month. However, your rent may be significantly higher or lower depending on local market conditions. For example, rent may be significantly higher in areas such as New York City, San Francisco or Boston. Landlords typically require security deposits equal to 1 or 2 months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The estimate above includes 1 months' security plus 3 month's rent. Some franchisees may prefer to own their Restaurant premises. The cost to purchase real estate varies so widely that we cannot reasonably estimate the cost.

3. The cost of leasehold improvements and build-out vary widely based on a number of factors, including the size and condition of the premises, whether or not there are any existing leasehold improvements and whether the landlord will contribute to the cost of the improvements. These costs can also be affected by the prevailing wage rate in your local market and local demand for construction services. This estimate also

includes the cost for basic fixtures and furnishings. For purposes of preparing this estimate, we assumed the premises is not a grey shell space (i.e., completely unfinished space).

4. You must purchase and install all signage we specify. However, you may need to modify our standard signage to conform to local zoning laws, property use restrictions and/or lease terms. In some instances, exterior signage may be prohibited due to applicable zoning or use restrictions. The cost of exterior signage varies based on the type and size of signage installed.

5. You have the option, but not the obligation, to purchase and install various interior wall graphics that we have created. The cost ranges from $500 to $3,000 depending on the specific wall graphics selected.

6. This estimate is for the various kitchen equipment you must purchase, including convection steamer, oven, work tables, food pan warmers, freezer, refrigerator, conveyor toaster(s), sinks and kitchen equipment. This estimate does not include any shipping charges that suppliers may require you to pay. You may purchase your entire equipment package from our approved supplier but you are not required to do so.

7. This includes your initial cost to purchase and set up your computer and point-of-sale system. Currently, we do not require that you purchase any other Technology Systems.

8. This includes your cost of initial inventory items, including food and beverage products, smallwares, operating supplies and uniforms.

9. You must spend a minimum of $1,000 on approved local advertising and marketing to promote the grand opening of your Restaurant. Some franchisees choose to spend more than the minimum.

10. This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you) and other miscellaneous expenses and required working capital. Your initial 3 months of rent is separately stated in the table above. These figures are estimates based on the past experience of our principals in opening and operating Stores in Arizona and Utah (opening soon).

11. You may have additional expenses starting your Restaurant. We strongly recommend that you have independent estimates on your anticipated cost to develop, open and operate your Restaurant.

12. See Item 5 for a discussion of the calculation of the development fee. This initial investment estimate assumes you will commit to develop either 2 Restaurants (low estimate) or 5 Restaurants (high estimate). If you purchase the right to develop more than 5 Restaurants, your development fee will increase by an additional $22,500 per Restaurant for your 6th and each additional Restaurant you commit to develop.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source Restricted Purchases and Leases - Generally

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

Supplier Criteria

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

For some items (currently limited inventory items), we have a single designated supplier and do not allow franchisees to propose alternative suppliers for these items. If you want to purchase or lease other source-restricted items from a non-approved supplier, you must send us a written request for approval and submit any additional information we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within 30 days after we receive your request for approval plus all additional information and samples we require. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to meet any of our then-current criteria. We do not charge you any fee to review suppliers you propose.

Current Source Restricted Purchases and Leases

All of your fixtures, furnishings, equipment, Technology Systems, signage and inventory (including food and beverage products, smallwares, uniforms and operating supplies) must meet our standards and specifications. You must purchase the point-of-sale system that we designate. You must purchase all inventory items exclusively from our designated supplier. You may purchase other goods and services from any supplier of your choosing. However, we reserve the right to require that you purchase some or all of these goods or services only from approved or designated suppliers in the future.

You must purchase the insurance coverage we require from insurance carriers that are rated A or better (by AM Best & Company, Inc.) and licensed in your state. All insurance policies must be endorsed to: (a) name us (and our members, officers, directors, and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy. Our required coverage includes:

Policy Type	Minimum Coverage
"All risk" Property Insurance	Replacement Value
Comprehensive General Liability Insurance	$1,000,000 per occurrence and $2,000,000 in the aggregate
Employer's Liability Insurance	As required by law
Worker's Compensation Insurance	As required by law
Landlord-Required Insurance	As required by lease

* The required coverage and policies are subject to change.

You must hire an architect to prepare initial design plans and construction plans for your Restaurant. These plans must be consistent with our prototype plans and comply with the standards and specifications in the Manual. We must approve these plans before construction begins. Your architect and general contractor must be appropriately licensed and bonded (if required by applicable law).

All of your marketing materials must comply with our standards and requirements. We must approve your marketing materials before you use them. You must purchase branded marketing materials only from suppliers we designate or approve. Any social media marketing we allow you to conduct must comply with our social media policy and any other requirements we impose.

We estimate that nearly 100% of the total purchases and leases that will be required to establish and operate your Restaurant will consist of source restricted goods or services.

Purchase Agreements

We will try to negotiate relationships with suppliers to enable our affiliates and franchisees to purchase certain items at discounted prices. If we succeed, you will be able to purchase these items at the discounted prices we negotiate (less any rebates or other consideration paid to us). We may also purchase items in bulk and resell them to you at our cost plus a reasonable markup (your total cost to purchase the items from us will not exceed your total cost to purchase the items directly from the supplier without the benefit of our group purchasing power). As of the date of this Disclosure Document, we have negotiated a purchase agreement (including pricing terms) with our designated supplier for the purchase of food products and branded buckets.

There are no purchasing cooperatives, although we may establish them in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing we negotiate.

Revenues from Source Restricted Purchases

Neither we nor any affiliate is currently an approved or designated supplier. At any time, we may designate ourselves or an affiliate as an approved or designated supplier, in which case we and our affiliate may generate revenues from these purchases. There are no approved or designated suppliers in which any of our officers owns an interest. No person affiliated with us is currently an approved (or the only approved) supplier.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases. We have no obligation to pass them on to you or use them in any particular manner. As of the issuance date of this Disclosure Document, we receive the following rebates: (a) our designated supplier of branded buckets pays us a rebate of $0.10 per bucket; and (b) our designated supplier of food products pays us a rebate up to 15% of the price of the product purchased (the specific rebate percentage varies by product).

During the fiscal year ended December 31, 2021, neither we nor our affiliates received any revenues as a result of franchisee purchases or leases of goods or services from designated or approved suppliers (including purchases from us or our affiliates).

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: 7.1 & 7.2 ADA: Section 4.2	Item 7 & Item 11
b. Pre-opening purchases/leases	FA: Section 7.3, 11.5 & 14.1 ADA: Not Applicable	Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	FA: Section 7.1, 7.3 & 7.4 ADA: Section 4.2	Item 6, Item 7 & Item 11
d. Initial and ongoing training	FA: Section 5 ADA: Not Applicable	Item 6 & Item 11
e. Opening	FA: Section 7.4 ADA: Section 4.1	Item 11
f. Fees	FA: Section 5, 6.6, 8.4, 10.1, 11.7, 11.9, 11.11 11.12, 12, 15 & 18.2 ADA: Section 5 & 7.2	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manual	FA: Section 7.1, 7.3, 10, 11 & 16.1 ADA: Section 4.2	Item 11
h. Trademarks and proprietary information	FA: Section 16 ADA: Section 2	Item 13 & Item 14
i. Restrictions on	FA: Section 11.2	Item 16

Obligation	Sections in Agreement	Disclosure Document Item
products/services offered	ADA: Not Applicable	
j. Warranty and client service requirements	FA: Not Applicable	Not Applicable
	ADA: Not Applicable	
k. Territorial development and sales quotas	FA: Not Applicable	Item 12
	ADA: Section 4.1	
l. Ongoing product/service purchases	FA: Section 11.5	Item 8
	ADA: Not Applicable	
m. Maintenance, appearance and remodeling requirements	FA: Section 11.6 & 11.8	Item 11
	ADA: Not Applicable	
n. Insurance	FA: Section 14.1	Item 6, Item 7 & Item 8
	ADA: Not Applicable	
o. Advertising	FA: Section 10	Item 6, Item 7 & Item 11
	ADA: Not Applicable	
p. Indemnification	FA: Section 17	Item 6
	ADA: Not Applicable	
q. Owner's participation/ management/staffing	FA: Section 8	Item 11 & Item 15
	ADA: Not Applicable	
r. Records/reports	FA: Section 14.2 & 14.3	Item 6
	ADA: Not Applicable	
s. Inspections/audits	FA: Section 15	Item 6 & Item 11
	ADA: Not Applicable	
t. Transfer	FA: Section 18	Item 17
	ADA: Section 7	
u. Renewal	FA: Section 4	Item 17
	ADA: Section 4.4	
v. Post termination obligations	FA: Section 20	Item 17
	ADA: Not Applicable	
w. Non-competition covenants	FA: Section 13	Item 17
	ADA: Not Applicable	
x. Dispute resolution	FA: Section 21	Item 17
	ADA: Section 9	
y. Guaranty	FA: Section 8.1 & 12.6	Item 15
	ADA: Not Applicable	

ITEM 10 FINANCING

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

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

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

Before you open your Restaurant, we will:

1. Provide access to our Manual, which will help you establish and operate your Restaurant. See Section below entitled "Manual" for more information. (Section 6.1)

2. Provide generic prototype plans for the design, layout, equipping and trade dress of a Restaurant. See Section below entitled " Site Development" for more information. (Section 7.3)

3. Provide our specifications for the goods and services you must purchase to develop, equip and operate your Restaurant and a list of approved and/or designated suppliers for these goods and services. We do not deliver or install any items you purchase. (Section 11.1)

4. Provide an initial training program. See Section below entitled "Training Program" for additional information. (Section 5)

5. Approve the location, build-out and design of your Restaurant. See Section below entitled "Site Development" for more information. (Sections 7.1, 7.3 & 7.4)

6. Send a representative to your Restaurant to provide up to 3 days of onsite training and assistance relating to the opening of your Restaurant. (Section 6.2)

During the operation of your Restaurant, we will:

1. License you the right to use our Marks and System in the marketing and operation of your Restaurant. (Section 2)

2. Provide our guidance and recommendations to improve the operation of your Restaurant. (Section 6.3)

3. Administer a brand and system development fund. See Section below entitled "Advertising and Marketing" for more information. (Section 10.1)

4. Provide periodic training programs. See Section below entitled "Training Program" for more information. (Section 5)

5. Maintain a corporate website to promote our brand. We may list information about your Restaurant on our website or on a separate webpage linked to our website. We may modify the content of and/or discontinue this website at any time in our sole discretion. (Section 6.5)

6. Provide you with our suggested retail pricing. You may deviate from our suggested pricing but we must approve any deviation that is more than 15% higher or lower than our suggested retail pricing (unless such pricing is part of a temporary advertising campaign that we require or approve). To the extent permitted by applicable law, we may set minimum prices on the goods and services you offer. (Section 11.3)

7. Utilize commercially reasonable efforts to attempt to negotiate purchase agreements with suppliers to allow you to purchase certain goods or services at discounted prices. We may also purchase items in bulk at discounted prices and resell them to you at our cost plus shipping and a reasonable markup. (Section 6.6)

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

1. Conduct periodic field visits to provide onsite consultation, assistance and guidance pertaining to the operation and management of your Restaurant. (Section 6.4)

2. Develop new menu items, merchandise or other goods or services for you to sell. (Section 6.7)

3. Hold periodic conferences to discuss business and operational issues affecting franchisees, including industry changes, new services and/or merchandise, marketing strategies and the like. (Section 5.6)
4. Provide additional training or assistance that you request (either at our headquarters, an affiliate-owned Restaurant or your Restaurant). See Section below entitled "Training Program" for more information. (Section 5.4)

We do not provide area developers with any support under their ADA.

Training Program (Section 5 & 19.2)

Initial Training

We will provide an initial training program for the Managing Owner (defined in Item 15) and up to 1 additional manager. These individuals must successfully complete initial training to our satisfaction before you open. You may send other owners to initial training but it is not required. The initial training program includes approximately 1 week of training at our affiliate-owned Restaurant in Scottsdale, Arizona (or at any other location we designate). We will also send a representative to your Restaurant to provide up to 3 days of onsite training and opening assistance. Onsite training is an informal program where our representative monitors your operations and assists you with the opening of your Restaurant. We do not provide initial training for our existing franchisees purchasing additional Restaurants. Currently, we intend to offer initial training on a monthly basis (assuming sufficient demand). The initial training program consists of the following:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Welcome and Overview	2	0	Scottsdale, Arizona
Food & Equipment Safety Procedures	2	2	Scottsdale, Arizona
Back of House Kitchen Training	0	6	Scottsdale, Arizona
Front of House Training	0	6	Scottsdale, Arizona
Management Review	2	0	Scottsdale, Arizona
Vendor Management	2	0	Scottsdale, Arizona
Onsite Training	0	16	Your Restaurant
Total	8	30	

Instructors and Instructional Materials

Dylan Cluff is our Director of Operations and Head Instructor for both corporate and franchised stores. He has been with By The Bucket since 2022. Dylan was formerly the Chief Operating Officer for Thirst Brands where he oversaw more than 200 store employees and managers. He has more than 12 years of fast food service experience.

The training materials consist of the Manual, live instruction and handouts. You will not be charged an additional fee for any of the training materials.

Ongoing Training

From time to time, we may require that your Managing Owner and managers attend system-wide refresher or additional training courses.

Any new Managing Owner or manager you appoint must successfully complete our initial training program before assuming responsibility for the management of your Restaurant.

If we inspect your Restaurant and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that your Managing Owner and managers attend remedial training that addresses your operational deficiencies.

You may also request that we provide additional training (either at corporate headquarters or at your Restaurant). We are not required to provide this additional training.

Training Fees and Costs

We provide our pre-opening initial training program at no additional charge. We also do not charge a training fee for any system-wide refresher or additional training that we conduct at our headquarters or at an affiliate-owned Restaurant. You must pay us a training fee of up to $200 per person per day for:

- each person that attends our initial training program after you open your Restaurant (such as new Managing Owners or managers)
- any person who retakes training after failing a prior attempt
- any remedial training we require based on your operational deficiencies
- each person to whom we provide additional training that you request

If we agree to provide onsite training or assistance, you must also reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to any onsite training that is part of our initial training program). You are responsible for all expenses and costs that your trainees incur for training, including wages, travel and living expenses.

Manual (Section 6.1, 11.1 & 23.8)

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

- a description of the authorized goods and services you may sell
- specifications, operating procedures and quality standards
- reporting and insurance requirements
- generic prototype plans and specifications for a Restaurant
- policies and procedures for catering and delivery services (if authorized by us)
- policies and procedures pertaining to marketing and advertising
- policies and procedures pertaining to gift card or loyalty programs
- policies and procedures relating to data ownership, protection, sharing and use
- a list of (a) the goods and services (or specifications for goods and services) you must purchase to develop and operate your Restaurant and (b) any designated or approved suppliers for these goods or services

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. All mandatory provisions contained in the Manual are binding on you. We can modify the Manual at any time, but the modifications will not alter your status or fundamental rights under the Franchise Agreement. Any modification to the Manual is effective at the time we notify you of the change. However, we may provide you with a reasonable period of time to implement certain changes (for example, implementing new software of technology). The Manual is confidential and remains our property. The Manual contains a total of 285 pages. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "E".

Site Development (Section 7.1, 7.2, 7.3 & 11.8)

We must approve the site for your Restaurant. If you sign an ADA, we must approve the site for each Restaurant under our then-current site selection criteria. Restaurants typically range in size from 900 to 1,200 square feet.

We do not select the site for your Restaurant and we do not purchase the premises and lease it to you. The Franchise Agreement does not require that you find an approved site within any minimum period of time. However, we may terminate the Franchise Agreement if you fail to open within 300 days after signing.

Your Restaurant must be located within the Site Selection Area identified in Part B of ATTACHMENT "A" to the Franchise Agreement (the "Site Selection Area") and conform to our minimum site selection criteria. You must send us a complete site report that includes all demographic, commercial and other information, photographs and video tapes we require. We will approve or disapprove the proposed site within 30 days after we receive all of the requisite materials. In reviewing a site, we consider factors such as parking, size, traffic counts, general location, existence and location of competitive businesses, general character of the neighborhood and various economic indicators. If we approve your site before signing the Franchise Agreement, we will list the address of your approved site in Part C of ATTACHMENT "A" to the Franchise Agreement. If we do not approve your site before signing the Franchise Agreement, we will list the address of your approved site in the Site Approval Notice we send you within 15 days after approving your site. You do not need our approval of your lease.

We will provide you with generic prototype plans for the design, layout, equipping and trade dress for a Restaurant. You must hire an architect to adapt our plans to conform to your Restaurant's characteristics and prepare your initial design plans and detailed construction plans. The architect must ensure these plans: (a) are consistent with our prototype plans and specifications for a Restaurant; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all federal, state and local ordinances, building codes, permit and lease requirements and restrictions applicable to the premises, including, without limitation, the Americans with Disabilities Act. You must submit the final construction plans to us for approval. Our review is limited to ensuring that the construction plans are consistent with our system standards. Once approved, you must, at your sole expense, construct and equip the premises according to the approved construction plans as well as the specifications contained in the Manual. You must purchase (or lease) and install all equipment, Technology Systems, fixtures, signs and other items we require. Your Restaurant must comply with all of our requirements for trade dress.

You must keep your Restaurant in good condition and make all necessary repairs at your expense. You must comply with any maintenance, cleaning or facility upkeep schedule that we prescribe from time to time. We will not require that you remodel your Restaurant except as a condition to renewal or transfer (there is no limit on the cost of this remodeling obligation). You may not remodel or alter your premises without our prior approval.

Computer System (Section 11.5, 11.6, 11.7, 14.3 & 15.1)

You must purchase and use all Technology Systems that we require, including all required hardware, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems. We currently require that you purchase a computer and point-of-sale (POS) system. You must purchase and utilize the Square point-of-sale (POS) system, which consists of 1 iPad terminal, Square Stand, Receipt Printer, Cash Drawer and Chip Reader. The Square system includes a "free" point of sale app used to operate the system. You have the option, but not the obligation, to purchase Square Payroll. You must also purchase a general business purpose computer (either laptop or desktop). We do not have any standards, specifications or other requirements for your general business purpose computer except it must have high speed Internet access. We may change the components of the Technology Systems from time to time, including your computer and POS system.

How Computer System Is Used

You will use the POS system to process and record sales (including credit card transactions), track and manage inventory and monitor business analytics. Square Payroll (which is optional) is used for employee payroll and tracking. You will use your computer for various purposes, including sending emails, preparing reports, financial accounting and other general business purposes.

Fees and Costs

We estimate the initial cost of your computer and POS system will range from $2,000 to $4,000. You must pay Square a fee that varies depending on the equipment utilized to accept payment. The current fee is: (a) 2.75% for payments taken on a Reader or Stand; (b) 2.6% plus $0.10 for payments taken on a Terminal or Register; or (c) 3.5% plus $.15 for payments entered manually. In exchange for these fees, Square provides all required maintenance, support and updates to the free Square App that is used to operate the POS system. There is no fee for payments made by cash or check. There are no other ongoing monthly fees for the Square POS system. If you choose to utilize Square Payroll, you must pay Square a monthly fee starting at $34 per month ($408 per year).

We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs, you agree to pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. We may also enter into master agreements with third-party suppliers relating to any components of the Technology Systems and charge you for all amounts we pay to these suppliers based on your use of their software, technology, equipment, or services. These fees are referred to as the "technology fee." Our current technology fee is $99 per month ($1,188 per year) and covers research and development of new technology as well as the costs of hosting, maintaining and optimizing our website.

Maintenance, Support, Updates and Upgrades

Except for the maintenance, support and updates provided by Square in exchange for the ongoing fees described above, neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer or POS system. We are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer or POS system. You may choose to enter into a maintenance and support contract for your computer but we are unable to estimate the costs.

Collection and Sharing of Data

Your POS system will collect sales data, credit card information, inventory information and customer data. We will have independent unlimited access to the data collected on your POS system and there are no contractual limits imposed on our access. We will not have independent access to the data collected on your general business purpose computer system. However, we may inspect your computer system and access the data as part of an inspection. We will own all data that you and/or we collect relating to your customers. We will grant you a license to use this data solely for purposes of operating your Restaurant. You must comply with all applicable data protection laws as well as any data processing and data privacy policies set forth in the Manual from time to time. You must also comply with the standards established by PCI-DSS to protect the security of credit card information.

Computer System Maintenance and Changes

You must maintain your computer and POS system in good working order at your cost. We may require that you upgrade or update your computer and POS system to conform to our then-current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades.

Advertising and Marketing (Section 6.5 & 10)

You must participate at your own expense in all advertising, promotional and marketing programs we require. We provide you with certain advertising and marketing support as further discussed below.

You are not required to participate in an advertising cooperative. There is currently no franchisee advertising council that advises us on marketing and advertising matters.

Grand Opening Marketing

You must spend at least $1,000 on approved grand opening marketing activities. We may require that you utilize our designated marketing company to design and implement your customized grand opening marketing plan.

Ongoing Local Marketing By You

Currently, we do not require that you spend any minimum amount of money on local advertising and marketing after your grand opening period. However, at any time we reserve the right to require that you begin spending a minimum of 1% of your Gross Sales on local marketing and advertising. We would measure your compliance on a rolling 6-month basis, meaning as long as your average monthly expenditure on local advertising over the 6-month period was at least 1% of your Gross Sales, you would be deemed in compliance even if your expenditure in any given month was less than 1% of Gross Sales.

You may develop your own advertising and marketing materials and programs, provided we approve them in advance. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved. We have 15 days to review and approve or disapprove advertising and marketing materials and programs you submit for approval. Our failure to disapprove them within the 15-day period constitutes our approval.

Local Marketing Assistance From Us

We will provide you with our recommended marketing plan, which may be included in the Manual.

We may create and make available to you advertising and marketing materials for your purchase. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet, in which case you must arrange for printing the materials and paying all printing costs. Alternatively, we may enter into relationships with third-party suppliers who will create advertising or marketing materials for your purchase.

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

Websites, Social Media and Digital Advertising

We will maintain a corporate website to promote our brand. We may list information about your Restaurant on our website or on a separate webpage linked to our website. Except for the webpage we provide, you may not: (a) develop, host, or otherwise maintain a website or other digital presence relating to your Restaurant (including any website bearing any of our Marks); or (b) utilize the Internet to conduct digital or online advertising or otherwise engage in ecommerce. However, we do permit you to market your Restaurant through approved social media channels, subject to the following requirements:

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

Gift Card and Loyalty Programs

We may require that you participate in a gift card or other customer loyalty program in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment, software and/or Apps and pay fees relating to the use of that equipment, software and/or Apps. We have the right to determine how the proceeds from the sale of gift cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You must follow all of our policies regarding any gift card or loyalty program that we establish.

Brand and System Development Fund

We intend to establish and maintain a brand and system development fund to promote public awareness of our brand and improve our System. As of the issuance date of this Disclosure Document, we have not yet established the fund. We may use the fund to pay for any of the following in our discretion:

- developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs
- conducting and administering promotions, contests or giveaways
- expanding public awareness of the Marks
- public and consumer relations and publicity
- brand development
- sponsorships
- charitable and nonprofit donations and events
- research and development of technology, products and services
- website development and search engine optimization
- development of an ecommerce platform
- development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys
- conducting market research
- changes and improvements to the System
- the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts
- collecting and accounting for contributions to the fund
- preparing and distributing financial accountings of the fund
- any other programs or activities we deem necessary or appropriate to promote or improve the System
- direct and indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates in relation to any of these activities (including salary, benefits and other compensation of any of our, and any of our affiliate's, officers, directors, employees or independent contractors based upon time spent working on any brand fund matters described above)

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

You must contribute 2.5% of Gross Sales to the brand fund. We will deposit into the fund all fund contributions paid by you and other franchisees. While we intend to impose the brand fund contribution uniformly, franchisees who purchased their franchise prior to March 2022 are not required to contribute. Any company-owned Restaurant will contribute to the fund on the same basis as our franchisees. However, if we modify the amount or timing of the contributions that must be made to the fund, any company-owned Restaurant that is established or acquired after the modification may contribute to the fund utilizing the modified amount or timing. Except as stated in this paragraph, we have no obligation to expend our own funds or resources for any marketing activities in your area.

All monies deposited into the fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. An unaudited financial accounting of the operations of the fund will be prepared annually and made available to you upon request. During the fiscal year ended December 31, 2021, we did not collect or spend any monies from the brand and system development fund.

We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the fund. The fund will not be a trust and we will have no fiduciary obligations with respect to our administration of the fund. Once established, we reserve the right to discontinue the fund at any time in our sole discretion upon at least 30 days' prior notice.

Opening Requirements (Section 7.4)

We anticipate a typical franchisee will open his or her Restaurant within 4 to 8 months after signing the Franchise Agreement. Factors that may affect this time include:

- the amount of time needed to find an approved site
- protracted lease negotiations with your landlord
- the amount of time needed to secure financing, insurance, licenses and permits
- the condition of your building and extent of required upgrades, remodeling and renovations
- construction delays due to labor or materials shortages, inclement weather or other reasons
- delayed delivery or installation of equipment and fixtures
- the amount of time needed to comply with zoning requirements and other laws and regulations
- the amount of time needed to complete training
- the amount of time needed to hire and train your staff

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

- the initial trainees successfully complete the initial training program
- you purchase all required insurance policies and provide us with evidence of coverage
- you obtain all required licenses, permits and other governmental approvals
- we review and approve the construction, build-out and layout of your Restaurant

Unless we agree to the contrary, you must open your Restaurant to the public within 300 days after signing the Franchise Agreement. We may terminate the Franchise Agreement if you fail to open by this deadline.

ITEM 12 TERRITORY

Location of Your Business

Each Franchise Agreement grants you the right to operate a single Restaurant from a site we must approve. Your Restaurant must be located within the Site Selection Area described in Part B of ATTACHMENT "A" to your Franchise Agreement. With our prior approval, you may relocate your Restaurant to a new site we approve. If we allow you to relocate, you must comply with all of our then-current design and development requirements and any other reasonable conditions we impose.

Your Territory (Franchise Agreement)

Your will receive a territory that will be determined as follows:

(i) if the total population living within a 2-mile radius from your Restaurant is less than 20,000, then your territory will consist of the area within a 2-mile radius from your Restaurant; or

(ii) if the total population living within a 2-mile radius from your Restaurant is 20,000 or more, then your territory will consist of the area within the radius from your Restaurant that we designate that results in a territory with a minimum population of 20,000 (we may use alternative boundaries to define your territory, such as zip codes, as long as the total population within the area is at least 20,000).

When you renew your franchise, we can modify the boundaries of your territory in accordance with our then-current territory guidelines and criteria.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Although your territory is not exclusive, we will not develop or operate, or authorize another person to develop or operate, a Restaurant that is located within your territory except as otherwise permitted below with respect to Captive Venues (defined below).

Your Development Territory (ADA)

If you sign an ADA, we will grant you a protected development territory. All Restaurants you develop must be located within your development territory. A development territory typically consists of a geographic area that coincides with the boundaries of a municipality (such as a city, county or state) but may consist of a smaller area defined by zip codes or other boundaries determined by us. There is no specific minimum or maximum size for a development territory. In determining the size of your development territory, we primarily consider the number of Restaurants you commit to develop.

You will not receive an exclusive development territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Although your development territory is not exclusive, we will not develop or operate, or authorize another person to develop or operate, a Restaurant that is located within your development territory except: (a) for any Restaurants located within your development territory as of the date you sign the ADA (either open, under construction or for which a Franchise Agreement has been signed); and (b) as otherwise permitted below with respect to Captive Venues.

You must sign a separate Franchise Agreement for each Restaurant you develop. We must approve the site for each Restaurant you develop under our then-current site selection criteria. At least 7 days before signing, we will send you a complete execution copy of the ADA that includes your development territory, development fee and development schedule.

Limitations on Territorial Rights

We reserve the right to develop and operate, and authorize third parties to develop and operate, Restaurants that are located within Captive Venues, including Captive Venues located in your territory and development territory, if applicable. A "Captive Venue" means a non-traditional outlet for a Restaurant that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose other than visiting a Restaurant. Examples of Captive Venues include Restaurants that are located within:

- hotels or casinos
- college campuses or universities
- airports, train stations, bus stations or cruise terminals
- stadiums or sporting arenas
- shopping malls
- military bases
- concert venues
- amusement parks

Captive Venues are excluded from your territorial protections.

Alternative Channels of Distribution

We reserve the right to sell, or license others to sell, competitive or identical goods or services (whether under the Marks or under different trademarks) through Alternative Channels of Distribution, including without your territory and development territory, if applicable. An "Alternative Channel of Distribution" means any channel of distribution other than retail sales made to customers while present at a Restaurant. Examples of Alternative Channels of Distribution include:

- sales through direct marketing, such as over the Internet or through catalogs or telemarketing
- sales through retail stores that do not operate under the Marks, such as grocery stores or convenience stores
- sales made at wholesale
- sales through catering or other delivery services
- sales through kiosks or mobile trailers

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

Restrictions on Your Sales and Marketing Activities

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

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

You may not market or sell using Alternative Channels of Distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either within or outside of your territory or development territory, if applicable. However, you may market your Restaurant using social media subject to the restrictions described in Item 11 under the Section entitled "Advertising and Marketing".

Unless we agree to the contrary, you may not provide delivery service outside your territory.

You must comply with any minimum advertised pricing policy that we establish from time to time.

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

Minimum Performance Requirements

Your territorial protections under your Franchise Agreement do not depend on achieving a certain sales volume, market penetration, or other contingency. If you sign an ADA and fail to satisfy your development schedule by opening each Restaurant by the required deadline, we may terminate your ADA and you will lose the territorial protections associated with your development territory.

Additional Franchises and Territories

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

Competitive Businesses Under Different Marks

Neither we nor our affiliates intend to operate or franchise another business under different trademarks that sells menu items similar to those offered by Restaurants. However, we reserve the right to do so in the future.

ITEM 13 TRADEMARKS

We grant you the right to operate your Restaurant under the name "By The Bucket" and associated logo. By trademark, we mean trade names, trademarks, service marks, and logotypes used to identify your Restaurant or the products or services that you sell. We may change the trademarks you may use from time to time (including by discontinuing use of the Marks listed in this Item 13). If this happens, you must change to the new trademark at your expense.

Our affiliate, By the Bucket IP, LLC ("BTBIP"), owns the following trademarks registered on the United States Patent and Trademark Office principal register:

REGISTERED MARKS		
Mark	**Registration Number**	**Registration Date (Renewal Date)**
BY THE BUCKET	5696513	March 12, 2019

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

On June 29, 2022, we entered into a License Agreement (the "License Agreement") with BTBIP which granted us the right to use and sublicense the Marks to our franchisees. The term of the License Agreement automatically renews annually, unless it is terminated in accordance with its terms. BTBIP is permitted to terminate the License Agreement only if we declare bankruptcy or become insolvent, if we and BTBIP mutually agree to terminate the License Agreement or if we breach BTBIP's quality control standards and fail to cure the breach within a 60-day cure period. If the License Agreement is terminated, the agreement states that all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. Except as discussed above, no agreements limit our right to use or sublicense the use of the Marks.

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

You must notify us immediately when you learn about an infringing or challenging use of the Marks. We will take the action we think appropriate. We are not required to take any action if we do not feel it is warranted. We may require your assistance, but you may not control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our or BTBIP's right to the Marks.

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

There are currently no: (a) effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; (b) pending infringements, oppositions or cancellations; and/or (c) pending material litigation involving any of the Marks. We do not know of any infringing uses that could materially affect your use of the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

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

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

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

- architectural plans, drawings and specifications for a prototype Restaurant
- site selection criteria
- recipes
- food preparation methods and techniques
- standards and specifications
- policies and procedures
- supplier lists and information
- marketing strategies
- merchandising strategies
- financial information
- information comprising the System

We will own all operational and customer data relating to your Restaurant and you must treat this data as confidential and proprietary. We license you the right to utilize this data during the term of your Franchise Agreement. We consider all information in the Manual to be confidential.

We provide you with access to our confidential information through our Manual, training programs and other periodic support and guidance. You may use this information solely for purposes of developing, marketing and operating your Restaurant in compliance with the terms of the Franchise Agreement and Manual. You may not disclose our confidential information to any person (other than your employees on a need to know basis) without our prior permission.

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

All ideas, improvements, inventions, marketing materials, and other concepts you develop relating to the operation of your Restaurant will be owned by us.

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

All owners of the franchise (including each individual holding a direct or indirect ownership interest in the entity that is the "franchisee") must sign the Franchise Agreement and personally bind themselves to all of its terms. You must appoint (and we must approve) one of your owners to serve as the Managing Owner. The Managing Owner will be responsible for the management and operation of your Restaurant and must dedicate full-time efforts. Your other owners need not be actively involved with the Business. Any new Managing Owner you propose must be approved by us and successfully complete initial training.

You may hire managers to assist the Managing Owner with onsite management. You are responsible for training all managers you hire after opening. Before assuming management responsibility, each manager must sign the Confidentiality Agreement attached to the Franchise Agreement as ATTACHMENT "E". At all times during normal business hours, either the Managing Owner or a trained manager must be onsite at your Restaurant. The Managing Owner must supervise the managers to ensure the Restaurant is managed and operated in accordance with the Franchise Agreement and the Manual. We do not require that your managers own any equity interest in the franchise.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services you sell. You must offer all goods and services we require, except we may give you the option, but not the obligation, to offer certain merchandise items. You may not sell any goods or services that we have disapproved. We may change the goods and/or services you sell at any time in our sole discretion, and you must comply with any such change. At this time, you may only offer takeout service. With our prior approval, you may also offer delivery services within an approved delivery area in compliance with any associated policies and procedures set forth in the Manual.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
a. Length of the franchise term	FA: Section 4	Term is equal to 10 years.
	ADA: Section 2	Term expires on date you open last Restaurant under ADA.
b. Renewal or extension of term	FA: Section 4	You can renew for an unlimited number of 5-year renewal terms.
	ADA: Section 4.4	No renewal rights.
c. Requirements for you to renew or extend	FA: Section 4	You must: not be in default; give us timely notice; sign our then-current form of franchise agreement and related documents; sign a general release (subject to state law); and remodel Restaurant and upgrade furniture, fixtures and equipment to current standards. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	ADA: Section 4.4	You may not renew or extend the term of the ADA.
d. Termination by you	FA: Section 19.1	You can terminate if we default and fail to cure.
	ADA: Section 8	You can terminate under any grounds permitted by law.
e. Termination by us without cause	FA: Section 19.4	You and we can terminate without cause if mutually agreed upon.
	ADA: Not Applicable	Not applicable
f. Termination by us with cause	FA: Section 19.2 & 19.3	We can terminate if you default.
	ADA: Section 8	We can terminate if you default.
g. "Cause" defined - curable defaults	FA: Section 19.2 & 19.3	You have 10 days to cure monetary defaults and 30 days to cure other defaults (other than defaults described in row "h" below).
	ADA: Section 8	You have 30 days to cure any default (other than defaults described in row "h" below).

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
h. “Cause” defined - non-curable defaults	FA: Section 19.2	The following defaults cannot be cured: failure to successfully complete training; failure to open in timely manner; insolvency, bankruptcy or seizure of assets; abandonment; failure to maintain required license or permit; conviction of certain types of crimes or subject of certain administrative actions; failure to comply with material law; commission of act that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; 2nd underreporting of any amount due by at least 3%; unauthorized transfers; unauthorized use of our intellectual property; violation of brand protection covenant; termination of your lease due to your default; or termination of any other agreement between you and us or an affiliate due to your default. However, the termination of an ADA due to your default is not grounds for termination of any Franchise Agreement that is otherwise in good standing.
	ADA: Section 8	Our termination of any franchise agreement due to your default is a default under ADA allowing us to terminate without cure period.
i. Your obligations on termination/non-renewal	FA: Section 20	Obligations include: remove trade dress and alter premises to eliminate any resemblance to a Restaurant; cease use of intellectual property; return Manual and branded materials; assign telephone numbers, listings and domain names; cancel fictitious names; and pay amounts due (also see “r”, below).
	ADA: Not Applicable	The ADA does not impose any specific obligations after expiration.
j. Assignment of contract by us	FA: Section 18.1	No restriction on our right to assign.
	ADA: Section 7.1	No restriction on our right to assign.
k. “Transfer” by you – definition	FA: Section 1 (Transfer definition) & 18.2	Includes transfer of contract or assets, or ownership change.
	ADA: Section 1 (Transfer definition) & 7.2	Includes transfer of contract or assets, or ownership change.
l. Our approval of transfer by you	FA: Section 1 (Permitted Transfer definition) & 18.2 & 18.3	If certain conditions are met, you may transfer to a newly-formed entity owned by you, or in certain instances, to an existing owner, without our approval. We must approve all other transfers but will not unreasonably withhold approval.
	ADA: Section 1 (definition of “Permitted Transfer”), 7.2 & 7.3	If certain conditions are met, you may transfer to a newly-formed entity owned by you, or in certain instances, to an existing owner, without our approval. We must approve all other transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	FA: Section 18.2	Transferee must: meet our qualifications; successfully complete training (or commit to do so); obtain all required licenses and permits; and sign a new franchise agreement for remainder of term (or at our option, take assignment of existing franchise agreement). You must: be in compliance with Franchise Agreement; assign lease, if applicable; remodel Restaurant and upgrade furniture, fixtures and equipment to current standards (or get a commitment from transferee to do so); pay transfer fee; and sign general release (subject to state law).

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
	ADA: Section 7.2	Transferee must: meet our qualifications; successfully complete training (or commit to do so); and sign a new area development agreement for remainder of term (or at our option, take assignment of existing ADA). You must: be in compliance with all Franchise Agreements and ADA; transfer all Restaurants to same purchaser (unless we agree to contrary) and comply with transfer provisions under Franchise Agreements; pay transfer fee; and sign general release (subject to state law).
n. Our right of first refusal to acquire your business	FA: Section 18.5	We can match any bona fide, arms-length offer for your business.
	ADA: Section 7.5	We can match any bona fide, arms-length offer for your area development rights.
o. Our option to purchase your business	FA: Section 20.2	We have the option to purchase your Restaurant at the expiration or termination of the Franchise Agreement.
	ADA: Not Applicable	Not Applicable
p. Your death or disability	FA: Section 18.4	Within 180 days estate must assign franchise to an assignee in compliance with transfer provisions.
	ADA: Section 7.4	Within 180 days estate must assign franchise to an assignee in compliance with transfer provisions.
q. Non-competition covenants during the term of the franchise	FA: Section 13.3	No involvement in competing business and comply with non-disclosure covenants.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
r. Non-competition covenants after the franchise is terminated or expires	FA: Section 13.3 & 20	No involvement for 2 years in competing business at your Restaurant or within 5 miles of any other Restaurant; comply with non-disclosure covenants; cease use of intellectual property.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
s. Modification of the agreement	FA: Section 23.8	Requires writing signed by both parties (except for unilateral changes to Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications to comply with state laws.
	ADA: Section 11.6	Requires writing signed by both parties. Other modifications to comply with state laws.
t. Integration/merger clause	FA: Section 23.8	Only terms of Franchise Agreement and its attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any representations we made in this Disclosure Document.
	ADA: Section 11.6	Only terms of ADA and its attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document and ADA may not be enforceable. Nothing in the ADA or any related agreements is intended to disclaim any representations we made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	FA: Section 21	Subject to state law, all disputes must be mediated before litigation except disputes involving our intellectual property or compliance with brand protection covenants.
	ADA: Section 9	Subject to state law, all disputes must be mediated before litigation.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
v. Choice of forum	FA: Section 21	Subject to state law, all mediation and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Maricopa County, Arizona).
	ADA: Section 9	Subject to state law, all mediation and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Maricopa County, Arizona).
w. Choice of law	FA: Section 23.1	Subject to state law, Arizona law governs.
	ADA: Section 11.1	Subject to state law, Arizona law governs.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the Federal Trade Commission, the appropriate state regulatory agencies, and our management by contacting our Chief Executive Officer at 3991 N Jefferson Street, Medina, Ohio 44256 or by calling (435) 901-8619.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2019 TO 2021				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	2019	0	0	0
	2020	0	1	+1
	2021	1	4	+3
Company-Owned	2019	1	1	0
	2020	1	1	0
	2021	1	1	0
Total Outlets	2019	1	1	0
	2020	1	2	+1
	2021	2	5	+3

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2019 TO 2021		
State	**Year**	**Number of Transfers**
Total	2019	0
	2020	0
	2021	0

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2019 TO 2021								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
Arizona	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	3	0	0	0	0	4
Totals	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	3	0	0	0	0	4

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2019 TO 2021							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of Year**
Arizona	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Totals	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2021			
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**
Arizona	16	16	1
Iowa	2	2	0
Oklahoma	2	1	0
Utah	1	1	2
Total	21	21	3

Notes:

1. The Arizona outlet listed in Table 4 as a Company-Owned Outlet is owned by Bret daCosta, the founder of our System and Chief Executive Officer of our predecessor. Mr. daCosta sold the franchise system to our current President, Paul Kruger, in 2022. After the sale, Mr. daCosta ceased to be an officer of the franchisor

and no longer holds any direct or indirect ownership interest in the franchisor or the franchise system. Therefore, his outlet will be reclassified in 2022 as a franchised outlet.

2. The 2 projected new Company-Owned Outlets listed in Table 5 for the state of Utah are owned by our President, Paul Kruger. These outlets were franchised outlets at the time they were originally signed. Following his purchase of the franchise system in 2022, Mr. Kruger's outlets have been reclassified as Company-Owned Outlets.

3. Some of the "franchised outlets" listed in Table 1 and Table 3 are Restaurants operated by licensees under Trademark License Agreements with By The Bucket LLC, which is an affiliate of our predecessor. These outlets have been separately identified in the franchisee list in EXHIBIT "F".

Our fiscal year ends on December 31st. A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "F", including their names and the addresses and telephone numbers of their outlets as of December 31, 2021. In addition, EXHIBIT "F" lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experience as a franchisee in our franchise system. There are no: (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

An audited opening balance sheet for By The Bucket Franchise System, LLC for the initial period ended July 26, 2022 is attached to this Disclosure Document as EXHIBIT "G". Because we have not been in existence for 3 years, we cannot provide all of the financial statements required by the FTC franchise disclosure guidelines. Our fiscal year ends on December 31st.

ITEM 22 CONTRACTS

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

Exhibits to Disclosure Document

EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "H"-1	State Addenda
EXHIBIT "H"-2	Franchisee Disclosure Questionnaire
EXHIBIT "H"-3	General Release

Attachments to Franchise Agreement

ATTACHMENT "B"	Form of Site Approval Notice
ATTACHMENT "C"	ACH Authorization Form
ATTACHMENT "D"	Form of Lease Addendum
ATTACHMENT "E"	Confidentiality Agreement

ITEM 23 RECEIPT

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

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA
Commissioner of Financial Protection & Innovation
Department of Financial Protection & Innovation
320 West 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
1-866-275-2677

HAWAII
Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 203
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 203
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-018
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

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

Agent for Service of Process:
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN
Franchise Section
Consumer Protection Division
525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor
Lansing, MI 48913
(517) 335-7567

MINNESOTA
Commissioner of Commerce
Director of Registration
85 Seventh Place East, #280
St. Paul, Minnesota 55101-3165
(651) 539-1500

NEW YORK
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
Phone: (212) 416-8222

Agents for Service of Process:
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231

NORTH DAKOTA
North Dakota Securities Department
State Capitol, 5th Floor, Dept 414 600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-4712

RHODE ISLAND
Department of Franchise Regulation
1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA
Department of Labor and Regulation
Division of Insurance Securities Regulation
124 S Euclid, 2nd Floor
Pierre, South Dakota 57501
(605) 773-3563

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

Agents 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

Mailing Address:
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507

WISCONSIN
Department of Financial Institutions
Division of Securities
201 W Washington Avenue, Suite 500, Madison, WI 53703
(608) 261-9555

EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

Warshawsky Seltzer PLLC
9943 E. Bell Road
Scottsdale, Arizona 85260
(480) 719-4800

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

EXHIBIT "C"

TO DISCLOSURE DOCUMENT

<u>FRANCHISE AGREEMENT</u>

[See Attached]

FRANCHISE AGREEMENT

FRANCHISEE: ______________________________
DATE: ______________________________

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BY THE BUCKET FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is entered into as of ____________, 202__ (the "Effective Date") between By The Bucket Franchise System, LLC, an Arizona limited liability company ("we" or "us") and ________________________________, a(n) ________________ ("you").

1. DEFINITIONS. Capitalized terms used in this Agreement shall have meanings given to them below:

"*Account*" is defined in Section 12.5.

"*ACH Agreement*" means our form of ACH Authorization Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "C".

"*Acquired Assets*" is defined in Section 20.2.

"*Agencies*" is defined in Section 20.1.

"*Alternative Channel of Distribution*" means any channel of distribution other than retail sales made to customers while present at a Restaurant, including: (a) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (b) sales through retail outlets that do not operate under the Marks, such as grocery stores or convenience stores; (c) sales made at wholesale; (d) sales through catering or other delivery services; and (e) sales through kiosks or mobile trailers.

"*Appraisal Date*" is defined in Section 20.2.

"*Appraised Value*" is defined in Section 20.2.

"*Business*" is defined in Section 2.

"*Business Data*" is defined in Section 14.6.

"*Captive Venues*" means a non-traditional outlet for a Restaurant that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose other than visiting a Restaurant, including Restaurants located in: hotels or casinos; college campuses or universities; airports, train stations, bus stations or cruise terminals; stadiums or sporting arenas; shopping malls; military bases; concert venues; amusement parks; or within other similar types of establishments.

"*Claim*" or "*Claims*" means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

"*Competitive Business*" means any quick service restaurant that features spaghetti and meatballs (or comparable Italian menu items) in a bucket (or comparable container) primarily for takeout or delivery.

"*Confidentiality Agreement*" means our form of Confidentiality Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "E".

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate has secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the operation of a Restaurant, whether now in existence or created in the future.

"*Dispute*" is defined in Section 21.

"*Entity*" means a corporation, partnership, limited liability company or other form of association.

"*General Release*" means our current form of general release of all claims against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees, in both their corporate and individual capacities.

"*Gross Sales*" means all gross sums you collect from all goods and services sold in connection with your Business, together with any other revenue or monies derived in connection with your Business, including any advertising revenues, sponsorship fees or business interruption insurance proceeds. "Gross Sales" does not include: (a) revenues you collect and later refund to a customer; (b) gratuities paid to and retained by your employees; or (c) any sales or use tax you collect from a customer and pay to a government agency. The Manual may include policies governing the manner in which proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales. The Manual may also provide details on the calculation of Gross Sales relating to qualifying purchases and redemptions by members under any customer loyalty program we implement.

"*Improvement*" means any additions, modifications, improvements or ideas related to (a) the goods or services offered by a Restaurant, (b) the method of operation of a Restaurant or (c) marketing, advertising or promotional materials, programs or strategies relating to a Restaurant, whether developed by us, you, an Owner, an employee of yours, or any other person.

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

"*Intellectual Property*" means, collectively or individually, the Copyrighted Materials, Improvements, Know-how, Marks and System.

"*Know-how*" means all of our trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Restaurant, including, but not limited to: architectural plans, drawings and specifications for a prototype Restaurant; site selection criteria; recipes; food preparation methods and techniques; standards and specifications; policies and procedures; supplier lists and supplier information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in the Manual. "*Know-how*" also includes all Business Data.

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

"*Managing Owner*" means the Owner you designate and we approve who is primarily responsible for the management and operation of the Restaurant.

"*Manual*" means our confidential Brand Standards Manual for the operation of a Restaurant, as further described in Section 11.1.

"*Marks*" means and includes all service marks, trademarks and logos that we designate from time to time and authorize Restaurants to use, including "BY THE BUCKET®" and the associated logos. The "*Marks*" also includes any distinctive trade dress used to identify a Restaurant or the products it sells, whether now in existence or developed in the future.

"*Owner*" means any individual who owns a direct or indirect ownership interest in the franchise or the Entity that is the franchisee under this Agreement. "*Owner*" includes both passive and active owners.

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

"*Permitted Transfer*" means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Managing Owner holding less than a 10% ownership interest in the franchise or the Entity that is the franchisee under this Agreement, as applicable; and/or (b) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

"*Post-Term Restricted Period*" means, with respect to you, a period of two (2) years after the termination, expiration or Transfer of this Agreement. "*Post-Term Restricted Period*" means, with respect to an Owner, a period of two (2) years after the earlier to occur of (a) the termination, expiration or Transfer of this Agreement or (b) the Owner's Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable.

"*Qualified Appraiser*" is defined in Section 20.2.

"*Restaurant*" means a quick service restaurant that: (a) is owned and operated by us, our affiliate, you or another By The Bucket franchisee; (b) operates using our System; and (c) operates under our Marks.

"*Restricted Territory*" means the geographic area within: (a) a 5-mile radius from your Restaurant (and including your Restaurant itself); and (b) a 5-mile radius from all other Restaurants that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period.

"*Site Selection Area*" is defined in Sections 7.1.

"*Successor Agreement*" is defined in Section 4.

"*System*" means our distinct system for the operation of a Restaurant, the distinctive characteristics of which include: concept; recipes; distinct menu items; marketing strategies; and operating system.

"*Technology Systems*" is defined in Section 11.7.

"*Term*" is defined in Section 4.

"*Territory*" is defined in Section 3.

"*Transfer*" means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of this Agreement, the franchise (or any interest therein), the Restaurant (or any portion thereof) or an ownership interest in the franchisee Entity, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the franchisee Entity, or by operation of law, will or a trust upon the death of an Owner (including the laws of intestate succession).

2. GRANT OF FRANCHISE. We hereby grant you a license to own and operate one (1) Restaurant (your "Business" or "Restaurant") using our Intellectual Property from a site we approve. As a franchisee, you will establish and operate a quick service restaurant featuring a variety of menu items, including our signature spaghetti and meatball dishes prepared with our proprietary sauce and served in buckets, for takeout and delivery.

3. TERRITORIAL RIGHTS. We will grant you a protected territory (your "Territory") that will be determined as follows:

(i) if the total population living within a two (2) mile radius from your Restaurant is less than 20,000, then your Territory will consist of the area within a two (2) mile radius from your Restaurant; or

(ii) if the total population living within a two (2) mile radius from your Restaurant is 20,000 or more, then your Territory will consist of the area within the radius from your Restaurant that we designate that results in a Territory with a minimum population of 20,000 (we may use alternative boundaries to define your Territory, such as zip codes, as long as the total population within the area is at least 20,000).

We have no obligation to modify your Territory based on changes in population during the Term. If we approve your site before signing this Agreement, then your Territory will be described in Part D of ATTACHMENT "A". If we do not approve your site before signing this Agreement, then your Territory will be described in the Site Approval Notice we issue pursuant to Section 7.1 after we approve your site. During the Term, we will not develop or operate, or grant a franchise or license to a third party to develop or operate, any Restaurant that is located within your Territory other than a Restaurant located within a Captive Venue that is located in your Territory. We reserve the right to sell, or grant franchises or licenses to third parties to sell, competitive or identical goods or services (including under the Marks) through Alternative Channels of Distribution, irrespective of whether the sales take place in your Territory.

4. TERM AND RENEWAL. The term of this Agreement begins on the Effective Date and expires 10 years thereafter (the "Term"). You may enter into an unlimited number of successor franchise agreements (each, a "Successor Agreement") as long as you meet the conditions for renewal specified below. The Successor Agreement shall be the current form of franchise agreement we use in granting By The Bucket franchises as of the expiration of the Term or renewal term, as applicable. Upon renewal, we may also modify the boundaries of your Territory in accordance with our then-current territory guidelines and criteria. Each renewal term will be five (5) years. In order to enter into a Successor Agreement, you and the Owners (as applicable) must: (a) provide us with a written renewal notice at least 180 days before the expiration of the Term or renewal term, as applicable; (b) not be in default under this Agreement (or any other agreement with us or any affiliate of ours) at the time you send the renewal notice or the time you sign the Successor Agreement; (c) remodel your Restaurant and upgrade your furniture, fixtures and equipment to comply with our then-current standards and specifications; and (d) sign the Successor Agreement and a General Release.

5. TRAINING AND CONFERENCES

5.1. Initial Training Program. The Managing Owner and your initial managers must attend and successfully complete our initial training program before you open your Restaurant.

5.2. Initial Training For New Owners/Managers. If you hire a new manager or appoint a new Managing Owner after we conduct our pre-opening initial training program, the new manager or Managing Owner, as applicable, must attend and successfully complete our then-current initial training program before assuming responsibility for the management of your Restaurant.

5.3. Periodic Training. We may offer periodic refresher or additional training courses for your Managing Owner and managers. We may designate attendance as optional or mandatory.

5.4. Additional Training Upon Request. Upon your written request, we may, but need not, provide you with additional assistance or training at a mutually convenient time.

5.5. Remedial Training. If we determine you are not operating your Restaurant in full compliance with this Agreement and/or the Manual, we may, at our option, require that your Managing Owner and management personnel attend remedial training relevant to your operational deficiencies.

5.6. Conferences. We may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting franchisees. We may designate attendance at these conferences as mandatory or optional.

5.7. Training Fees and Expenses. We will provide our pre-opening initial training program at no additional charge. We also do not charge a training fee for any system-wide refresher or additional training that we conduct at our headquarters or at an affiliate-owned Restaurant. You must pay us a training fee of up to $200 per person per day for:

(i) each person that attends our initial training program after you open your Restaurant (such as new Managing Owners or managers);

(ii) any person who retakes training after failing a prior attempt;

(iii) any remedial training we require based on your operational deficiencies; and

(iv) each person to whom we provide additional training that you request.

We may charge you a conference registration fee of up to $500 per attendee per conference. If we agree to provide onsite training or assistance, you must also reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to any onsite training or opening assistance we provide pursuant to Section 6.2). You are responsible for all expenses and costs your trainees incur for training or attending conferences, including wages, travel and living expenses. All training fees and expense reimbursements are due 10 days after invoicing.

6. OTHER FRANCHISOR ASSISTANCE.

6.1. Manual. We will provide you with access to our Manual in text or electronic form. The Manual will help you establish and operate your Restaurant.

6.2. Opening Assistance. At no additional charge, we will send a representative to your Restaurant for up to three (3) days to inspect your Restaurant and advise you of any changes necessary to bring your Restaurant into compliance with our standards and specifications. Our representative will also provide onsite training and opening assistance during this visit.

6.3. Guidance. Based on inspections of your Restaurant or reports you submit to us, we will provide our guidance and recommendations on ways to improve the marketing and/or operation of your Restaurant.

6.4. Field Visits. We have the right, but not the obligation, to conduct periodic field visits for purposes of providing onsite consultation, assistance and guidance pertaining to the operation and management of your Restaurant. We may prepare and provide you with a report detailing any problems or concerns observed during the field visit together with required or suggested changes or improvements to address or resolve such problems or concerns. You must implement all required changes or improvements in the time and manner we specify.

6.5. Website. We will maintain a corporate website for our brand that will include the information about your Restaurant that we deem appropriate, such as address, contact information and hours of operation. We may discontinue the website at any time in our sole discretion.

6.6. Purchase Agreements. We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. We will arrange for you to be able to purchase the goods directly from the supplier at the discounted prices we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain items from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.

6.7. Product Development. We may, but need not, create new menu items, merchandise or other products or services for sale at your Restaurant. If we develop any of these products, you agree to maintain a reasonable inventory of these items at your Restaurant at all times.

7. ESTABLISHING YOUR RESTAURANT

7.1. Site Selection. You must locate and obtain our approval of the site for your Restaurant. The premises must be located within the Site Selection Area identified in Part B of ATTACHMENT "A" (the "Site Selection Area") and conform to our minimum site selection criteria. You must send us a complete site report that includes all demographic, commercial and other information, photographs and video tapes that we require. We may accept or reject each site you propose in our commercially reasonable judgment. We will use best efforts to issue our approval or disapproval within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. If we approve the site for your Restaurant prior to execution of this Agreement, then the address of the approved site will be listed in Part C of ATTACHMENT "A". If we do not approve the site for your Restaurant prior to execution of this Agreement, then within 15 days after we approve your site, we will send you a Site Approval Notice that identifies: (a) the address of your approved site; and (b) the geographic area that comprises your Territory. Within five (5) business days after we send you the Site Approval Notice, you must sign and date the franchisee acknowledgment section of the Site Approval Notice and send us a copy for our records. Our approval of the site (and designation of your Territory) shall be deemed immediately effective and binding on you at the time we issue the Site Approval Notice, regardless of whether you send us the signed acknowledgment. Our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Restaurant. It indicates only that we believe the site meets our minimum criteria.

7.2. Lease. If you lease the premises for your Restaurant, you must use best efforts to ensure your landlord signs the Lease Addendum attached to this Agreement as ATTACHMENT "D". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement we may either: (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord); or (b) require that you find a new site for your Restaurant. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records.

7.3. **Construction.** We will provide you with generic prototype plans for the design, layout, trade dress and equipping of a Restaurant. You must hire a licensed and bonded architect to adapt our plans to conform to your Restaurant's characteristics and prepare your initial design plans and detailed construction plans. The architect must ensure these plans: (a) are consistent with our prototype plans and specifications for a Restaurant; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all federal, state and local ordinances, building codes, permit and lease requirements and restrictions applicable to the premises, including, without limitation, the Americans with Disabilities Act. You must submit the final construction plans to us for approval. The limited purpose of our review is to verify the construction plans are consistent with our system standards. Once approved, you must, at your sole expense, construct and equip the premises according to the approved construction plans and the specifications in the Manual. You must purchase and only utilize the materials we specify and that meet our standards and specifications to outfit the interior of your Restaurant, including certain types of wood framing, cabinets, paneling, lighting choices, flooring, etc. You must also purchase (or lease) and install all equipment, Technology Systems, fixtures, signs and other items we require. Your Restaurant must comply with our requirements for trade dress. At all times during the construction process, you must maintain the minimum general liability and property damage insurance required by the Manual.

7.4. **Opening**. You must open your Restaurant to the public within 300 days after the Effective Date. You may not open your Restaurant prior to receipt of our written authorization to open. We will not issue our authorization to open before:

(i) the Managing Owner successfully completes our initial training program;

(ii) you purchase all required insurance and furnish us with evidence of coverage;

(iii) you obtain all required licenses, permits and other governmental approvals; and

(iv) we review and approve the construction, build-out and layout of your Restaurant.

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

7.5. **Relocation.** You may relocate your Restaurant with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) locate your new Restaurant within the Site Selection Area (but outside any territory granted to us, our affiliate or any other franchisee); (b) comply with Sections 7.1 through Section 7.4 with respect to your new Restaurant (excluding the 300-day opening period); and (c) open your new Restaurant and resume operations within 30 days after closing your prior Restaurant (or such longer period of time we agree to in our commercially reasonable discretion).

8. MANAGEMENT AND STAFFING.

8.1. **Owner Participation.** You must designate an Owner who will have overall responsibility for the management and operation of your Restaurant (the "Managing Owner"). The Managing Owner must: (a) be approved by us; (b) successfully complete all training programs we require; (c) dedicate full-time efforts to the Restaurant (or your Restaurants if you are an area developer); and (d) at all times hold at least a 10% ownership interest in the franchise (or the Entity that is the franchisee under this Agreement) unless we waive this requirement. Any new Managing Owner you appoint must successfully complete our then-current initial training program before assuming responsibility for the supervision, management or operation of the Restaurant. By signing the Agreement, each Owner agrees to be personally bound by all of its terms, even if the franchisee is an Entity.

8.2. **Managers.** You may hire a designated manager to assist the Managing Owner with the onsite management and supervision of your Restaurant. Any person you hire as a designated manager must: (a) successfully complete all training programs we require; and (b) sign a Confidentiality Agreement. At all times during normal business hours, either the Managing Owner or the designated manager must be present at your Restaurant to provide onsite management and supervision. You may also hire assistant managers who would report to the Managing Owner or your designated manager. The Managing Owner must monitor and supervise the activities of the designated manager to ensure the Restaurant is operated in accordance with this Agreement and the Manual.

8.3. **Employees.** You must determine appropriate staffing levels for your Restaurant to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Restaurant. You must pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings required by law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment related decisions, including employee selection and promotion, hours worked, rates of pay and other benefits, work assignments, training and working conditions. We will not provide any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

8.4. **Interim Manager.** We have the right, but not the obligation, to designate an individual of our choosing (an "Interim Manager") to manage your Restaurant if either: (a) your Managing Owner ceases to perform the responsibilities of a Managing Owner (whether due to retirement, death, disability, or for any other reason) and you fail to appoint an approved replacement Managing Owner, who has successfully completed all training we require, within 30 days; or (b) you are in material breach. The Interim Manager will cease to manage your Restaurant at such time that you appoint an approved replacement Managing Owner who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to pay us a management fee of up to $500 per day during the period of time that the Interim Manager manages your Restaurant. You must also reimburse us for all travel and living expenses incurred by the Interim Manager. The Interim Manager will have no liability to you except for gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.

9. **FRANCHISEE AS ENTITY**. If you are an Entity, you represent that Part A of ATTACHMENT "A" includes a complete and accurate list of all of your Owners. Upon our request, you must provide us with a resolution of the Entity authorizing the execution of this Agreement, a copy of the Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the Entity is duly formed and validly existing under the laws of the state of its formation.

10. **ADVERTISING & MARKETING.**

10.1. **Brand and System Development Fund.**

(a) Administration. We may, but need not, establish and maintain a brand and system development fund to promote public awareness of our brand and improve our System. We may use the fund to pay for any of the following in our sole discretion:

(i) developing, maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs;

(ii) conducting and administering promotions, contests or giveaways;

(iii) improving public awareness of the Marks;

(iv) public and consumer relations and publicity;

(v) brand development;

(vi) sponsorships;

(vii) charitable and non-profit donations and events;

(viii) research and development of technology, products and services;

(ix) website development and search engine optimization;

(x) development and maintenance of an ecommerce platform;

(xi) development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys;

(xii) conducting market research;

(xiii) changes and improvements to the System;

(xiv) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts;

(xv) collecting and accounting for contributions to the fund;

(xvi) preparing and distributing financial accountings of the fund;

(xvii) any other programs or activities we deem appropriate to promote or improve the System; and

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

We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to any of the foregoing marketing or advertising activities. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. A financial accounting of the operations of the fund, including deposits into and disbursements from the fund, will be prepared annually and made available to you upon request. In terms of marketing activities paid for by the fund, we do not ensure that these expenditures in or affecting any geographic area are proportionate or equivalent to the fund contributions by franchisees operating in that geographic area or that any franchisee benefits directly or in proportion to their fund contributions. Once established, we reserve the right to discontinue the fund at any time in our sole discretion upon at least 30 days' prior notice.

(b) Contributions. On each royalty payment due date, you must pay us a brand and system development fund fee equal to 2.5% of your Gross Sales for the prior week's operations. We will deposit into the fund all fund contributions paid by you and other franchisees.

10.2. Marketing Assistance From Us. We may provide you with a non-customized marketing plan, which may be included in the Manual or communicated to you directly. You must follow all mandatory components of our marketing plan. We may create and make available to you advertising and other marketing materials for your purchase. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet, in which case you must arrange for printing the materials and paying all printing costs. Alternatively, we may enter into relationships with third-party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis

10.3. Your Marketing Activities.

(a) Generally. In addition to (a) your required contribution to the brand and system development fund and (b) your minimum grand opening marketing expenditures, you must spend, on a monthly basis, at least 1% of your Gross Sales on local advertising to promote your Restaurant. We measure your compliance with this requirement on a rolling six-month basis, meaning as long as your average monthly expenditure on local advertising over the six-month period equals or exceeds 1% of Gross Sales, you are deemed in compliance even if your expenditure in any given month is less than 1% of Gross Sales. You must participate at your own expense in all advertising, promotional and marketing programs we require.

(b) Grand Opening. During the period of time beginning 60 days before opening and ending 30 days after opening, you must spend at least $1,000 on grand opening advertising and marketing to promote the opening of your Restaurant.

(c) Standards for Advertising. All advertisements and promotions you create or use must be completely factual, conform to the highest standards of ethical advertising and comply with all federal, state and local laws. You must ensure your advertisements and promotional materials do not infringe upon the intellectual property rights of others. You must comply with any minimum advertised pricing policy we establish from time to time.

(d) Extraterritorial Advertising. You can market and advertise outside your Territory as long as you: (i) comply with all policies and procedures in the Manual governing extra-territorial marketing; and (ii) do not engage in targeted marketing directed into any territory or development territory assigned to us, our affiliate or another franchisee (except as otherwise noted below). You may not engage in targeted marketing directed into a territory assigned to us, our affiliate or another franchisee unless the marketing is conducted as part of an advertising cooperative that includes the affected territory. Marketing that is distributed, circulated or received both within your Territory and within another territory is not deemed to be "targeted marketing" if: (i) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your Territory; and (ii) the majority of the recipients of the advertising are located within your Territory and there is only incidental circulation or distribution within a territory assigned to us, our affiliate, or another franchisee. The meaning of "targeted marketing" that is "directed into a territory" may be further defined in the Manual, but examples include direct mail sent to addresses within a given territory, digital advertising sent to devices with IP addresses registered within a given territory and setting up promotional events that take place within a given territory.

(e) Approval of Advertising. Prior to use, we must approve all advertising and marketing materials and programs you intend to use, including all advertising and marketing materials we did not prepare or previously approve (and including materials we prepare or approve and you modify). We must also approve the media you intend to use. You may not use any advertising materials, programs or media we have not approved (including materials, programs or media we previously approved and later disapprove). We have 15 days to review and approve advertising and marketing materials and programs you submit for approval. Our failure to issue our disapproval within the 15-day period constitutes our approval.

(f) Social Media. You may advertise and market your Restaurant using social media, provided that:

(i) you only utilize social media platforms we approve;

(ii) you strictly comply with our social media policy (as revised from time to time);

(iii) you immediately remove any post we disapprove (even if it complies with our social media policy);

(iv) you contract with and exclusively utilize any supplier we designate for social media marketing;

(v) you provide us with full administrative rights to your social media accounts; and

(vi) we retain ownership of all social media accounts relating to your Restaurant.

(g) Internet and Websites. Without our prior approval, which we may withhold in our sole discretion, you may not: (i) develop, host, create or otherwise maintain a website or other online or digital presence in connection with your Restaurant, including any website bearing our Marks; or (ii) conduct digital or online advertising or marketing or engage in ecommerce.

11. OPERATING STANDARDS.

11.1. Brand Standards Manual. You agree to establish and operate your Restaurant in full compliance with our standards and all terms of this Agreement and the Manual. The Manual may contain, among other things:

(i) a description of the authorized goods and services you may sell;

(ii) specifications, operating procedures and quality standards;

(iii) reporting and insurance requirements;

(iv) generic prototype plans and specifications for a Restaurant;

(v) policies and procedures for catering and delivery services (if authorized by us);

(vi) policies and procedures pertaining to marketing and advertising;

(vii) policies and procedures pertaining to gift card or loyalty programs;

(viii) policies and procedures relating to data ownership, protection, sharing and use; and

(ix) a list of (a) the goods and services (or specifications for goods and services) you must purchase to develop and operate your Business and (b) any designated or approved suppliers for these goods or services.

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. The modifications will become binding at the time we notify you of the modification (subject to any "grace period" we provide to implement the change). All mandatory provisions contained in the Manual (whether they are included now or in the future) are binding on you.

11.2. Authorized Goods and Services. You must offer all goods and services we require from time to time in our commercially reasonable discretion. You may not offer any other goods or services without our prior written permission. You may not use your Restaurant, or permit your Restaurant to be used, for any purpose other than offering the goods and services we authorize. At this time, you may only offer takeout service. With our prior approval, you may also offer delivery services within an approved delivery area in compliance with all policies and procedures in the Manual. We may, without obligation to do so, add, modify or delete authorized goods and services, and you must do the same upon notice from us.

11.3. Pricing. We will provide you with our suggested retail pricing. You may deviate from our suggested retail pricing in your discretion. However, you must obtain our approval of any deviation that is more than 15% higher or lower than our suggested retail pricing, unless such pricing is part of a temporary advertising campaign that we require or approve. To the extent permitted by applicable law, we may set minimum prices on the goods and services you sell.

11.4. Customer Payments. You must, at your expense, lease or purchase the necessary equipment and/or software and have arrangements in place with Visa, MasterCard, American Express and all other credit card issuers we designate, in order for you to be able to accept such methods of payment from customers. You must accept debit cards, credit cards, stored value cards, and other non-cash systems (including, for example, APPLE PAY and/or GOOGLE WALLET) that we specify. You must acquire and install all necessary hardware and/or software used in connection with these non-cash systems.

11.5. Suppliers and Purchasing. You must purchase or lease all products, supplies, equipment, services and other items specified in the Manual from time to time. If required by the Manual, you must purchase certain goods and services only from suppliers we designate or approve (which may include, or be limited exclusively to, us or our affiliate). Our right to specify the suppliers you may use is necessary so we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ongoing operation of Restaurants, protect our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. If we receive rebates or other financial consideration from these suppliers based on franchisee purchases, we have no obligation to pass these amounts on to you or use them for your benefit. You may not propose alternative suppliers for certain goods or services we require you to purchase from designated suppliers. We are not responsible for a designated supplier's inability to meet demand, but will use reasonable efforts to identify one or more alternative suppliers and/or allow you to propose local suppliers for our approval. For all other required purchases, you may purchase from any supplier of your choosing as long as the product meets or exceeds our minimum standards and specifications.

11.6. Equipment Maintenance and Changes. You must maintain your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. From time to time, we may require that you change your equipment to meet our then-current system standards.

11.7. Technology Systems.

(a) Generally. You must acquire and utilize all information and communication technology systems we specify from time to time, including, without limitation, computer systems, point-of-sale system, webcam systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems (collectively, the "Technology Systems"). The Technology Systems may relate to matters such as purchasing, pricing, accounting, order entry, inventory control, security, information storage, retrieval and transmission, customer information, customer loyalty, marketing, communications, copying, printing and scanning, or any other business purpose we deem appropriate. We may require that you, at your expense, acquire new or substitute Technology Systems, and/or replace, upgrade or update existing Technology Systems, upon reasonable prior notice.

(b) Use and Access. You must utilize your Technology Systems in accordance with the Manual. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to provide us with independent and unlimited access to data collected through your Technology Systems, including your Gross Sales information for purposes of calculating fees owed. Upon request, including upon termination or expiration of this Agreement, you must provide us with the user IDs and passwords for your Technology Systems.

(c) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Upon our request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.

(d) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, enter into a license agreement with us (or our affiliate) in a form we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We may also enter into master agreements with third-party suppliers relating to any components of the Technology Systems and charge you for all amounts we pay to these suppliers based on your use of their software, technology, equipment, or services. The "technology fee" includes all amounts you pay us and/or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based on changes to the Technology Systems or prices charged by third-party suppliers with whom we enter into master agreements (not to exceed $500 per month). The technology fee does not include any amounts you pay directly to third-party suppliers for any component of the Technology Systems. The current technology fee is $99 per month. The technology fee is due 10 days after invoicing or as otherwise specified by us from time to time.

11.8. Remodeling and Maintenance. As a condition to renewing or transferring your franchise, you must remodel, renovate and make all improvements to your Restaurant that we reasonably require to reflect our then-current standards and specifications. You may not remodel or significantly alter your premises without our prior written approval. We need not approve any proposed remodeling or alteration that does not conform to our then-current standards and specifications. You must maintain your Restaurant in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (a) thorough cleaning, repainting, redecorating of the interior and exterior of the Restaurant's premises at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (b) interior and exterior repair of the Restaurant's premises as needed. You must comply with any maintenance, cleaning or facility upkeep schedule we prescribe.

11.9. Gift Card and Loyalty Programs. We may require that you participate in a gift card or other customer loyalty program in accordance with our policies and procedures. In order to participate, you may be required to purchase and utilize additional equipment, software and/or Apps and pay additional fees for use of such equipment, software and/or Apps. If we establish a gift card program, we have the right to determine how the proceeds from gift card sales will be divided or otherwise accounted for, and we may retain the amount of any unredeemed gift cards. You must comply with all policies and procedures we specify regarding customers that purchase a gift card at one Restaurant and redeem the card at another Restaurant. We may implement new software and/or Apps to monitor sales and allocate payments to the Restaurant where goods or services are redeemed (either in whole or on a percentage basis), in which case we may require that the proceeds from gift card sales be deposited into a trust account we control. You must comply with all policies and procedures we specify, and we may change them at any time.

11.10. Hours of Operation. Your Restaurant must be open during the minimum days and hours of operation set forth in the Manual. You must establish specific hours of operation and submit them to us for approval.

11.11. Quality Assurance Programs. For quality control purposes, we may: (a) periodically inspect your Restaurant in accordance with Section 6.4 and Section 15.1; and/or (b) engage the services of a "mystery shopper" or quality assurance firm to inspect your Restaurant. Inspections may address a variety of issues, including customer service, food safety, sanitation, inventory rotation, etc. You must fully cooperate with all inspections. If we engage a mystery shopper or quality assurance firm, we may require that you directly pay the mystery shopper or firm for the cost of the inspection. Alternatively, we may be invoiced by the mystery shopper or firm and require you to reimburse us for the cost of your inspection. You agree to pay us this fee within 10 days after invoicing. We may implement a scoring system pursuant to which each Restaurant receives a "grade" or "score" based on the results of the inspection. Your failure to achieve a passing grade or score constitutes a default under this Agreement. You must take all actions we specify within the period of time we prescribe in order to rectify any non-compliance issues revealed during an inspection.

11.12. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a failure to comply with our standards or operating procedures (including failure to provide required reports in a timely manner) and you fail to correct the non-compliance within the period of time we require, then, in addition to any other remedies available to us under this Agreement, we may impose a fine of up to $500 per occurrence. We may impose an additional fine for every 24 hours that the same non-compliance issue remains uncured following our imposition of the initial fine.

12. FEES

12.1. Initial Franchise Fee. You must pay us a nonrefundable $50,000 initial franchise fee in one lump sum at the time you sign this Agreement (or, if applicable, any discounted initial franchise fee specified in an area development agreement signed by you and us).

12.2. Royalty Fee. On the day of each week that we specify (referred to as the "royalty payment due date"), you must pay us a royalty fee equal to 6.5% of your Gross Sales generated during the immediately preceding reporting period. The current reporting period runs from the opening of business on Monday through the close of business on Sunday and the current royalty payment due date is the Monday immediately following the end of the prior reporting period. From time to time, we may change the reporting period and weekly royalty payment due date through updates to the Manual.

12.3. Other Fees and Payments. You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this Section 12.

12.4. Late Fee. If any sums due under this Agreement have not been received by us when due (or there are insufficient funds in your Account to cover any sums owed to us when due) then, in addition to those sums, you must pay us a late fee of $100 plus default interest on the amounts past due at a rate equal to the lesser of 18% per annum (pro-rated on a daily basis) or the highest rate permitted by applicable law. If no due date has been specified by us, interest begins to run 10 days after we bill you. We will not impose a late fee for any amounts paid pursuant to Section 12.5 if, but only to the extent, sufficient funds were available in your Account to be applied towards the payments at the time the payments became due. If we are unable to determine the amount due because you failed to record sales or furnish reports to us in a timely manner, we may assess a late fee on the entire amount that was due and payable.

12.5. Method of Payment. Before opening you must send us a completed and fully executed ACH Agreement. We will electronically debit the banking account you designate (the "Account") for all amounts owed to us and our affiliates (other than the initial franchise fee) on the applicable due date. You must sign any other documents required by us or your bank to enable us to debit your Account for amounts owed. You must deposit all Gross Sales into the Account and ensure sufficient funds are available for withdrawal before each payment due date. If there are insufficient funds in your Account, any excess amounts you owe will be payable upon demand, together with any late charge imposed pursuant to Section 12.4. We may also impose a $50 NSF fee for each instance where either: (a) there are insufficient funds in your Account to cover amounts owed; or (b) a check you issue to us is returned due to insufficient funds.

12.6. Financial Assurance. The Owners hereby agree to personally guaranty all of your financial obligations under this Agreement if you fail to make any payment to us or our affiliate when due.

13. BRAND PROTECTION COVENANTS.

13.1. Reason for Covenants. The Intellectual Property and the training and assistance we provide would not be acquired except through implementation of this Agreement. You understand that competition by you or the Owners (or persons associated with you or the Owners, such as family members) could jeopardize our entire franchise system because you and the Owners have received an advantage through knowledge of our day-to-day operations and Know-how. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and our franchise system.

13.2. Our Know-how. You and the Owners agree to:

(i) refrain from using the Know-how in any business or capacity other than the operation of your Restaurant pursuant to this Agreement;

(ii) maintain the confidentiality of the Know-how at all times;

(iii) take all reasonable steps we require to prevent unauthorized use or disclosure of Know-how;

(iv) refrain from making unauthorized copies of documents containing any Know-how; and

(v) stop using the Know-how immediately upon the expiration, termination or Transfer of this Agreement (and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the Know-how immediately at the time he or she ceases to be an Owner).

13.3. Unfair Competition. You and the Owners agree not to unfairly compete with us during the Term or during the Post-Term Restricted Period by owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business. Notwithstanding the foregoing, during the Post-Term Restricted Period you and the Owners may have an interest in any Competitive Business that is not located, in whole or in part, within the Restricted Territory.

13.4. Family Members. The Owners acknowledge they could circumvent the purpose of Section 13 by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). The Owners also acknowledge it would be difficult for us to prove whether they disclosed the Know-how to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 13 if any member of his or her immediate family acquires an interest in a Competitive Business during the Term or Post-Term Restricted Period (except as otherwise permitted outside the Restricted Territory during the Post-Term Restricted Period) or uses or discloses the Know-how. However, the Owner may rebut this presumption by furnishing evidence conclusively showing the Owner did not disclose Know-how to the family member.

13.5. Employees and Others Associated with You. You must ensure that all of your employees, officers, directors, partners, members, independent contractors and other representatives who may have access to our Know-how sign and send us a Confidentiality Agreement before having access to our Know-how. You must use best efforts to ensure these individuals comply with the terms of the Confidentiality Agreements and immediately notify us of any breach that comes to your attention. You must reimburse us for all reasonable expenses we incur in enforcing a Confidentiality Agreement, including attorneys' fees and court costs.

13.6. Covenants Reasonable. You and the Owners acknowledge that: (a) the terms of this Agreement are reasonable both in time and in scope of geographic area; (b) our use and enforcement of covenants similar to those described above with respect to other franchisees benefits you and the Owners in that it prevents others from unfairly competing with you; and (c) you and the Owners have sufficient resources, business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SECTION 13 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

13.7. Breach of Covenants. You and the Owners agree that failure to comply with Section 13 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law. Therefore, you and the Owners agree that any violation of Section 13 will entitle us to injunctive relief. We may apply for such injunctive relief, without bond, but upon due notice, in addition to any other relief available at equity or law. If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. No claim, defense or cause of action that you or an Owner may have against us may be used as a defense against our enforcement of this Section 13.

14. YOUR OTHER RESPONSIBILITIES

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

(i) "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Restaurant, which must have coverage limits of at least full replacement cost;

(ii) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Restaurant, containing minimum liability protection of $1,000,000 combined single limit per occurrence and $2,000,000 in the aggregate;

(iii) worker's compensation insurance and employer's liability insurance as required by law;

(iv) any insurance required by your landlord or by law; and

(v) any other insurance we specify in the Manual from time to time.

You must provide us with proof of coverage prior to opening, within 10 days after any policy renewal and at any other time on demand. All insurance policies must endorsed to: (a) name us (and our members, officers, directors, and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy. Upon 10 days' notice, we may increase the minimum liability coverage amount of any policy and/or require different or additional types of insurance, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we may obtain the coverage on your behalf, in which case you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay us, within 10 days after invoicing, all costs and premiums we incur.

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

14.3. Reports. No later than each royalty payment due date, you must prepare and send us a weekly statement of your Gross Sales for the prior weekly reporting period. No later than the 10th day of each month, you must prepare and send us a report of your expenditures on local advertising required by Section 10.3 incurred during the prior month (which shall be accompanied by copies of receipts for such expenditures). You also agree to prepare all other reports we require in the form and manner we specify. You agree to send us a copy of any report required by this Section upon request. If you miscalculate Gross Sales, you must notify us of the error no later than the end of the next Gross Sales reporting period. Otherwise, you will not be entitled to any refund or credit of any fees paid to us based on the Gross Sales previously reported. If we require that you purchase a computer and/or automated cash management system that allows us to electronically retrieve information concerning your sales transactions, we may electronically poll your computer and/or automated cash management system to retrieve and compile information regarding the operation of your Business.

14.4. Financial Statements. No later than the 15th day of each month, you must prepare and send us a monthly balance sheet and profit and loss statement for your Business in the format we prescribe. Within 90 days after the end of each calendar year, you must prepare and send us a balance sheet (as of the end of the calendar year) and profit and loss statement. All financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate; (b) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (c) submitted in any format we reasonably require. We may require that your financial statements be reviewed or audited by a certified public accountant, although we will not require audited financial statements unless you have previously submitted materially inaccurate financial statements on one or more prior occasions. You agree to send us a copy of any financial statement required by this Section upon request. You authorize us to disclose your Business Data to prospective franchisees, regulatory agencies and others for any reasonable business purpose, provided the disclosure is not prohibited by applicable law.

14.5. Legal Compliance. You must secure and maintain in force all required licenses, permits and regulatory approvals for the operation of your Restaurant and operate your Restaurant in full compliance with all applicable laws, ordinances, rules and regulations. You must immediately send us a copy of any inspection report, warning, certificate or rating from a governmental agency alleging a violation any health or safety law, rule or regulation.

14.6. Ownership and Protection of Data. We will exclusively own all data pertaining to your customers and business operations, whether collected by you, us or a third-party engaged by you or us (collectively, "Business Data"). We hereby grant you a license to utilize the Business Data solely for purposes of operating your Restaurant in compliance with this Agreement. You must protect all customer data with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy laws with respect to data, which if compromised, could have a negative impact on our image or consumer confidence. You agree: (a) to comply with all applicable data protection laws as well as our data processing and data privacy policies set forth in the Manual from time to time; and (b) upon our request, to sign any data processing and/or data privacy agreement required by any applicable data protection law or otherwise required by us. You further agree to:

(i) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS;

(ii) establish appropriate administrative, technical and physical controls consistent with law and PCI-DSS to preserve the security and confidentiality of any credit card information, in any form whatsoever, that you store, process, transmit, or come in contact with;

(iii) promptly notify us if you suspect there is, or has been, a security breach or potential compromise of any such credit card information;

(iv) provide us with updates regarding the status of PCI-DSS, which update may be through a completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other method mutually agreed; and

(v) promptly notify us of any noncompliance PCI-DSS requirements to discuss your remediation efforts and timeline.

15. INSPECTION AND AUDIT

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

(i) examining and copying your books, records, accounts and tax returns;

(ii) accessing your computer system and retrieving data (you hereby agree to provide us with access upon request);

(iii) inspecting and testing your equipment;

(iv) monitoring and speaking with your staff;

(v) sampling and testing your menu items;

(vi) removing samples of your inventory items for testing purposes;

(vii) evaluating the physical condition of your Restaurant for cleanliness, sanitation and state of repair; and

(viii) contacting your landlord and customers.

We may conduct the inspection at any time and without prior notice. During the inspection, we (or our representative) will use reasonable efforts to minimize any interference with the operation of your Restaurant. You and your employees must cooperate and not interfere with the inspection. You consent to us accessing your computer system and retrieving any data we deem appropriate in connection with the inspection. We will bear the cost of any inspection other than an inspection conducted by us in order to determine whether you have remedied: (a) any health or safety issue identified by a government agency; or (b) any breach of our system standards that we bring to your attention. You must reimburse us for all costs we incur in conducting an inspection to determine if you have remedied a health or safety issue identified by a government agency or a breach of our system standards that we bring to your attention.

15.2. <u>Audit</u>. We have the right, at any time, to have an independent audit made of your books and financial records. You agree to fully cooperate with us and any third party we hire to conduct the audit. If an audit reveals an understatement of Gross Sales, you must immediately pay us any additional fees you owe us together with any late fee payable pursuant to <u>Section 12.4</u>. Any audit will be performed at our cost and expense unless the audit: (a) is necessitated by your failure to provide the information requested or to preserve records or file reports as required by this Agreement; or (b) reveals an understatement of Gross Sales by at least three percent (3%), in which case you must reimburse us for the cost of the audit, including all reasonable accounting and attorneys' fees and travel and lodging expenses incurred by us and the audit team. The audit cost reimbursements will be due 10 days after invoicing.

16. INTELLECTUAL PROPERTY

16.1. <u>Ownership and Use of Intellectual Property</u>. You acknowledge that your right to use the Intellectual Property is limited to a license granted by us to operate your Restaurant during the Term pursuant to, and only in compliance with, this Agreement, the Manual, and all applicable standards, specifications and operating procedures that we prescribe. You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You agree to comply with all provisions in the Manual governing your use of the Intellectual Property. You will not acquire any goodwill, title or interest in any of the Intellectual Property.

16.2. <u>Changes to Intellectual Property</u>. We can modify the Intellectual Property at any time in our sole discretion, including by changing the Marks, the System, the Copyrighted Materials or the Know-how. If this happens, you must, at your expense, modify or discontinue use of Intellectual Property in accordance with our instructions. We will not be liable to you for any expenses, losses or damages that you incur (including the loss of any goodwill associated with a Mark) because of any change to the Intellectual Property.

16.3. <u>Use of Marks</u>. You agree to use the Marks as the sole identification of your Restaurant; *provided, however*, that you must identify yourself as the independent owner of your Business in the manner we prescribe. You may not use the Marks in any modified form or as part of a corporate or trade name or with any prefix, suffix, or other modifying words, designs or symbols (other than logos licensed to you by this Agreement). You agree to: (a) prominently display the Marks in the manner we prescribe on or in connection with any advertising, promotional materials, posters, displays, receipts, stationery and forms we designate to give notice of trade and service mark registrations and copyrights; and (b) obtain any fictitious or assumed name registrations required by applicable law. You may not use the Marks in signing any contract, lease, check, negotiable instrument or other agreement or in any manner likely to confuse or result in liability to us for any indebtedness or obligation of yours.

16.4. <u>Use of Know-how</u>. We disclose the Know-how to you in the initial training program, the Manual, and in other guidance furnished to you during the Term. You will not acquire any interest in the Know-how other than the right to utilize it in strict accordance with the terms of this Agreement. You acknowledge the Know-how is proprietary and is disclosed to you solely for use in the development and operation of your Restaurant during the Term.

16.5. <u>Improvements</u>. If you or any of your Owners or employees conceives of an Improvement, you must promptly and fully disclose the Improvement to us without disclosure to others. You must obtain our approval prior to using any such Improvement. Any Improvement we approve may be used by us and any third parties we authorize to operate a Restaurant, without any obligation to pay royalties or other fees to you or any other person. You or your Owner or employee, as applicable, must assign to us or our designee, without charge, all rights to the Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvement developed by us or another franchisee that we approve for use in connection with the operation of a Restaurant.

16.6. **<u>Notification of Infringements and Claims</u>**. You must immediately notify us of any: (a) apparent infringement of the Intellectual Property; (b) challenge to your use of the Intellectual Property; or (c) claim by any person of any rights in the Intellectual Property. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate. We have the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge or claim. You agree to execute all documents, render all assistance, and perform all acts that may, in the opinion of our counsel, be necessary or advisable to protect or maintain our interest in any such litigation or proceeding and/or protect our rights to the Intellectual Property.

17. **INDEMNITY.** You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any of the following:

(i) the marketing, use or operation of your Restaurant;

(ii) the breach of this Agreement or any related agreement by you or any of your Owners or affiliates;

(iii) any Claim relating to taxes or penalties assessed by any governmental entity against us that are directly related to your failure to pay or perform functions required of you under this Agreement;

(iv) libel, slander or disparaging comments made by you or any of your Owners, officers, employees or independent contractors;

(v) any labor, employment or similar type of Claim pertaining to your employees, including claims alleging we are a joint employer of your employees;

(vi) any actions, investigations, rulings or proceedings conducted by any state or federal agency relating to your employees, including, without limitation, the United States Department of Labor, the Equal Employment Opportunity Commission and the National Labor Relations Board; and

(vii) any labor, employment or similar type of Claim pertaining to our relationship with you or your Owners, including claims alleging we are an employer of you and/or any of your Owners.

You and your Owners must notify us of any action, suit, proceeding, claim, demand, inquiry or investigation described above. The Indemnified Parties shall have the right, in their sole discretion to: (a) retain counsel of their choosing to represent them with respect to any Claim; and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle the Claim. You may participate in such defense at your expense. You must fully cooperate and assist the Indemnified Parties with the defense of any such Claim. You must reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys' fees, within 10 days of receipt of each invoice enumerating such costs, expenses and attorneys' fees.

18. **TRANSFERS**

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

18.2. **<u>By You</u>**. The rights and duties created by this Agreement are personal to you and the Owners. We granted the franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a

Permitted Transfer) without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of a Transfer if all of the following conditions are satisfied:

(i) the proposed transferee is, in our opinion, an individual or group of individuals of good moral character with sufficient business experience, aptitude and financial resources to own and operate a Restaurant and otherwise meet our then-applicable standards for franchisees;

(ii) you and your Owners are in full compliance with the terms of this Agreement and all other agreements with us and our affiliates;

(iii) all of the transferee's owners have successfully completed, or made arrangements to attend, the initial training program (and the transferee has paid us any applicable training fee);

(iv) your landlord consents to the assignment of your lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;

(v) the transferee and its owners, to the extent necessary, have obtained all licenses and permits required by applicable law to own and operate the Restaurant;

(vi) the transferee and its owners sign our then-current form of franchise agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate initial franchise fee;

(vii) you remodel your Restaurant and upgrade its furniture, fixtures and equipment to comply with our then-current standards and specifications (or you obtain a commitment from the transferee to do so within the period of time we approve);

(viii) you or the transferee pay us a $5,000 transfer fee (if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay to the broker, which amount shall be in addition to the transfer fee);

(ix) you and your Owners sign a General Release of all claims arising before or contemporaneously with the Transfer;

(x) we do not elect to exercise our right of first refusal described in Section 18.5; and

(xi) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise agreement by the transferee.

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

18.4. Death or Disability of an Owner. Within 180 days after the death or permanent disability of an Owner, the Owner's ownership interest must be assigned to another Owner or to a third party we approve. Any assignment to a third party will be subject to all of the terms and conditions of Section 18.2. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement or otherwise operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

18.5. **<u>Our Right of First Refusal</u>.** If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain (and send us) a bona fide offer executed by the purchaser after completion of due diligence. We have 30 days after receipt of the offer to decide whether to purchase the interest in your Business or the ownership interest in you for the same price and upon the same terms contained in the offer (however, we may substitute cash for any non-cash form of payment proposed in the offer). If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you (as the seller of the assets) or the Owner (as the seller of the ownership interest) or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of <u>Section 18.2</u> (including our approval of the transferee). However, if the sale is not completed within 120 days after delivery of the offer to us, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

19. TERMINATION

19.1. **<u>By You</u>**. You may terminate this Agreement if we commit a material breach and fail to cure within 90 days after you send us a written notice specifying the nature of the breach. If you terminate this Agreement, you must still comply with your post-termination obligations described in <u>Section 20</u> and all other obligations that survive the expiration or termination of this Agreement.

19.2. **<u>Termination By Us Without Cure Period</u>**. We may, in our sole discretion, terminate this Agreement upon five (5) days' written notice, without opportunity to cure, for any of the following reasons, all of which constitute material events of default under this Agreement:

(i) if you become insolvent by reason of your inability to pay your debts as they become due or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any law, or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(ii) if your Business, or a substantial portion of the assets associated with your Business, are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor;

(iii) if a final judgment against you remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed);

(iv) if a levy of execution has been made upon the license granted by this Agreement or upon any property used in your Business, and it is not discharged within five (5) days of the levy;

(v) if the Managing Owner fails to satisfactorily complete the initial training program in the manner required by <u>Section 5.1</u>;

(vi) if you fail to open your Restaurant within the time period required by <u>Section 7.4</u>;

(vii) if you abandon or fail to operate your Restaurant for three (3) consecutive business days, unless the failure is due to an event of force majeure or another reason we approve;

(viii) if a regulatory authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Restaurant, even if you or the Owner still maintain appeal rights;

(ix) if you or an Owner (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary action or (c) fails to comply with any material federal, state or local law or regulation applicable to your Business;

(x) if you or an Owner commits an act that can reasonably be expected to materially and adversely affect the reputation of the System or the goodwill associated with the Marks;

(xi) if you manage or operate your Restaurant in a manner that presents a health or safety hazard to your customers, employees or the public;

(xii) if you or an Owner makes any material misrepresentation to us, whether occurring before or after being granted the franchise;

(xiii) if you fail to pay any amount owed to us, our affiliate or an approved or designated supplier within 10 days after demand for payment;

(xiv) if you underreport Gross Sales by at least 3% after having already committed a similar breach that had been cured in accordance with Section 19.3;

(xv) if you make an unauthorized Transfer;

(xvi) if you make an unauthorized use of the Intellectual Property;

(xvii) if you breach any of the brand protection covenants described in Section 13;

(xviii) if the lease for your premises is terminated due to your default; or

(xix) if we terminate any other agreement between you and us or if any affiliate of ours terminates any agreement between you and our affiliate due to your default (other than an area development agreement).

19.3. Additional Conditions of Termination. In addition to our termination rights in Section 19.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with any other provision of this Agreement (including any mandatory provision in the Manual) or any other agreement with us, unless such default is cured within such 30-day notice period.

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

20. POST-TERM OBLIGATIONS.

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

(i) immediately cease to use the Intellectual Property;

(ii) pay us all amounts you owe;

(iii) comply with all covenants described in Section 13 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;

(iv) return all copies of the Manual, all Copyrighted Materials and all signs, brochures, advertising and promotional materials, forms and other materials bearing the Marks or other identification relating to a Restaurant, unless we allow you to transfer such items to an approved transferee;

(v) comply with our data retention policies pertaining to the Business Data;

(vi) cancel all fictitious or assumed name registrations relating to your use of the Marks;

(vii) alter the interior and exterior of the premises to the extent necessary (or to the extent we require) to prevent any further resemblance to or connection with a Restaurant or our System, including, without limitation, repainting the exterior and interior with new colors, removing trade dress, fixtures and décor items associated with a Restaurant, removing all signage and discontinuing use of approved wall décor items and window decals; *provided, however*, that this subsection shall not apply if your franchise is transferred to an approved transferee or if we exercise our right to purchase your Restaurant;

(viii) notify all telephone companies, listing agencies and domain name registration companies (collectively, the "Agencies") of the termination or expiration of your right to use: (a) the telephone numbers and/or domain names, if applicable, related to the operation of your Business; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and

(ix) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

20.2. Right to Purchase Facility and Assets.

(a) Generally. Upon the termination or expiration of this Agreement, we have the option to purchase your Restaurant and/or its assets at fair market value. If we exercise this option, fair market value shall be determined as of the effective date of the termination or expiration of this Agreement (the "Appraisal Date"). We will notify you of the specific items we wish to purchase (the "Acquired Assets"). We may require you to assign your lease to us at no additional charge.

(b) Selecting Qualified Appraisers. Each party shall appoint an appraiser with experience appraising businesses comparable to a Restaurant in the United States (a "Qualified Appraiser"). This appointment of the appraisers shall be made within 30 days after the Appraisal Date by giving written notice to the other party of the name and address of the Qualified Appraiser. If either party fails to appoint a Qualified Appraiser within the 30-day period, the appraisal shall be made by the sole Qualified Appraiser appointed within that period. If each party appoints a Qualified Appraiser within the 30-day period, then within 30 days after that, the two (2) Qualified Appraisers shall appoint a third (3rd) Qualified Appraiser. If the two (2) Qualified Appraisers fail to agree on the third (3rd) Qualified Appraiser within the 30-day period, then a third (3rd) Qualified Appraiser shall be appointed by the American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either party. Nothing in this provision shall prohibit the parties from jointly approving a single appraiser.

(c) Information for Appraisal. You must furnish to the Qualified Appraisers a copy of your current financial statements and your financial statements for the prior three (3) years (or the period of time you have operated your Restaurant if less than three (3) years), together with the work papers and other financial data, documents or information that the Qualified Appraisers request. The Qualified Appraisers may take into account any other information and factors they deem relevant.

(d) Appraisal Process. Within 60 days after the appointment of the third Qualified Appraiser, the three (3) Qualified Appraisers shall appraise the Appraised Assets at fair market value without taking into account any value for goodwill (the "Appraised Value"). If the three (3) Qualified Appraisers agree on a single value, then they shall issue a joint report and the Appraised Value shall be the value determined by the agreement of the three (3) Qualified Appraisers. If two (2) of the three (3) Qualified Appraisers agree on a single value, these two

(2) Qualified Appraisers shall issue a joint report, and the dissenting Qualified Appraiser may (but need not) issue a separate report, and the value determined by agreement of the two (2) Qualified Appraisers who shall agree shall be the Appraised Value. If none of the Qualified Appraisers are able to agree on a single value, each Qualified Appraiser shall issue a report setting forth the value determined by him or her, and the average of the two values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any Qualified Appraiser, each Qualified Appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any Qualified Appraiser is made with knowledge of the values determined by the other Qualified Appraisers. If for any reason there shall be only a single Qualified Appraiser, then the Appraised Value shall be the value determined by the single Qualified Appraiser. You and we shall equally bear the cost of the appraisal.

(e) Closing. Once the Appraised Value has been determined, we will have at least 60 additional days to prepare for the closing. We will be entitled to receive from you all customary representations and warranties given by you as the seller of the Acquired Assets and you must transfer good and clean title to the Acquired Assets, subject to any exceptions we agree to. We may deduct from the Appraised Value all amounts you owe us or our affiliates under this Agreement or any other agreement.

21. DISPUTE RESOLUTION. Except as otherwise provided below, the parties agree to submit all claims, disputes and disagreements, including any matter pertaining to the validity, enforcement or interpretation of this Agreement or issues relating to the offer and sale of the franchise or the relationship between the parties (a "Dispute") to mediation before a mutually-agreeable mediator prior to litigation. Any Dispute involving claims alleging a breach of Section 13 and/or Section 16 (referred to as "Excluded Claims") will not be subject to mediation unless otherwise agreed to by both parties. If (a) a Dispute is not successfully resolved by mediation within 60 days after either party makes a demand for mediation or (b) the Dispute involves an Excluded Claim, then either party may file a lawsuit. All mediation and litigation shall be conducted in the county in which we maintain our principal place of business at the time the Dispute arises (currently, Maricopa County, Arizona) and each party irrevocably submits to the jurisdiction of such courts and waives any objections it may have to either the jurisdiction or venue of such courts. The parties hereby express their clear and unequivocal intent that a court, rather than a mediator, shall have exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an alleged Excluded Claim (i.e., whether there are any claims alleging a breach of Section 13 and/or Section 16). If we or you must enforce this Agreement in a judicial proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. In addition, if you breach any term of this Agreement or any other agreement with us or an affiliate of ours, you agree to reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to the commencement of any dispute resolution proceedings. WE AND YOU IRREVOCABLY WAIVE: (a) TRIAL BY JURY; AND (b) THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

22. YOUR REPRESENTATIONS. You hereby represent and affirm the following:

(i) you have not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of the Restaurant contemplated by this Agreement, except for any information disclosed in a Franchise Disclosure Document we furnished to you;

(ii) no representations were made by us or any of our representatives about the Restaurant contemplated by this Agreement that are inconsistent with the terms of this Agreement or the Franchise Disclosure Document we furnished to you;

(iii) you received (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise

Disclosure Document at the earlier of (1) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates or (2) such earlier time in the sales process that you requested a copy;

(iv) you are aware that other franchisees may operate under different forms of agreement and that our obligations and rights with respect to our franchisees may differ materially in certain circumstances;

(v) you are aware that we may have negotiated terms or offered concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions; and

(vi) you have conducted an independent investigation of the franchised business contemplated by this Agreement and recognize that it involves business risks, making the success of the venture largely dependent upon your own business abilities, efforts and judgments, and the services of you and those you employ.

23. GENERAL PROVISIONS

23.1. Governing Law. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. § 1051 et seq.), this Agreement and the franchise relationship shall be governed by the laws of Arizona (without reference to its principles of conflicts of law), but any law of Arizona that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

23.2. Relationship of the Parties. Throughout the Term you must, in all dealings with third parties, conspicuously identify yourself as a franchisee and the independent owner of your Restaurant. We may require that you display a written notice of independent ownership, in the form we prescribe, at any location within your Restaurant that we specify. You must also place a written notice of independent ownership on all agreements, forms, letterhead, advertising materials, business cards and other materials that we specify. Nothing in this Agreement creates a fiduciary relationship between you and us.

23.3. Severability and Substitution. Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable.

23.4. Waivers. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other.

23.5. Approvals. Whenever this Agreement requires our approval, the approval must be in writing in order to bind us.

23.6. Force Majeure. Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party's failure to perform its obligations is caused by an event of force majeure. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances. Notwithstanding the foregoing, "force majeure" will not: (a) relieve you of any payment obligations under this Agreement; or (b) excuse, or apply with respect to, any breaches resulting from an epidemic or pandemic of a contagious illness or disease, or resulting from any economic or financial changes caused by such epidemic or pandemic, except for any government-mandated closures of the Restaurant related to such epidemic or pandemic.

23.7. Binding Effect. This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person not a party to this Agreement; *provided, however*, that the additional insureds listed in Section 14.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to Section 14.1 and Section 17, respectively.

23.8. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY SECTION 11.1 AND SECTION 23.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of the Site Approval Notice attached hereto as ATTACHMENT "B" shall be deemed to amend this Agreement to identify the approved site and Territory for your Restaurant, regardless of whether you countersign and/or return the Site Approval Notice. Any email correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. All mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document.

23.9. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, Section 12, Section 13, Section 15, Section 17, Section 20, Section 21 and Section 23.

23.10. Time of Essence. Time is of the essence in this Agreement and every term thereof.

23.11. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

23.12. Notice. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days prior written notice):

YOU: As set forth in Part A of ATTACHMENT "A"

US: By The Bucket Franchise System, LLC
3991 N Jefferson Street
Medina, Ohio 44256
Attention: _________________
Email: ____________________

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by email or comparable electronic system, or three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

[Signature Page Follows]

This Agreement has been executed by the parties as of the Effective Date first above written.

FRANCHISOR:

By The Bucket Franchise System, LLC, an
Arizona limited liability company

By:____________________________________
Name:_________________________________
Its:____________________________________

YOU (If you are an Entity):

______________________________________,
a(n)__________________________________

By:____________________________________
Name:_________________________________
Its:____________________________________

***By signing below, each individual owner of a direct or indirect interest in the franchisee Entity agrees to be bound by all of the terms and conditions of the Franchise Agreement.**

____
Name:_________________________________

____
Name: ________________________________

YOU (If you are not an Entity):

____
Name:___________________________________

____
Name: __________________________________

____
Name: __________________________________

____
Name: __________________________________

ATTACHMENT "A"

TO FRANCHISE AGREEMENT

DEAL TERMS

A. Franchisee Details.

Name of Franchisee: [____]

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

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

The following table includes the full name of each person holding a direct or indirect ownership interest in the franchise (or the franchisee business Entity if applicable) along with a description of their ownership interest.

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

Notice Address: [____]

B. Site Selection Area.

The Site Selection Area referenced in the Franchise Agreement shall consist of the following geographic area: [____]

* *The Site Selection Area is not your territory and there are no protections associated with this area.*

C. Approved Site.

We hereby approve the site listed below for your Restaurant.

Approved Address: [____]

* *If the site of your Restaurant has not been approved by us at the time this Agreement is signed, we will send you a Site Approval Notice in accordance with Section 7.1 listing the address of your approved site.*

D. Territory.

The Territory referenced in the Franchise Agreement shall consist of the geographic area within a(n) [_____] mile radius from the approved site for your Restaurant.

* *If the site for your Restaurant has not been approved by us at the time this Agreement is signed, we will send you a Site Approval Notice in accordance with Section 3 identifying the geographic area that comprises your Territory.*

ATTACHMENT "B"

TO FRANCHISE AGREEMENT

<u>FORM OF SITE APPROVAL NOTICE</u>

[See Attached]

SITE APPROVAL NOTICE

By The Bucket Franchise System, LLC ("we" or "us") is issuing this Site Approval Notice (this "Notice") to ____________________________ ("you"), effective _________________, 202___, in connection with the By The Bucket Franchise Agreement (the "Franchise Agreement") that we executed with you on _____________, 202___. The purpose of this Notice is to confirm our approval of the site you proposed for your Restaurant and our designation of the boundaries of your "Territory".

Approved Address:

Pursuant to Section 7.1 of the Franchise Agreement, we hereby approve the site listed below for your Restaurant:

____
____
____

Territory:

Pursuant to Section 3 of the Franchise Agreement, we hereby designate the following geographic area as your "Territory" under the Franchise Agreement:

Your Territory shall be defined as the geographic area within a(n) [_____] mile radius from the approved site for your Restaurant.

* * *

By signing below, you and we agree that: (a) the address identified in this Notice shall be deemed the approved site for your Restaurant established and operated pursuant to the Franchise Agreement; and (b) the geographic area described in this Notice under "Territory" shall be deemed your Territory under the Franchise Agreement. You acknowledge and agree that our acceptance of the site you proposed is in no way a representation by us that your site will be successful. Rather, our acceptance merely indicates the site meets our minimum standards and requirements.

We request that you sign below and send us an executed copy of this Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your approved site or Territory. Our designation of your approved site and Territory, as set forth in this Notice, shall be binding upon you effective as of the effective date listed in the first paragraph in this Notice.

Franchisor	**Franchisee**
By The Bucket Franchise System, LLC	______________________________
By:__________________________	By:_____________________________
Name:______________________________	Name:___________________________
Its:__________________________	Its:_____________________________
Date: _______________________________	Date: ____________________________

ATTACHMENT "C"

TO FRANCHISE AGREEMENT

ACH AUTHORIZATION FORM

[See Attached]

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

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

Bank Account Information:

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

Signature:____ Date:________________________________

Name:____

Its:____

Federal Tax ID Number:____________________________

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

ATTACHMENT "D"

TO FRANCHISE AGREEMENT

LEASE ADDENDUM

[See Attached]

Lease Addendum

This Lease Addendum (this "Agreement") is executed as of ___________, 202__ by and among By The Bucket Franchise System, LLC, an Arizona limited liability company ("Franchisor"), [_____________], a(n) [_____________], with principal offices located at [_____________] ("Landlord"), and [_____________], a(n) [_____________], with principal offices located at [_____________] ("Tenant").

Background

A. On [___________], 202[__], Franchisor and Tenant executed a By The Bucket Franchise Agreement (the "Franchise Agreement"), pursuant to which Franchisor granted Tenant the right and obligation to develop, open and operate a By The Bucket restaurant at the premises described in Exhibit "A" (the "Premises").

B. Concurrently with the execution of this Agreement, Landlord and Tenant are executing a lease agreement (the "Lease"), pursuant to which Landlord will lease the Premises to Tenant.

C. To protect Franchisor's rights and interests under the Franchise Agreement, Landlord agrees to grant certain rights to Franchisor as set forth below.

Agreement

1. Default Notices. Landlord agrees to provide Franchisor with copies of all written default notices sent to Tenant at the same time such notices are sent to Tenant. Landlord agrees to send such copies to Franchisor by email and registered mail as set forth below (Franchisor may change the notice email and address from time to time by sending written notice to Landlord):

   Email: _____________________

   Mail: By The Bucket Franchise System, LLC
   3991 N Jefferson Street
   Medina, Ohio 44256
   Attention: _____________

2. Right to Cure. If Tenant defaults under the Lease, Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. In such event, Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining Landlord's or Tenant's consent. Franchisor may thereafter assign the Lease to another By The Bucket franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord's written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any acceleration of rent.

3. Right to Assign. At any time (including, without limitation, upon the expiration or termination of the Franchise Agreement), and without Landlord's prior consent, Tenant may assign the Lease to Franchisor. In such event, Franchisor may thereafter assign the Lease to another By The Bucket franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord's written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any acceleration of rent.

4. Right of First Refusal. Landlord hereby grants Franchisor the first right of refusal to lease the Premises as the new tenant upon the expiration or termination of the Lease. Franchisor shall have a period of 30 days after the expiration or termination of the Lease to decide whether to exercise its right of first refusal.

5. Expiration or Termination of Franchise Agreement. Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving Franchisor the right, but not

the obligation, to cure such default by succeeding to Tenant's interests under the Lease in accordance with Section 2 above.

6. Acknowledgement of Rights. Landlord acknowledges Franchisor's rights under the Franchise Agreement to enter the Premises, without being guilty of trespass or any other tort or crime, to: (a) make any modifications or alterations to the Premises that Franchisor deems necessary to protect its franchise system or trademarks; and (b) remove any trade fixtures, interior or exterior signs and other items bearing Franchisor's trademarks or service marks upon the expiration or termination of the Franchise Agreement.

7. Modification of Lease. Landlord and Tenant will not amend, modify, supplement, terminate, renew or extend the Lease without Franchisor's written consent.

8. Miscellaneous.

   (a) In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.

   (b) All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.

   (c) The provisions of this Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.

   (d) This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument.

In witness whereof, this Agreement has been executed the date and year first above written.

FRANCHISOR:

By The Bucket Franchise System, LLC, an Arizona limited liability company

By:____________________________________
Name:_________________________________
Its:____________________________________

LANDLORD:

__________________________, (a)n _________
____

By:____________________________________
Name:_________________________________
Its:____________________________________

TENANT:

__________________________, (a)n _________
____

By:____________________________________
Name:_________________________________
Its:____________________________________

EXHIBIT "A" TO LEASE ADDENDUM

DESCRIPTION OF PREMISES

ATTACHMENT "E"

TO FRANCHISE AGREEMENT

<u>CONFIDENTIALITY AGREEMENT</u>

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of By The Bucket Franchise System, LLC, an Arizona limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

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

"*Business Data*" means all data pertaining to Franchisee's Restaurant, customers and business operations, whether collected by you, Franchisee, us or any other person.

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the operation of a Restaurant, whether now in existence or created in the future.

"*Franchisee*" means the By The Bucket franchisee for whom you are an officer, director, employee or independent contractor.

"*Improvement*" means any addition, modification, improvement or idea related to (a) the goods or services offered by a Restaurant, (b) the method of operation of a Restaurant or (c) marketing, advertising or promotional materials, programs or strategies relating to a Restaurant, whether developed by you, Franchisee, us or any other person.

"*Intellectual Property*" means, collectively or individually, the Copyrighted Materials, Improvements, Know-how, Marks and System.

"*Know-how*" means all of our trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Restaurant, including, but not limited to: architectural plans, drawings and specifications for a prototype Restaurant; site selection criteria; recipes; food preparation methods and techniques; standards and specifications; policies and procedures; supplier lists and supplier information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in the Manual. "*Know-how*" also includes all Business Data.

"*Manual*" means our confidential brand standards manual for the operation of a Restaurant.

"*Marks*" means and includes all service marks, trademarks and logos that we designate from time to time and authorize Restaurants to use, including "BY THE BUCKET®" and the associated logos. The "*Marks*" also includes any distinctive trade dress used to identify a Restaurant or the products it sells, whether now in existence or developed in the future.

"*Restaurant*" means a quick service restaurant that: (a) is owned and operated by us, our affiliate, Franchisee or another By The Bucket franchisee; (b) operates using our System; and (c) operates under our Marks

"*System*" means our distinct system for the operation of a Restaurant, the distinctive characteristics of which include: concept; recipes; distinct menu items; marketing strategies; and operating system.

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

3. **Intellectual Property**. You agree to:

(i) refrain from using the Intellectual Property in any capacity or for any purpose other than the operation of Franchisee's Restaurant;

(ii) maintain the confidentiality of the Know-how at all times;

(iii) take all reasonable steps we require to prevent unauthorized use or disclosure of Know-how;

(iv) refrain from making unauthorized copies of documents containing any Know-how; and

(v) immediately stop using the Intellectual Property at such time that you are no longer an officer, director, employee or independent contractor of Franchisee.

4. **Covenants Reasonable**. You acknowledge and agree that: (a) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (b) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with the terms of this Agreement.

5. **Breach**. You agree that your breach of this Agreement is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law. Therefore, you agree that any breach of this Agreement will entitle us to injunctive relief. We may apply for such injunctive relief, without bond, but upon due notice, in addition to any other relief available at equity or law. If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. No claim, defense or cause of action that you may have against us or against Franchisee may be used as a defense against our enforcement of this Agreement.

6. **Miscellaneous**.

(a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys' fees and costs.

(b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have exclusive jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

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

By: ______________________________
Name: ____________________________
Date: _____________________________

EXHIBIT "D"

TO DISCLOSURE DOCUMENT

<u>AREA DEVELOPMENT AGREEMENT</u>

[See Attached]

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER: ______________________________
DATE: ______________________________

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AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this "Agreement") is entered into as of ____________, 202__ (the "Effective Date") between By The Bucket Franchise System, LLC, an Arizona limited liability company ("we" or "us") and ___________________, a(n) ________________ ("you").

1. **DEFINITIONS.** Capitalized terms used in this Agreement shall have the meanings given to them below. Any capitalized term used in this Agreement that is not defined below shall have the meaning given to such term in the Initial Franchise Agreement (as defined below).

"*Alternative Channel of Distribution*" has the meaning given to such term in the Initial Franchise Agreement.

"*Captive Venue*" has the meaning given to such term in the Initial Franchise Agreement.

"*Development Schedule*" means the schedule described in Section 4.1 and Part D of ATTACHMENT "A" for the development of the Restaurants within the Development Territory.

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

"*Discounted Initial Franchise Fee*" means the discounted initial franchise fee you pay for each Restaurant to be developed under this Agreement (other than your first Restaurant), which discounted initial franchise fee is set forth in Part B of ATTACHMENT "A".

"*Entity*" has the meaning given to such term in the Initial Franchise Agreement.

"*Franchise Agreement*" means a By The Bucket Franchise Agreement executed by us and you (or an affiliate of yours) for the development and operation of a Restaurant pursuant to this Agreement.

"*Initial Franchise Agreement*" means the Franchise Agreement executed by us and you concurrently with the execution of this Agreement for the first Restaurant to be developed pursuant to this Agreement.

"*Intellectual Property*" has the meaning given to such term in the Initial Franchise Agreement.

"*Managing Owner*" has the meaning given to such term in the Initial Franchise Agreement.

"*Owner*" means any individual who directly signs this Agreement or who owns a direct or indirect ownership interest in the area development rights or the Entity that is the area developer under this Agreement. "*Owner*" includes both passive and active owners.

"*Permitted Transfer*" means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Managing Owner holding less than a 10% ownership interest in the area development franchise or the Entity that is the area developer franchisee under this Agreement, as applicable; and/or (b) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

"*Restaurant*" means a quick service restaurant that: (a) is owned and operated by us, our affiliate, you or another By The Bucket franchisee; (b) operates using our System; and (c) operates under our Marks.

"*Term*" means the period of time commencing with the Effective Date of this Agreement and expiring upon the date by which you are required to open the last Restaurant under the Development Schedule.

"*Transfer*" means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of this Agreement, the area development rights (or any interest therein), the business conducted by you pursuant to this Agreement, or an ownership interest in an Entity that is the area developer under this Agreement, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the area developer, or by operation of law, will or a trust upon the death of an Owner of the area developer Entity (including the laws of intestate succession).

2. **GRANT OF DEVELOPMENT RIGHTS**. Subject to the terms of this Agreement, we hereby grant you the right and obligation to develop, open and operate each of the Restaurants referred to in the Development Schedule. Each Restaurant you develop pursuant to this Agreement must be located within the Development Territory and at a specific site we approve in accordance with the terms of the applicable Franchise Agreement. This Agreement does not grant you any rights or licenses to use any of our Intellectual Property.

3. **TERRITORIAL PROTECTIONS AND LIMITATIONS.** During the Term, we will not develop or operate, or grant a franchise or license to a third party to develop or operate, a Restaurant that is located within the Development Territory other than: (a) any Restaurant that is operating, under development, or for which a franchise agreement has been executed, in each case as of the Effective Date, and that is located, or is to be located within, the Development Territory; and (b) any Restaurant located within a Captive Venue that is located in your Development Territory. We reserve the right to sell, or grant franchises or licenses to third parties to sell, competitive or identical goods or services (including under the Marks) through Alternative Channels of Distribution, irrespective of whether the sales take place in your Development Territory.

4. **DEVELOPMENT OBLIGATIONS**

4.1. Development Schedule. You agree to open each Restaurant in strict compliance with the time periods set forth in the Development Schedule. You must develop, open and operate each Restaurant in compliance with all of the terms of the applicable Franchise Agreement. We may, in our sole discretion, extend the time periods listed in the Development Schedule, but only if you demonstrate to our reasonable satisfaction you used best efforts in attempting to comply with your development obligations and the need for additional time is due to unforeseeable delays and not due to your neglect, misconduct or lack of funds. You must open all Restaurants referred to in the Development Schedule. You acknowledge that the opening date listed in the Development Schedule for a given Restaurant may be earlier than the opening date required under the terms of the associated Franchise Agreement. In order to comply with the Development Schedule, you must open each Restaurant by the opening date listed in the Development Schedule even if such date is earlier than the opening date required under the terms of the associated Franchise Agreement.

4.2. Site Selection. With respect to each Restaurant, you must select a site within the Development Territory in accordance with the applicable Franchise Agreement, the Manual and our then-current site selection criteria and guidelines. Each site you select is subject to our prior approval as specified in the applicable Franchise Agreement.

4.3. Franchise Agreements. You must sign a separate Franchise Agreement for each Restaurant. You must sign the Initial Franchise Agreement for your first Restaurant at the time you sign this Agreement. We will not review or approve a proposed site until you sign the applicable Franchise Agreement for the proposed site. Each Franchise Agreement shall be our then-current form of By The Bucket Franchise Agreement (modified to reflect the Discounted Initial Franchise Fee), the terms and conditions of which may vary materially and substantially from the terms and conditions of the Initial Franchise Agreement. At the time you sign the Franchise Agreement for each new Restaurant, you must pay us the balance of the Discounted Initial Franchise Fee for that franchise (i.e., $22,500). You have no right to construct or operate any Restaurant until you and we have executed the applicable Franchise Agreement and all ancillary agreements for that Restaurant.

4.4. Additional Locations. You have no right to develop any Restaurant other than the Restaurants listed in the Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which will be upon such terms and conditions that we specify, following your development of all Restaurants listed in the Development Schedule.

5. **DEVELOPMENT FEE.** At the time you sign this Agreement, you must pay us: (a) the full initial franchise fee for your first Restaurant in the amount set forth in Part B of ATTACHMENT "A"; and (b) the development fee set forth in Part B of ATTACHMENT "A", which is calculated as 50% of the aggregate Discounted Initial Franchise Fees you must pay us for all Restaurants under your Development Schedule (other than your first Restaurant). The development fee is fully earned and nonrefundable upon execution of this Agreement.

6. **AREA DEVELOPER AS ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon our request, you must provide us with a resolution of the Entity authorizing the execution of this Agreement, a copy of the Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the Entity is duly formed and validly existing under the laws of the state of its formation. You may form a separate Entity to enter into each Franchise Agreement provided that: (a) the individuals holding the ownership interests (and their percentage interests) in each such Entity must be the same individuals holding ownership interests (with the same percentage interests) in the Entity that is the Area Developer under this Agreement; and (b) each such Entity guarantees the performance of all other Entities formed under the authority of this Section 6.

7. **TRANSFERS**

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

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

(i) the proposed transferee is, in our opinion, an individual or group of individuals of good moral character with sufficient business experience, aptitude and financial resources to develop, own and operate all of the remaining Restaurants be develop under this Agreement and otherwise meet our then-applicable standards for area developer franchisees;

(ii) you and your Owners are in full compliance with the terms of this Agreement, all Franchise Agreements and all other agreements with us or our affiliate;

(iii) all of the owners of the transferee have successfully completed, or made arrangements to attend, the initial training program (and the transferee has paid us any applicable training fee);

(iv) the transferee and its owners sign our then-current form of area development agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term shall be the Term remaining under this Agreement; (b) the transferee need not pay a separate development fee; and (c) the Development Schedule and Development Territory shall be the same Development Schedule and Development Territory specified in this Agreement (modified to reflect the development obligations satisfied prior to the transfer);

(v) you or the transferee pay us a $10,000 transfer fee (if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay to the broker, which amount shall be in addition to the transfer fee);

(vi) you assign all Franchise Agreements to the transferee in accordance with the transfer provisions under each such Franchise Agreement (including payment of any transfer fee imposed under each such Franchise Agreement);

(vii) you and your Owners sign a General Release of all claims arising before or contemporaneously with the Transfer;

(viii) we do not elect to exercise our right of first refusal described in Section 7.5; and

(ix) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

You may not: (a) transfer less than your entire remaining area development rights under this Agreement (i.e., you may not retain the right to develop any Restaurant); or (b) transfer your area development rights to multiple transferees. Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand compliance with any terms or conditions of the area development agreement by the transferee.

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

7.4. **Death or Disability of an Owner.** Within 180 days after the death or permanent disability of an Owner, the Owner's ownership interest must be assigned to another Owner or to a third party we approve. Any assignment to a third party will be subject to all of the terms and conditions of Section 7.2. For purposes of this Section, an Owner is deemed to have a "permanent disability" if he or she has a medical or mental problem that prevents him or her from substantially complying with his or her obligations under this Agreement for a continuous period of at least three (3) months.

7.5. **Our Right of First Refusal.** If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain (and send us) a bona fide offer executed by the purchaser after completion of due diligence. We have 30 days after receipt of the offer to decide whether to purchase your remaining area development rights and any Restaurants to be assigned, or the ownership interest in you, as applicable, for the same price and upon the same terms contained in the offer (however, we may substitute cash for any non-cash form of payment proposed in the offer). If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you (as the seller of the assets) or the Owner (as the seller of the ownership interest) or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of Section 7.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

8. TERMINATION OF DEVELOPMENT RIGHTS

8.1. **Reasonableness.** You represent that you: (a) have conducted your own independent investigation and analysis of the prospects for the development and operation of the Restaurants within the Development Territory; (b) approve the Development Schedule as being reasonable and viable; and (c) recognize that failure to achieve the results required by the Development Schedule constitutes a material breach of this Agreement.

8.2. **Termination of Development Rights.** We may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with any provision of this Agreement or any other agreement with us, unless such default is cured within such 30-day notice period. Any such termination will end all of your rights and future obligations under this Agreement, including, without limitation, your interests in the Development Territory and right to open additional Restaurants. If we terminate, you are not entitled to a refund of any portion of the development fee, but are not required to pay the remaining balance of the Discounted Initial Franchise Fees for any Restaurant with respect to which, as of the effective date of termination of this Agreement, you had not executed a Franchise Agreement.

8.3. **Cross Default**. If we terminate a Franchise Agreement due to your default, we may also terminate this Agreement immediately upon written notice to you.

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

10. **YOUR REPRESENTATIONS.** You hereby represent and affirm the following:

(i) you have not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of the Restaurants contemplated by this Agreement, except for any information disclosed in a Franchise Disclosure Document we furnished to you;

(ii) no representations were made by us or any of our representatives about the Restaurants contemplated by this Agreement that are inconsistent with the terms of this Agreement or the Franchise Disclosure Document we furnished to you;

(iii) you received (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (1) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates or (2) such earlier time in the sales process that you requested a copy;

(iv) you are aware that other franchisees and area developers may operate under different forms of agreement and that our obligations and rights with respect to our franchisees and area developers may differ materially in certain circumstances;

(v) you are aware that we may have negotiated terms or offered concessions to other franchisees and area developers and we have no obligation to offer you the same or similar negotiated terms or concessions; and

(vi) you have conducted an independent investigation regarding the development and operation of the Restaurants contemplated by this Agreement and recognize that it involves business risks, making the success of the venture largely dependent upon your own business abilities, efforts and judgments, and the services of you and those you employ.

11. **GENERAL PROVISIONS**

11.1. **Governing Law.** This Agreement and the franchise relationship shall be governed by the laws of the State of Arizona (without reference to its principles of conflicts of law), but any law of the State of Arizona that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

11.2. **Severability** . Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable.

11.3. **Waivers.** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other.

11.4. **Force Majeure** Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party's failure to perform its obligations is caused by an event of force majeure.

Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances. Notwithstanding the foregoing, "force majeure" will not: (a) relieve you of any payment obligations under this Agreement; or (b) excuse, or apply with respect to, any breaches resulting from an epidemic or pandemic of a contagious illness or disease, or resulting from any economic or financial changes caused by such epidemic or pandemic, except for any government-mandated closures of the Restaurants related to such epidemic or pandemic.

11.5. **Binding Effect.** This Agreement is binding on the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person not a party to this Agreement.

11.6. **Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document.

11.7. **Rights of Parties are Cumulative**. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

11.8. **Survival**. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.

11.9. **Time of Essence.** Time is of the essence in this Agreement and every term thereof.

11.10. **Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

11.11. **Notice.** All notices and statements to be given under this Agreement are to be provided in accordance with the Notice Provision of the Initial Franchise Agreement.

[Signature Page Follows]

This Agreement has been executed by the parties as of the Effective Date first above written.

FRANCHISOR:

By The Bucket Franchise System, LLC, an Arizona limited liability company

By:___________________________________
Name:________________________________
Its:___________________________________

YOU (If you are an Entity):

____________________________________,
a(n)__________________________________

By:___________________________________
Name:________________________________
Its:___________________________________

***By signing below, each individual owner of a direct or indirect interest in the area developer Entity agrees to be bound by all of the terms and conditions of the ADA.**

____
Name:________________________________

____
Name: _______________________________

____
Name: _______________________________

____
Name:________________________________

YOU (If you are not an Entity):

____
Name:________________________________

____
Name: _______________________________

____
Name: _______________________________

____
Name: _______________________________

ATTACHMENT "A"

TO AREA DEVELOPMENT AGREEMENT

DEAL TERMS

A. Area Developer Details.

Name of franchisee: [____]

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

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

The following table includes the full name of each person holding a direct or indirect ownership interest in the area developer franchise (or the area developer business Entity if applicable) along with a description of their ownership interest.

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

Notice Address: [____]

B. Fees.

- The development fee is $____________________.
- The initial franchise fee for the first Restaurant to be developed pursuant to this Agreement is $50,000.
- The Discounted Initial Franchise Fee for each additional Restaurant is $45,000 per Restaurant.

C. Development Territory.

The Development Territory shall include the following geographic area:

____
____

If the boundaries that define the Development Territory change during the Term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date.

D. Development Schedule.

You agree to comply with the following minimum development obligations as specified in Section 4 of the Agreement:

Development Period Ending	Number of Restaurants Opened During Development Period	Cumulative Number of Restaurants Opened and in Operation
1 year after Effective Date		
2 years after Effective Date		
3 years after Effective Date		
4 years after Effective Date		
5 years after Effective Date		
6 years after Effective Date		
7 years after Effective Date		
8 years after Effective Date		
9 years after Effective Date		
10 years after Effective Date		
Total Number of Restaurants to be Developed: [_____]		

EXHIBIT "E"

TO DISCLOSURE DOCUMENT

<u>TABLE OF CONTENTS OF BRAND STANDARDS MANUAL</u>

By the Bucket Brand Standards Manual

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By the Bucket Brand Standards Manual

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By the Bucket Brand Standards Manual

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By the Bucket Brand Standards Manual

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EXHIBIT "F"“”

TO DISCLOSURE DOCUMENT

<u>LIST OF FRANCHISEES</u>

<u>Part A</u> (Current Franchisees)

The following table lists our franchisees that were open as of December 31, 2021.

FRANCHISEES OPEN AS OF DECEMBER 31 , 2021				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
None				

The following table lists our franchisees with signed franchise agreements that were not open as of December 31, 2021.

FRANCHISEES NOT OPEN AS OF DECEMBER 31 , 2021				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
None				

* Franchisees identified with an asterisk are also area developers that have committed to open multiple franchised Restaurants under the terms of an area development agreement.

<u>Part B</u> (Current Licensees)

The following table lists By The Bucket licensees that were open as of December 31, 2021. These licenses were granted by By The Bucket LLC, which was an affiliate of our predecessor.

LICENSEES OPEN AS OF DECEMBER 31 , 2021				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Arizona	Cottonwood	Cottonwood Shopping Center 1160 E. Hwy. 260 Cottonwood, Arizona 86326	928-713-2923	Linda Kaplan
Arizona [1]	Payson	319 E. Hwy. 260 Payson, Arizona 85541	928-300-5700	Bret daCosta
Arizona	Phoenix	1420 E. Chandler Blvd. Phoenix, Arizona 85048	480-687-8925	Laura Lopez
Arizona	Pinetop	592 W. White Mountain Rd. Pinetop, Arizona 85929	928-358-1171	Paul Osterman
Arizona	Prescott Valley	7680 E. Hwy. 69 Prescott Valley, Arizona 86314	928-925-9008	Rhett Wagner

1. This outlet is owned by the founder of the By The Bucket system who is no longer an officer of the franchisor and no longer holds an ownership interest in the franchisor.

The following table lists the By The Bucket licensees who had signed license agreements but were not open as of December 31, 2021.

LICENSEES NOT OPEN AS OF DECEMBER 31 , 2021				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Arizona	Anthem	Anthem Village Center 41111 N. Daisy Mountain Dr., Ste. 105 Anthem, Arizona 85036	602-550-5773	Ron Hansen
Arizona	Apache Junction	Junction Shoppes 183 E. Apache Trail Apache Junction, Arizona 85120	928-978-2852	Amy Loyd
Arizona	Gilbert	Cooper Market Place 785 W. Warner Rd., Ste. A-112 Gilbert, Arizona 85233	602-538-3813	Ed White
Arizona	Glendale	Greenway Promenade 5930 W. Greenway Road, Ste. 19 Glendale, Arizona 85302	602-214-3080	Michael Jackson
Arizona	Mesa	North Mesa Plaza 454 N. Lindsey Road, Ste. A-4 Mesa, Arizona 85213	480-390-1824	Gary Burke
Arizona	Mesa	Augusta Ranch Marketplace 9903 E. Baseline Road, Ste. E-103 Mesa, Arizona 85209	480-286-4307	Stella Chirco
Arizona	Peoria	Albertson's Shopping Center 8960 W. Bell Rd., Ste. A-106 Peoria, Arizona 85382	623-628-0565	Jeff Schultz
Arizona	Phoenix	Laveen Pavilions 3320 W. Southern Avenue, Ste. 174 Phoenix, Arizona 85041	602-550-5773	Ron Hansen
Arizona	Phoenix	Pepper Ridge Plaza 1840 N. Cave Creek Rd., Ste. 2S Phoenix, Arizona 85032	602-622-2226	Howard Lein
Arizona	Scottsdale	Mountain View Plaza 9619 N. Hayden Rd. Scottsdale, Arizona 85258	602-550-5773	Ron Hansen
Arizona [1]	Scottsdale	11162 N. Frank Lloyd Wright Blvd. Scottsdale, Arizona 85259	602-430-3788	Doug daCosta
Arizona	Surprise	Mountain Vista Plaza 15557 W. Bell Rd., Ste. 403 Surprise, Arizona 85374	623-628-0565	Jeff Schultz
Arizona	Tempe	907 E. Lemon St. Tempe, Arizona 85281	480-577-1208	Anthony Moreno
Arizona	Tucson	2130 N. Kolb Tucson, Arizona 85715	520-349-5969	Melvin J Goff, Jr
Arizona	TBD	TBD	520-349-5969	Melvin J Goff, Jr
Arizona	TBD	TBD	623-628-0565	Jeff Schultz
Arizona	TBD	TBD	623-628-0565	Jeff Schultz
Iowa	Spencer	331 11th St. SW Spencer, Iowa 51301	712-580-5956	Luke Jorgensen
Iowa	TBD	TBD	712-580-5956	Luke Jorgensen

LICENSEES NOT OPEN AS OF DECEMBER 31 , 2021				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Oklahoma	Shawnee	4420 N. Kickapoo Ave. Shawnee Oklahoma 74804	904-622-8221	Michael Trojanowski
Oklahoma	TBD	TBD	904-622-8221	Michael Trojanowski
Utah	Springdale	479 Zion Park Blvd. Springdale, Utah 84767	818-919-9524	Stewart Ferber

1. This outlet is owned by our Chief Operations Officer and will be a Company-Owned Outlet.

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

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

Part D (Former Licensees Who Left System During Prior Fiscal Year)

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

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

EXHIBIT "G"

TO DISCLOSURE DOCUMENT

<u>FINANCIAL STATEMENTS</u>

By The Bucket Franchise System, LLC

Independent Auditor's Report
And
Balance Sheet Statement
July 26, 2022

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Metwally CPA PLLC
CERTIFIED PUBLIC ACCOUNTANT
6245 RUFE SNOW DR Ste 280 PMB 34 Watauga TX 76148
Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

Independent Auditor's Report

To the members of
By The Bucket Franchise System, LLC
8510 E Shea Blvd
Scottsdale, AZ 85260

Opinion

We have audited the accompanying balance sheet of By The Bucket Franchise System, LLC (an Arizona Limited Liability Company) as of July 26, 2022, and the related notes to the Financial Statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of By The Bucket Franchise System, LLC as of July 26, 2022, 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 Statement section of our report. We are required to be independent of By The Bucket Franchise System, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement 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 statement that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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 statement, 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 statement.
- 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 By The Bucket Franchise System, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about By The Bucket Franchise System, LLC's ability to continue as a going concern for a reasonable period of time.

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

Metwally CPA PLLC

Metwally CPA PLLC
Watauga TX
August 01, 2022

By The Bucket Franchise System, LLC
July 26, 2022
Balance Sheet

Assets

Current Assets	
Cash and cash equivalents	$100,000
Total Current Assets	**$100,000**

Liabilities and Members' Equity

Total Liabilities	**$0**
Members' equity	100,000
Total Liabilities and Member's Equity	**$100,000**

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

By The Bucket Franchise System, LLC

July 26, 2022

Notes to Financial Statement

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Organization And Description of Business

By The Bucket Franchise System, LLC was incorporated under the laws of the State of Arizona in July 2022, for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own business as franchise. By The Bucket, originally founded in 2018, is a franchise system selling units across the western and central US. With franchises sold in a number of states, and plans to grow over the next several years, the owners are committed to franchisee economics, a strong brand, and a system that produces returns for all stakeholders.

B. Basis of Accounting

Assets, liabilities, revenues, and expenses are recognized on the accrual basis of accounting.

C. Cash and Cash Equivalents

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

D. Federal Income Taxes

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

E. Use Of Estimates

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

F. Debt

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

G. Revenue Recognition

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

Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.
The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-stops revenue recognition model as follows:

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

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

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

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

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 10 years while successive agreement terms are typically 5 years.

Variable Considerations

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

Contract Assets and Liabilities

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

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

2. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 1, 2022, which is the date the financial statement was available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statement.

EXHIBIT "H"

TO DISCLOSURE DOCUMENT

<u>OTHER AGREEMENTS</u>

EXHIBIT "H"-1

<u>STATE ADDENDA</u>

[See Attached]

STATE ADDENDA AND AMENDMENTS TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR By The Bucket Franchise System, LLC

BACKGROUND AND PURPOSE

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

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

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

CALIFORNIA

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

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document at least 14 days prior to execution of agreement.

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

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

4. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement or Supplemental Agreement restricting venue to a forum outside the State of California.

5. The Franchise Agreement and Supplemental Agreements require application of the laws of Arizona. This provision may not be enforceable under California law.

6. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

7. The Franchise Agreement and Supplemental Agreements may contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

8. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

9. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

10. You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

11. OUR WEBSITE (www.bythebucket.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO

THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT https://dfpi.ca.gov/.

12. The highest interest rate allowed by law in California for late payments is 10% annually.

13. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

14. The following is added to the Special Risks to Consider About This Franchise page:

    "2. 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 in a system with a longer operating history."

15. Franchisee owners must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

16. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

HAWAII

1. The following is added to the Cover Page:

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

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

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

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

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

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled "State Effective Dates".

4. The states in which this filing is or will be shortly on file include the following: ______________________________

5. The states, if any, which have refused, by order or otherwise, to register these franchises include the following: ______________________________

6. The states, if any, which have revoked or suspended the right to offer these franchises include the following: ______________________________

7. The states, if any, in which the filing of these franchises has been withdrawn include the following: ______________________________

ILLINOIS

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

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

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

3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

5. The Franchise Agreement and Supplemental Agreements are amended to state the following:

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

INDIANA

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

1. The laws of the State of Indiana supersede any provisions of the Disclosure Document, Franchise Agreement and Supplemental Agreements if such provisions are in conflict with Indiana law.

2. The Franchise Agreement and Supplemental Agreements are amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.

3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement and Supplemental Agreement issued in the State of Indiana.

4. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement or Supplemental Agreement (as applicable), shall supersede the provisions of the Franchise Agreement or Supplemental Agreement (as applicable) in the State of Indiana to the extent they may be inconsistent with such prohibition.

5. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

   > Notwithstanding any such termination, and in addition to the obligations of the franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the franchisee nevertheless shall be, continue and remain liable to franchisor for any and all damages which franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the franchisee for the unexpired Term of the Franchise Agreement.
   >
   > At the time of such termination of the Franchise Agreement, the franchisee covenants to pay to franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the franchisee's right to a trial on any of the above matters.

6. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

MARYLAND

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

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

    a. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply any liability under the Maryland Franchise Registration and Disclosure Law.

    b. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

    c. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

    d. In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

    e. The Franchise Agreement and Supplemental Agreements provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

2. The Franchise Disclosure Questionnaire, which is attached as an Exhibit to the Disclosure Document, is amended as follows:

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

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

3. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

4. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.

5. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.

6. The Franchise Questionnaire that you completed in connection with your application for the franchise requires you, as a prospective franchisee, to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Law as a condition to your purchase of the franchise. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.

7. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.

8. Nothing in the Franchise Agreement, Supplemental Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any document relating to a franchise:

(j) A prohibition on the right of a franchisee to join an association of franchisees.

(k) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(l) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(m) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(n) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(o) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(p) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

  (v) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

  (vi) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

  (vii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

  (viii) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(q) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(r) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

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

Any questions regarding this notice should be directed to:

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

MINNESOTA

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

1. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.

2. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Supplemental Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

3. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statues, chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J), which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond if required.

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

5. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.

NEW YORK

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

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

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

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

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

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

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

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

   D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

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

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

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

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

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

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

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

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

9. We will not require that you prospectively assent to a release, assignment, novation, waiver, or estoppel that purports to relieve any person from liability imposed by the New York Franchise Law.

10. We will not place any condition, stipulation, or provision in the Franchise Agreement that requires you to waive compliance with any provision of the New York Franchise Law.

11. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the New York Franchise Law is amended to provide for a three (3) year statute of limitations for purposes of bringing a claim arising under the New York Franchise Law.

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

NORTH DAKOTA

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

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law. Item 17(r) of the Disclosure Document and certain provisions in the Franchise Agreement and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.

2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee's business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.

3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.

10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.

RHODE ISLAND

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

1. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.

2. Section 19-28.1-14 of the Rhode Island Franchise Law provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.

3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.

4. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

VIRGINIA

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

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

   Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

   Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

2. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.

3. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.

4. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.

5. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

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

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.

2. RCW 19.100.180 may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

WISCONSIN

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

(Signatures on following page)

APPLICABLE ADDENDA

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

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

Dated: ____________________, 202____

FRANCHISOR:

By The Bucket Franchise System, LLC

By: _________________________________

Title: _______________________________

FRANCHISEE:

____

By: _________________________________

Title: ____

EXHIBIT “H”-2

<u>FRANCHISEE DISCLOSURE QUESTIONNAIRE</u>

[See Attached]

FRANCHISEE DISCLOSURE QUESTIONNAIRE

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

Yes__ No__ 1. Have you received from us and personally reviewed the Franchise Agreement and, if applicable, Area Development Agreement ("ADA"), together with all attachments to those agreements?

[If you answer "no," please explain in Explanation Section]

Yes__ No__ 2. Have you received from us and personally reviewed a Franchise Disclosure Document ("FDD")?

[If you answer "no," please explain in Explanation Section]

Yes__ No__ 3. Did you sign a receipt for the FDD indicating the date you received it?

Yes__ No__ 4. Do you understand all the information contained in the FDD, Franchise Agreement and ADA (if applicable)?

[If you answer "no," please identify any information you don't understand in Explanation Section]

Yes__ No__ 5. Did you receive the FDD at least 14 calendar days before signing any agreement relating to the franchise (other than an NDA) or paying any money?

Yes__ No__ 6. Did you receive a complete execution copy of the Franchise Agreement at least seven (7) calendar days before you signed it?

Yes__ No__ 7. Have you reviewed the FDD, Franchise Agreement and ADA (if applicable) with a lawyer, accountant or other professional advisor?

Yes__ No__ 8. Have you discussed the benefits and risks of developing and operating a By The Bucket restaurant with an existing franchisee?

Yes__ No__ 9. Do you understand the risks of developing and operating a By The Bucket restaurant?

Yes__ No__ 10. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?

Yes__ No__ 11. Do you understand that the Franchise Agreement, ADA (if applicable) and the attachments to those agreements contain the entire agreement between us and you concerning the franchise for the By The Bucket restaurant, meaning any prior oral or written statements not set out in the Franchise Agreement, ADA or the attachments will not be binding?

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

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

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

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

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

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

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

______________________________	______________________________
Signature of Franchise Applicant	Signature of Franchise Applicant
______________________________	______________________________
Name (please print)	Name (please print)
Dated ______________________	Dated ______________________
______________________________	______________________________
Signature of Franchise Applicant	Signature of Franchise Applicant
______________________________	______________________________
Name (please print)	Name (please print)
Dated ______________________	Dated ______________________

EXPLANATION SECTION

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

____

____

____

____

____

____

____

____

____

EXHIBIT “H”-3

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this "Agreement") is made as of ____________, 202__ (the "Effective Date") by __________________________, a(n) ____________________ ("you") and each individual holding a direct or indirect ownership interest in you (collectively, "Owner") in favor of By The Bucket Franchise System, LLC, an Arizona limited liability company ("us," and together with you and Owner, the "Parties").

Background

A. We signed a Franchise Agreement with you, dated _______, 202____ (the "Franchise Agreement") pursuant to which we granted you the right to own and operate a By The Bucket restaurant;

B. You have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, **[enter into a successor franchise agreement]** and we have consented to such transfer **[agreed to enter into a successor franchise agreement]**; and

C. As a condition to our consent to the transfer **[your ability to enter into a successor franchise agreement]**, you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.

D. In consideration of our consent to the transfer **[our entering into a successor franchise agreement]**, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as set forth below.

Agreement

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the "Franchisee Parties"), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the "Franchisor Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.

2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive Section 1542 of the California Civil Code, which provides the following:

   "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

   [Section 2 only applies for California franchisees; otherwise it is omitted]

3. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through

any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

4. Representations and Warranties. You and Owner each represent and warrant that: (i) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (ii) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (iii) you and Owner have not and shall not (a) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (b) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (iv) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].

5. Miscellaneous.

   (a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.

   (b) This Agreement shall be construed and governed by the laws of the State of Arizona.

   (c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

   (d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.

   (e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.

   (f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

   (g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.

   (h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

FRANCHISEE:

____

By: __________________________________
Name: ________________________________
Its: __________________________________

FRANCHISE OWNERS:

____
Name: ___________________________

____
Name: ___________________________

____
Name: ___________________________

EXHIBIT "I"

TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	November 14, 2022
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT "J"

TO DISCLOSURE DOCUMENT

<u>RECEIPTS</u>

[See Attached]

RECEIPT

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

If By The Bucket Franchise System, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If By The Bucket Franchise System, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

____ Douglas daCosta; 3991 N Jefferson Street, Medina, Ohio 44256; (602) 430-3788

____ Paul Kruger; 23012 N. Via Ventosa, Scottsdale, Arizona 85262; (435) 901-8619

____ Jason Stevenson; 3991 N. Jefferson St., Medina, Ohio 44256; (614) 302-6098

____ Fred Macciocchi; 7808 Sloane Gardens Ct., University Park, Florida 34201; (630) 404-2265

Issuance Date: August 1, 2022 (amended October 12, 2022)

By The Bucket Franchise System, LLC's agent to receive service of process is listed in EXHIBIT "B" to this Disclosure Document.

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A"	State Administrators and Agents for Service of Process
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "E"	Table of Contents of the confidential Brand Standards Manual
EXHIBIT "F"	List of Franchisees
EXHIBIT "G"	Financial Statements of By The Bucket Franchise System, LLC
EXHIBIT "H"	Other Agreements
EXHIBIT "H"-1	State Addenda
EXHIBIT "H"-2	Franchisee Disclosure Questionnaire
EXHIBIT "H"-3	General Release
EXHIBIT "I"	State Effective Dates
EXHIBIT "J"	Receipts

____
Print Name

____________________ ______________________________
Date (Signature) Prospective Franchise Owner

____

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to By The Bucket Franchise System, LLC)

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language.

Read this Disclosure Document and all agreements carefully. If By The Bucket Franchise System, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If By The Bucket Franchise System, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

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Print Name

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Date (Signature) Prospective Franchise Owner

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(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to By The Bucket Franchise System, LLC)