

FRANCHISE DISCLOSURE DOCUMENT

CHUCK LAGER'S FRANCHISING, LLC

a Delaware limited liability company

26 Easton Way

Hainesport, New Jersey 08036

(844) 426-5297

franchisor@chucklager.com

www.chucklager.com



The franchise is for the establishment and operation of upscale full-service tavern restaurants offering a variety of menu items, with an emphasis on chef inspired American tavern food with a European influence featuring burgers, pizzas, and flatbreads (each, a “Chuck Lager Restaurant”).

The total investment necessary to begin operation of a Chuck Lager franchise ranges from \$1,054,500 to \$3,949,000 (See Item 7). This includes \$85,000 that must be paid to us. If you sign a Chuck Lager area development agreement (“Development Agreement”), you will also pay a development fee equal to 100% of the initial franchise fee for the first Chuck Lager Restaurant to be developed under the Development Agreement plus 50% of the initial franchise fee for each additional Chuck Lager Restaurant to be developed under the Development Agreement. The portion of the development fee allocable to each Chuck Lager Restaurant (which is \$50,000 for the first Chuck Lager Restaurant and \$25,000 for each subsequent Chuck Lager Restaurant) will be credited against the initial franchise fee that will be due for that restaurant upon signing the applicable franchise agreement.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and 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 governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Craig Colby at 26 Easton Way, Hainesport, New Jersey 08036 or (844) 426-5297.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying*

a Franchise,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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.

Date of Issuance: April 28, 2023

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 Exhibits D and E.
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 A 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 Chuck Lager 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 Chuck Lager franchisee?	Item 20 or Exhibits D and E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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 G.

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:

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

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

Supplier Control. You must purchase all, or nearly all, of the inventory and supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

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.

NOTICE REQUIRED BY
THE STATE OF MICHIGAN

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

1. A prohibition on the right of a franchisee to join an association of franchisees.
2. 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 will not preclude a franchisee, after entering into a franchise agreement, from settling any claims.
3. A provision that permits a Franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the Franchise Agreement and to cure this failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure this failure.
4. 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 franchised 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 license.
5. 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.
6. A provision requiring that mediation or litigation be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of mediation, to conduct mediation at a location outside this state.

7. 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 will include, but is not limited to:

a. The failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards.

b. The fact that the proposed transferee is a competitor of the Franchisor.

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

d. 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.

8. 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 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 the 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).

9. 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 service.

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 THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE DEPARTMENT, 670 WILLIAMS BLDG., LANSING, MICHIGAN 48913, (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

**CHUCK LAGER
FRANCHISE DISCLOSURE DOCUMENT**

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor, its Parents, Predecessors and Affiliates

The Franchisor is Chuck Lager's Franchising, LLC, referred to in this Disclosure Document as "we," "us" or "our." We refer to the person interested in buying a franchise as "you" or "your." If you are a corporation, partnership, limited liability company, or other entity, certain provisions of the Franchise Agreement will apply to your owners. These will be addressed in this Disclosure Document where appropriate.

We are a limited liability company formed under Delaware law in August 2016. We maintain our principal place of business at 26 Easton Way, Hainesport, New Jersey 08036. We do business under our corporate name and the name "Chuck Lager". Our agents for service of process in New Jersey and the states that require franchise registration are listed in Exhibit G.

We have no predecessors or parent entities, and as of the date of this disclosure document none of our affiliates provide products or services to our franchisees. However, we reserve the right to designate our affiliates as approved or required vendors in the future.

We have two affiliates, Dixie's Franchising, LLC ("Dixie's Franchising") and Littles Franchising, LLC ("Littles Franchising"), which offer franchises for other concepts. Dixie's Franchising and Littles Franchising are both Delaware limited liability companies that share our principal place of business and offer franchises for quick-service restaurants, with Dixie's Franchising specializing in southern fried chicken and related menu items under the name "Colbie's" and/or "Colbie's Southern Kissed Chicken", and Littles Franchising specializing in chicken sliders and chicken tenders under the name "Little's". Neither Dixie's Franchising nor Littles Franchising has ever operated, nor offered franchises for, the type of business offered under this disclosure document.

Dixie's Franchising began offering franchises for Colbie's Southern Kissed Chicken restaurants in November of 2018. As of the date of this Disclosure Document, Dixie's Franchising has opened two affiliate-owned Colbie's Southern Kissed Chicken restaurants and has one franchised Colbie's Southern Kissed Chicken location open and operating.

Littles Franchising began offering franchises for Little's restaurants in April of 2022. As of the date of this Disclosure Document, Littles Franchising has not opened any company-owned restaurants or sold any franchises.

We sell franchises for the establishment and operation of upscale full-service tavern restaurants offering a variety of menu items, with an emphasis on chef inspired American tavern food with a European influence featuring burgers, pizzas, and flatbreads (the "Chuck Lager Restaurants"). The Chuck Lager Restaurants do business under the mark "Chuck Lager." We have never operated a Chuck Lager Restaurant, but our affiliate, Chuck Lager's, LLC, began operating the first "company-owned" Chuck Lager Restaurant in Wilmington, Delaware in May 2019. Chuck Lager's, LLC, which shares our principal place of business, is not engaged in any other business and has never offered franchises in any line of business.

We first began to offer franchises in August 2019. We are not engaged in any other businesses and have never offered franchises in any other lines of business.

The Franchise

We offer qualified applicants franchises for Chuck Lager Restaurants. The Franchise Agreement (Exhibit B to this Disclosure Document) gives you the right to establish and operate one Chuck Lager Restaurant at a specified location within a Protected Area. (See Item 12)

Chuck Lager Restaurants must operate in compliance with our business system (the “System”) under the trade name and service mark “Chuck Lager” and the other trade names, service marks, trademarks, logos, emblems and other indicia of origin that we designate in writing for use by Chuck Lager Restaurants operating under the System (collectively, the “Marks”).

The System includes our methods and procedures for the establishment, management and operation of Chuck Lager Restaurants, including our confidential information, our manuals, the Marks, and other business standards and policies. The distinguishing characteristics of the System include distinctive exterior and interior design, decor, and color scheme; furnishings; special recipes, seasoning mixes, proprietary sauces and menu items; uniform standards, specifications, policies and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which we may change, improve, further develop or otherwise modify.

The Franchise Agreement requires you to designate an “Operating Partner.” Your Operating Partner will be the main individual responsible for your business, will be required to hold at least a 10% equity interest in the franchisee entity, and must devote his or her full-time best efforts to operating the Chuck Lager Restaurant. Your Operating Partner must meet our qualifications and must be approved by us. Your current and future Owners, including your Operating Partner, must sign a Guaranty and Assumption Agreement (“Guaranty”), guaranteeing your performance and binding themselves individually to certain provisions of the Franchise Agreement, including the covenants against competition and disclosure of confidential information, restrictions on transfer and dispute resolution procedures. (See Item 15)

Qualified applicants may also enter into a Chuck Lager area development agreement (the “Development Agreement”) to develop one or more Chuck Lager Restaurants within a specifically described geographic area (the “Territory”). The size of the Territory will vary depending upon local market conditions and the number of Chuck Lager Restaurants to be developed. (See Item 12) The development Territory will be determined before executing the Development Agreement and will be described in Attachment E to the Development Agreement. You must develop the number of Chuck Lager Restaurants contemplated by the Development Agreement in the Territory according to a development schedule and must enter into a separate Franchise Agreement for each Chuck Lager Restaurant established. The Franchise Agreement for the first Chuck Lager Restaurant to be developed under the Development Agreement will be in the form of Exhibit B to this Disclosure Document and will be signed within 90 days after the Development Agreement is signed. For each additional Chuck Lager Restaurant developed under the Development Agreement, you must sign the then-current form of Franchise Agreement that we are then offering to new franchisees, except that the initial franchise fees will be as provided in the Development Agreement, and the royalty and advertising expenditure percentages will be the same as those in the Franchise Agreement attached as Exhibit B to this Disclosure Document. The Franchise Agreement for each additional Chuck Lager Restaurant must be signed no later than 120 days before the projected opening date of the applicable Chuck Lager Restaurant.

The person or entity signing the Development Agreement is the “Developer”. The Development Agreement contains concepts like “Principals” and “Principal Owner” that are similar to those in the Franchise Agreement. In this Disclosure Document, the terms “Principals” and “Principal Owner” include those persons having similar obligations identified in both the Development Agreement and Franchise Agreement, and the terms “you” and “your” also include the Developer under the Development Agreement, unless we have noted otherwise. Any reference to the “Agreements” means the Development Agreement and the Franchise Agreement, as applicable.

Competition

The market for restaurant services is well established and highly competitive. There is active price competition among restaurants, as well as competition for management personnel and for attractive commercial real estate sites suitable for restaurants. You must expect to compete with other restaurant concepts, including many restaurants that offer food and beverages similar to those offered by Chuck Lager Restaurants. Competitors may be locally owned restaurants, large regional restaurant chains, or national restaurant chains. The restaurant business is also affected by many other factors, including changes in consumer taste, demographics, traffic patterns and economic conditions.

Industry Specific Regulation

The restaurant industry is heavily regulated. Many of the laws, rules and regulations that apply to business generally, like the Americans With Disabilities Act, Federal Wage and Hour Laws, and the Occupation, Health and Safety Act, also apply to restaurants. However, other laws, rules and regulations have particular applicability to restaurants.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and service and sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations.

You must offer wine, beer, liquor and other alcoholic beverages for sale at your Chuck Lager Restaurant. Accordingly, you must comply with any federal, state, county, municipal, or other local laws and regulations relating to the sale of alcohol and liquor that (including BOH Computer/POS Procedures) may apply to your Chuck Lager Restaurant. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Chuck Lager Restaurant. You must obtain and maintain all applicable food and beverage licenses, and you must obtain any applicable real estate permits (*e.g.*, zoning), real estate licenses, liquor licenses and operational licenses.

You must have your license to offer alcoholic beverages before you open your Chuck Lager Restaurant. The difficulty and cost of obtaining a liquor license varies greatly from area to area, depending on the variations in state and local laws, regulations and procedures that apply to securing and maintaining the required license(s). State and local laws, regulations and ordinances also vary significantly in terms of the restrictions placed on the manner in which alcoholic beverages may be sold. Furthermore, state “dram shop” laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol. You will need to understand and comply with those laws in operating the Chuck Lager Restaurant.

Each of your managers and other employees we designate must be ServSafe certified (or (or have an equivalent certification required by the applicable government authorities in your jurisdiction). Certain

managers and other employees we designate, including bartenders, must also complete alcohol awareness or TIPS training.

You must, at your expense, comply with all payment card infrastructure (“PCI”) industry and government security standards and requirements designed to protect cardholder data. From time to time upon written notice to you, we may require you to implement certain procedures and protocols in order to comply with PCI standards and requirements. PCI standards apply to both technical and operational aspects of credit card and other payment card transactions and apply to all organizations which store, process or transmit cardholder data.

The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on omissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

You should consider these laws and regulations when evaluating your purchase of a franchise. We recommend that you have your contract and this Disclosure Document reviewed by your attorney, accountant, and professional advisors.

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer and Co-Founder: Craig W. Colby

Craig Colby is one of our co-founders and has served as our Chief Executive Officer since our inception in August 2016. He also served as our Chief Operating Officer from August 2016 through March 2023. Mr. Colby has also served as the President and Chief Development Officer of Dixie Chix Franchising, LLC since April 2016. Since December 2017, Craig has also served as the Managing Member of Colby Management Services, LLC, which serves as the Managing Member for us and Chuck Lager, LLC. Since December 2002, Mr. Colby has also served as the President and Managing Member of The Colby Restaurant Group, Inc. (operator of Red Robin Gourmet Burger franchised restaurants), Wild Restaurant Group, LLC (operator of Wild Wing Café franchised restaurants) and Stovetop Restaurant Group, LLC (operator of Twin Peaks franchised restaurants). Mr. Colby has also served as Managing Member of Bistreaux Brothers Restaurants, LLC (operator of Walk-Ons Bistreaux and Bar franchised restaurants) since February 2017. Mr. Colby offices in Southampton, New Jersey.

Chief Operating Officer and Co-Founder: Michael T. Colby

Michael Colby is one of our co-founders and has served as our Chief Operating Officer since March 2023. Prior to that, Mr. Colby served as our President and Chief Development Officer from our inception in August 2016 through March 2023. He has also served as Vice President of The Colby Restaurant Group Inc. since 2003, and as the Chief Executive Officer and Chief Operating Officer of Dixie Chix Franchising, LLC since April 2016, both of which are based in Southampton, New Jersey. Mr. Colby offices in Southampton, New Jersey.

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 must pay us an initial franchise fee of \$50,000 when you sign the Franchise Agreement. The initial franchise fee is not refundable and is imposed uniformly on all franchisees.

On-site Opening Assistance Reimbursement

We will send one or more of our representatives to your Chuck Lager Restaurant to assist you with your grand opening (for up to a maximum of 21 days). While we do not charge any fees for such on-site opening assistance, you will be required to reimburse us for our costs of travel, lodging, wages and meals related to providing on-site opening assistance. Our reimbursable costs will vary depending on how many trainers you need and the number of days spent at your location, but in no event will the reimbursable costs exceed \$35,000. The reimbursement amount you must pay to us in connection with our on-site opening assistance is not refundable under any circumstances.

Development Fee

When you sign a Development Agreement, you must pay a development fee equal to the total of \$50,000 (or 100%) of the initial franchise fee for the first Chuck Lager Restaurant to be developed and \$25,000 (or 50%) of the initial franchise fee for each additional Chuck Lager Restaurant to be developed. The pro rata portion of the development fee allocable to each Chuck Lager Restaurant will be credited against the initial franchise fee due for that Chuck Lager Restaurant. The remaining half (\$25,000) of the initial franchise fee due for the second and subsequent Chuck Lager Restaurants must be paid to us when you sign the Franchise Agreement for the applicable Chuck Lager Restaurant. The development fee is calculated in the same manner for all franchisees entering into Development Agreements under this offering, but the actual dollar amount paid will vary depending on the number of Chuck Lager Restaurants you must develop. The development fee is not refundable.

ITEM 6

OTHER FEES

Fees⁽¹⁾	Amount	Due Date	Remarks
Royalty Fee	5.5% of Gross Sales	Payable weekly (with payments due each Friday for royalties accrued during the prior work week, which begins on Monday and ends on the following Sunday), provided that if the scheduled due date is not a business day, then we may collect funds on Thursday of the applicable week or the next business day after the due date, in our sole discretion. We reserve the right to change the payment schedule upon 30 days' notice to you.	See Note 2 for the definition of Gross Sales. We require you to pay the royalty fees by electronic funds transfer (automatically deducted from your designated account). See Note 3 regarding calculation of Gross Sales in jurisdictions that do not permit payment of royalties based on sales of alcoholic beverages.

Fees⁽¹⁾	Amount	Due Date	Remarks
Local Advertising and Cooperatives	2% of the Chuck Lager Restaurant's Gross Sales	Payments for local advertising expenses will be paid to local advertisers, except that if we establish and administer an advertising Cooperative in your area then the contributions to the Cooperative may be paid to us. Typically, local advertising payments are due when billed by the local advertiser.	See Note 2 for the definition of Gross Sales. We may require details of your local advertising expenditures, and we have the right to request receipts and conduct audits up to once per month to confirm your compliance with the local advertising requirements. We may increase the amount you must spend on local marketing on not less than 30 days' written notice to you (up to a maximum of 4% of Gross Sales); provided, however, that you will not be required to spend more than a maximum of 6% of your Gross Sales between the Advertising Fund and your local marketing requirement. We have the right to designate any geographic area in which two or more company-owned or franchised Chuck Lager Restaurants are located as a region for purposes of establishing an advertising cooperative ("Cooperative"). Any amounts you contribute to your Cooperative will be applied to satisfy your local advertising requirement. If we have any company-owned Chuck Lager Restaurants that are located in your Cooperative territory, those company-owned restaurants will not have the power to unilaterally increase your required Cooperative contributions.

Fees⁽¹⁾	Amount	Due Date	Remarks
Advertising Fund	2% of the Chuck Lager Restaurant's Gross Sales	Payable weekly at the same time royalties are due. We reserve the right to change the payment schedule upon 30 days' notice to you.	See Note 2 for the definition of Gross Sales. The Advertising Fund contribution is in addition to your local advertising requirements. We require you to pay the Advertising Fund contribution by electronic funds transfer. We may increase the required contribution amount on not less than 30 days' written notice to you (up to a maximum of 4% of Gross Sales); provided, however, that you will not be required to spend more than a maximum of 6% of your Gross Sales between the Advertising Fund and your local marketing requirement.
Grand Opening Expense	\$10,000	Must be spent during the period beginning 10 days before the opening of your Chuck Lager Restaurant and ending 60 days after such opening date (the "Grand Opening Period")	You must carry out a grand opening promotion for your Chuck Lager Restaurant in accordance with our standards.
Taxes	An amount levied by applicable tax authorities	As incurred and upon demand	This includes all sales taxes, personal property taxes, excise taxes, value added taxes and other taxes on account of services or goods provided by us. Among other things, you must pay to us when due any federal, state or local sales, gross receipts, use, value added, excise or other taxes levied or assessed against us on any initial franchise fees, periodic fees and other payments paid to us under your Franchise Agreement, including any income tax, franchise or other tax levied or assessed against us for the privilege of doing business in your state or on account of services or goods provided by us.

Fees⁽¹⁾	Amount	Due Date	Remarks
Technology Fee	Currently \$0, but we reserve the right to establish such fee in the future in an amount to be generally based on our costs to provide technology and support to franchisees – See Remarks column	Payable weekly at the same time royalties are due. We reserve the right to change the payment schedule upon 30 days' notice to you.	While we have not done so as of the date of this disclosure document, we reserve the right to establish a weekly technology fee at any time upon 30 days' prior notice to you. This fee would relate to our provision of technology, support and maintenance, enhancements and research and development or modifications that we require or provide from time to time.
Liquidated Damages/ Unauthorized Closure fee	An amount equal to the total royalties paid by you during the previous 12 months multiplied by two. If you have not paid royalties for at least 12 consecutive months then your average monthly royalty will be multiplied by 24 to determine the liquidated damages owed to us.	Upon your unauthorized closure of your Chuck Lager Restaurant or any termination of the Franchise Agreement in connection with a breach by you.	This fee compensates us for your unauthorized closure of the Chuck Lager Restaurant or any termination of the Franchise Agreement in connection with a breach by you.
Business Listings	Cost	On demand	You will place and pay the cost of business listings in the directories and categories as we specify.
Merchandise for Resale; Equipment; Décor Items	Actual costs	On demand	We may provide to you at our actual costs certain collateral merchandise for resale that identifies the System (for example, caps and t-shirts); equipment; décor items; and other products and services.
Interest	The lesser of 18% per year or the maximum lawful rate	On demand	We may charge interest on all overdue amounts.

Fees⁽¹⁾	Amount	Due Date	Remarks
Late Fees	\$100 for each delinquent amount owed to us, and \$100 for each day that any report, statement, or return is late.	On demand	In addition to interest payable to us on any late payments, we may charge you a late fee for any delinquent amounts due under the Franchise Agreement. In addition, if you fail to submit timely, complete, and accurate reports, financial statements, and tax returns in accordance with the Franchise Agreement, we may charge you a late fee of \$100 for each week that such report, statement, or return is late.
Additional Training (at our headquarters or other location designated by us)	At our option, a per diem rate of \$250 for each person receiving training.	Before additional training	If you request additional training (beyond that provided in our initial training program) or we require you to complete additional training after you begin operation, then you will have to pay this fee, which covers training at our headquarters or other location designated by us. You must also pay the expenses of you and your personnel attending training (e.g. travel, lodging, wages and meals). See Item 11.
On-site Remedial Training	The then-current per diem fee for remedial training, plus our costs for travel, lodging, wages and meals. Our current per diem rate is \$500 per trainer	When billed.	If you ask or if we believe it is appropriate, we will (subject to availability) provide one or more trained representatives to conduct on-site remedial training at your Chuck Lager Restaurant.

Fees⁽¹⁾	Amount	Due Date	Remarks
Transfer Fee (Franchise Agreement)	\$10,000 (or in certain cases our out-of-pocket costs and expenses, depending on circumstances – see Remarks column)	With transfer application.	You must pay us a transfer fee of \$10,000, except that if you are an individual transferring your rights and obligations under the Franchise Agreement to an entity wholly owned by you in accordance with Section XV.C. of the franchise agreement, the transfer fee shall be an amount equal to the out-of-pocket costs and expenses incurred by us in connection with such transfer (including, without limitation, legal and accounting fees and costs).
Transfer Fee (Development Agreement)	\$10,000 (or in certain cases our out-of-pocket costs and expenses, depending on circumstances – see Remarks column)	With transfer application.	You must pay us a transfer fee of \$10,000, except that if you are an individual transferring your rights and obligations under the Development Agreement to an entity wholly owned by you in accordance with the terms of the Development Agreement, the transfer fee shall be an amount equal to the out-of-pocket costs and expenses incurred by us in connection with such transfer (including, without limitation, legal and accounting fees and costs).
Renewal Fee	\$25,000	Upon renewal	In order to renew your franchise agreement you must, among other things, pay us a renewal fee and meet our then-current image, building design, décor, equipment, menu, and operational requirements.
Securities Offering Fee	Our actual costs and expenses associated with the proposed offering.	When billed.	We limit our review to the manner in which the offering materials treat you and our relationship.
Manual Replacement Fee	\$500	When billed	We loan you 1 set of Manuals at no charge.

Fees⁽¹⁾	Amount	Due Date	Remarks
Inspection and Testing Costs	Cost of inspection, if applicable, and cost of test	When billed	Before approving a supplier, we will require you to pay the cost of testing the supplier's products and inspecting its facilities (including our administrative expenses).
Indemnification	Actual Costs	On demand	You must indemnify us if your actions result in loss to us.
Audit Fee	An amount equal to all costs and expenses in connection with the audit (in addition to any unpaid amounts owed to us with interest on those unpaid amounts at a rate of 18% per year or the maximum lawful rate)	When billed	In addition to paying us any unpaid amounts uncovered in the audit (plus interest), you will be required to reimburse us for all costs related to the audit (including, without limitation, legal and accounting fees and costs) if an examination or audit shows you have understated any amount owed to us by 2% or more.
Intranet Fee	Up to \$100 per month if/when we establish an Intranet	When billed	We may charge you this fee each month for each of your Chuck Lager Restaurants for using our Intranet if/when it is established.
Insurance Fee	An amount based on our actual costs and expenses	On demand	If you fail to maintain the required insurance, we may, at our option (but are not required to), obtain it for you. If we do, we will charge you a fee, plus our expenses.
Deadline Extension Fee	\$2,500 for each 30-day extension	On demand	If you fail to begin construction on time or fail to open your franchised business on time, you may request an extension from us. If we grant such an extension, you will be required to pay us a deadline extension fee.
Enforcement Costs	Actual costs	As incurred	You must pay our costs of enforcement (including attorney's fees and costs) if you do not comply with the Franchise Agreement.

Notes:

(1) All fees and expenses described above are non-refundable and, unless otherwise indicated, are imposed uniformly by, and are payable to, us. Unless we have noted differently, we may increase these amounts based on changes in market conditions, our cost of providing services and future policy changes, but we have no present plans to increase any fees.

(2) “Gross Sales” means the total selling price of all services and products and all income of every other kind and nature related to the Chuck Lager Restaurant (including, without limitation, income related to catering operations and special events), whether for cash or credit and regardless of collection in the case of credit. The following are included within the definition of “Gross Sales” except as otherwise noted: (a) The full value of meals furnished to your employees as an incident to their employment, except that you may credit the value of any reasonable discounts that you extend to your employees against Gross Sales during the week in which the meals were furnished to determine the amount of Gross Sales upon which fees calculated in respect of Gross Sales are due; (b) All proceeds from any sales paid for in whole or in part via coupons, gift cards or vouchers (proceeds from the actual sale of gift cards are not included in your Gross Sales); (c) Your share of revenues from any vending machines or other equipment, machines or devices installed in the Chuck Lager Restaurant; and (d) All proceeds from any gambling/gaming devices (where such activities are legally permissible) at the Chuck Lager Restaurant. “Gross Sales” does not include (i) sales taxes you collect from customers of the Chuck Lager Restaurant, if the taxes are actually transmitted in a timely manner to the appropriate taxing authority; (ii) tips or gratuities paid directly to your employees by customers of the Chuck Lager Restaurant or paid to you and turned over by you to your employees in lieu of direct tips or gratuities; (iii) returns to shippers or manufacturers; and (iv) proceeds from isolated sales of trade fixtures not constituting any part of the products and services offered for sale at the Chuck Lager Restaurant or having any material effect upon the ongoing operation of the Chuck Lager Restaurant. Notwithstanding the foregoing, if a state or local law applicable to your Chuck Lager Restaurant prohibits or restricts in any way your ability to pay us royalty fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Chuck Lager Restaurant then the percentage rate for calculating your royalty fees (or other Gross Sales based fees) shall be increased, and the definition of Gross Sales shall be changed to exclude sales of alcoholic beverages, so that the royalty fees to be paid by you shall be equal to the amounts you would have had to pay if sales from alcoholic beverages were included in Gross Sales. For example, if you generate \$2,000 in Gross Sales, of which \$1,000 is from the sale of alcoholic beverages, then your royalty fee would be \$110 (5.5% of \$2,000). If you are not permitted by law to pay royalty fees on the sale of alcoholic beverages, then we must recalculate your royalty percentage so that you still pay the full royalty fee. In this example, we must deduct \$1,000 from the Gross Sales and raise your royalty percentage to 11% so that we may collect the same \$110 royalty fee ($\$2,000 - \$1,000 = \$1,000 \times 11\% = \110).

(3) If a state or local law applicable to your Chuck Lager Restaurant prohibits or restricts in any way your ability to pay us royalty fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Chuck Lager Restaurant then the percentage rate for calculating your royalty fees (or other Gross Sales based fees) shall be increased, and the definition of Gross Sales shall be changed to exclude sales of alcoholic beverages, so that the royalty fees and other applicable fees to be paid by you shall be equal to the amounts you would have had to pay if sales from alcoholic beverages were included in Gross Sales. For example, if you generate \$2,000 in Gross Sales, of which \$1,000 is from the sale of alcoholic beverages, then your royalty fee would be \$110 (5.5% of \$2,000). If you are not permitted by law to pay royalty fees on the sale of alcoholic beverages, then we must recalculate your royalty percentage so that you still pay the full royalty fee. In this example, we must deduct \$1,000 from the

Gross Sales and raise your royalty percentage to 11% so that we may collect the same \$110 royalty fee (\$2,000 - \$1,000 = \$1,000 x 11% = \$110).

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

FRANCHISE AGREEMENT

Type of Expenditure	Amount Low - High	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$50,000	Lump Sum	On execution of Franchise Agreement	Us
Lease and Utilities Security Deposits	\$1,000 to \$50,000	As Arranged	As Arranged	Lessor or utility companies, as applicable
Leasehold Improvements (1)	\$500,000 to \$2,000,000	As Arranged	As Arranged	Contractor
Architect, Design and Construction fees	\$5,000 to \$50,000	As Arranged	As Invoiced	Designated Suppliers
Signage (2)	\$20,000 to \$60,000	As Arranged	As Invoiced	Designated Suppliers
Furniture and Fixtures (2)	\$50,000 to \$200,000	As Arranged	As Invoiced	Suppliers
Equipment and Smallwares (2)	\$250,000 to \$650,000	As Arranged	As Invoiced	Suppliers and Designated Suppliers
Security System (3)	\$0 to \$10,000	As Arranged	As Invoiced	Suppliers
Computer Hardware and Software (including POS system) (4)	\$25,000 to \$60,000	As Arranged	As Invoiced	Suppliers and Designated Suppliers

Type of Expenditure	Amount Low - High	Method of Payment	When Due	To Whom Payment is to be Made
Office Equipment and Supplies (5)	\$500 to \$2,000	As Arranged	As Invoiced	Designated Suppliers
Uniforms (6)	\$500 to \$2,000	As Arranged	As Invoiced	Designated Suppliers
Business Licenses and Permits (including liquor license) (7)	\$5,000 to \$500,000	As Arranged	As Invoiced	Government Agencies, Lawyers, Other Third Parties
Professional Services (8)	\$1,000 to \$10,000	As Arranged	As Invoiced	Accountants, Lawyers, Us, Architect, etc.
Initial Inventory/Supplies (9)	\$25,000 to \$100,000	As Arranged	As Invoiced	Designated Suppliers
Insurance (10)	\$1,500 to \$10,000	As Arranged	As Arranged	Insurance broker
Initial Training Costs (11)	\$60,000 to \$85,000	As Arranged	As Invoiced	Your employees and suppliers of travel, lodging, wages and meals
Grand Opening Advertising (12)	\$10,000 to \$10,000	As Arranged	As Arranged	Ad agency and advertisers
Additional Funds – Initial 3 months (13)	\$50,000 to \$100,000			
TOTAL	\$1,054,500 to \$3,949,000			

Notes:

(1) These estimates are based on our affiliate's experience in establishing a Chuck Lager Restaurant in Wilmington, Delaware. Chuck Lager Restaurants will typically be located in commercially zoned shopping or entertainment areas. Due to the cost of land acquisition and new construction, we anticipate that the premises for Chuck Lager Restaurants will be leased unless the franchisee already owns the restaurant premises before purchasing a Chuck Lager franchise. These amounts assume that you will lease the premises for the Chuck Lager Restaurant or you already own the restaurant premises before purchasing a Chuck Lager franchise and do not include costs of land acquisition. However, the high-end estimate shown above includes the costs of constructing a building from the ground up. The leasehold improvements estimate is based on the cost of adapting our prototypical architectural and design plans (including architect fees) to a facility containing approximately 5,000 to 8,000 square feet. The leasehold improvement ranges will be affected by various factors like the location of the Chuck

Lager Restaurant and local market conditions. The estimates assume that the landlord will provide connections to adequate electrical, gas, water and sewage service. Your actual costs may or may not include site preparation and finish-out costs, depending on the arrangements you negotiate with your landlord. If your landlord contributes to the cost of finish-out, total leasehold improvement costs could be reduced. These costs are our best estimate based on commercial leasing and remodeling/finish-out rates that our affiliates have experienced with other restaurants. These estimates may vary substantially based on your ability to negotiate with your landlord and your financial strength, as well as on local commercial leasing and labor rates and other local conditions.

(2) These amounts include the cost of the furniture, fixtures, equipment, decor items, and interior and exterior signage required for your Chuck Lager Restaurant.

(3) You must purchase and maintain a security system for your Chuck Lager Restaurant that meets our standards and specifications.

(4) This amount includes the estimated purchase costs of the point-of-sale system and software (including, without limitation, back office software and point-of-sale software meeting our specifications and manufactured by a manufacturer approved in writing by us) that you must use in the operation of your Chuck Lager Restaurant. (See Item 11). At your option, arrangements can be made for you to lease/finance the point-of-sale hardware and subscribe monthly for use of the applicable software.

(5) You must purchase all office equipment and supplies necessary for the operation of your Chuck Lager Restaurant. Such items must meet our standards and specifications. All supplies must be purchased through a supplier approved by us.

(6) Before opening, you must purchase Chuck Lager uniforms from a supplier approved by us for each employee of your Chuck Lager Restaurant.

(7) This amount represents the estimated cost of health and various operating licenses required at the local, regional, or state level, including a license to sell alcoholic beverages. The cost to obtain the required liquor license needed to operate the Chuck Lager Restaurant may vary substantially because some jurisdictions offer an unlimited number of liquor licenses at a price set by local government authorities, while other jurisdictions offer a limited number of liquor licenses. If no more liquor licenses are available for issuance by government authorities in your jurisdiction then you will have to negotiate with a third party for the purchase of their existing liquor license, and in that case the cost of the license will be impacted by your ability to negotiate and the levels of supply and demand in your jurisdiction.

(8) This estimate is for the cost to establish an entity to hold the franchise and review the franchise documentation. The cost of professional services can vary widely.

(9) We estimate that this range will cover the cost of food, beverages, condiments, supplies and other miscellaneous items for the initial stock of your restaurant, which will be replenished as needed by the approved vendors.

(10) This amount represents an estimate of the down payment on your annual insurance premiums. You must obtain the insurance coverage described in the Franchise Agreement. We and our affiliates, officers, directors, members and agents must be named as an additional insured on these

policies. Your cost of insurance may vary depending on the insurer, the location of your Chuck Lager Restaurant, your claims history, and other factors.

(11) We provide initial training to your initial Operating Partner, initial General Manager (if different), and up to 3 initial Assistant Manager(s) at no additional charge, but we do require you to reimburse us for our costs and expenses (up to a maximum of \$35,000) related to sending our personnel to perform on-site pre-opening training and opening assistance at your restaurant for up to a maximum of 21 days. Therefore, these amounts include only your out-of-pocket costs for the training of these people. We may, at our option, charge you a fee of \$250 per day for each additional person attending the initial training program. You must pay all expenses that you and your employees incur in connection with attending the initial training program, like travel, lodging, wages and meals. These costs will vary depending upon your selection of salary levels, lodging and dining facilities, and mode and distance of transportation. (See Item 11)

(12) You must carry out a grand opening promotion for the Chuck Lager Restaurant in compliance with our written specifications during the period beginning 10 days before the Chuck Lager Restaurant's opening date and ending 60 days after the opening date. We must approve all advertising items, methods and media. We provide on-site opening assistance at no additional charge.

(13) You will need additional funds during the start-up phase of your business to pay employees, purchase supplies and pay other expenses. We estimate the start-up phase to be 3 months from the date you open for business. These amounts do not include any estimates for debt service. You must also pay the royalty and other related fees described in Item 6 of this Disclosure Document. Your actual costs will depend on factors like your management skills, experience and business acumen. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves. We relied on the experience of our affiliates in establishing other restaurants to compile these estimates. You should review these figures carefully with your business advisor.

Unless otherwise stated above, these estimates are subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments we control.

We do not offer any financing for your initial franchise fee or any portion of your initial investment. Unless otherwise stated, the amounts described above are not refundable.

AREA DEVELOPMENT AGREEMENT

Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Area Development Fee (Note 2)	\$75,000 - \$150,000	Lump Sum	Upon entering into Area Development Agreement	Us
Initial Investment for Your Initial Franchised Business (Note 3)	\$1,054,500 - \$3,949,000	See FRANCHISE AGREEMENT table above in this Item 7.		

TOTAL (Note 4)	\$1,129,500 - \$4,099,000	
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Note 1 - Generally: The estimates set forth in this table assume that you will be entering into an Area Development Agreement for the right to open and operate anywhere from two to five franchised restaurants within a Development Area and includes the cost of opening the first franchised restaurant.

Note 2 – Development Fee: The Development Fee ranges from \$75,000 (for two restaurants) to \$150,000 (for five restaurants). If you commit to develop more than five franchised restaurants, then your development fee will increase by \$25,000 for each additional restaurant to be developed.

Note 3 – Initial Investment for First Franchised Business: The figure in this row represents the estimated initial investment required to open your first franchised restaurant under a Franchise Agreement.

Note 4 – Area Developer Initial Investment: Other than the Development Fee, these figures do not include the costs associated with opening a second or subsequent franchised restaurants, which will incur additional costs per restaurant.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure a uniform image and uniform quality of services and products at the Chuck Lager Restaurants and in conjunction with the System, you must maintain and comply with our quality standards and specifications. You must equip and decorate each of your Chuck Lager Restaurants in accordance with our then-current approved specifications and standards pertaining to equipment, furniture, fixtures and trade dress, and you must purchase certain food and beverage items from suppliers that we approve or designate. In addition to meeting our specifications and standards, it is solely your responsibility to ensure that your Chuck Lager Restaurant complies with all local, state and federal laws, building code requirements, the Occupational Safety and Health Act and the Americans with Disabilities Act (ADA).

Required Purchases

You generally have no obligation to purchase or lease from us, our affiliates, or other designated third-party suppliers any of the real estate or construction services used in establishing or operating the Chuck Lager Restaurant. However, we do impose some sourcing/supplier requirements for certain items, including, but not limited to, food and beverage items, and we reserve the right to require you to purchase some or all of such items from us, our affiliates or other third party designated suppliers in the future.

Designated Suppliers

We reserve the right to designate specific suppliers for the products and services used in, or sold at, the Chuck Lager Restaurants. We also reserve the right to change or add designated suppliers from time to time at our option upon written notice to you. Each designated supplier shall have a list of specific

approved products that only they are permitted to supply to our franchisees. The approved products lists may be modified by us from time to time, at our option, upon written notice to you.

As of the date of this Disclosure Document, we have identified the following designated sources for certain products and services that you must purchase and use in connection with the establishment and operation of your Chuck Lager Restaurant.

Food Products (generally)

You must purchase certain food products, as designated by us, for your Chuck Lager Restaurant only from U.S. Foods Inc., based in Rosemont, Illinois.

Kitchen Supplies and Equipment

You must purchase certain kitchen supplies and equipment only from Edward Don & Company, based in Woodridge, Illinois.

Paper Products

You must purchase certain paper products only from Edward Don & Company, based in Woodridge, Illinois.

POS System

You must purchase and use the Toast point-of-sale system, manufactured by Toast, Inc. based in Boston, Massachusetts, which meets our standards and specifications.

Changes to Designated Suppliers

We reserve the right to add, remove or otherwise change designated sources for any products or services in our sole discretion at any time. Therefore, the lists of designated suppliers and approved products and services may be modified by us from time to time, at our option, upon written notice to you.

Approved Suppliers

If we have approved suppliers (including manufacturers, distributors and other sources) for any food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment, computer systems and other products used or offered for sale at the Chuck Lager Restaurant, you must obtain these items from those suppliers. Approved suppliers are those who demonstrate on a continuing basis the ability to meet our then-current standards and specifications, who have adequate quality controls and the capacity to supply the needs of the Chuck Lager franchise network promptly and reliably, whom we have approved in writing and whom we have not later disapproved. We may designate ourselves or our affiliates as approved or designated suppliers of any item. Before opening your Chuck Lager Restaurant (and from time to time as needed during operation of your Chuck Lager Restaurant), you must purchase from approved suppliers certain items required for the operation of a Chuck Lager Restaurant, including, among other things, uniforms, kitchen equipment and appliances, approved signage and the required POS system.

We have the right to make available to you for resale in the Chuck Lager Restaurant merchandise identifying the System. This may include Chuck Lager memorabilia, like T-shirts, cups and mugs. If we make this type of merchandise available, we may require you to purchase it from us, our affiliate or a supplier we designate in amounts necessary to meet your customer demand.

If we require that an item be purchased from an approved supplier and you wish to purchase it from a supplier we have not approved, you must submit to us a written request for approval. You must not purchase or lease the item from the supplier until and unless we have approved the supplier in writing. We have the right to require you to submit information, specifications and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We also have the right to inspect the supplier's facilities, and to have samples from the supplier delivered to us or to an independent laboratory we designate for testing. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial compatibility, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We may re-inspect the facilities and products of any approved supplier, and may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. If we revoke our approval of any supplier, you must promptly discontinue use of that supplier. You must reimburse us for the costs that we incur in the supplier approval process. Nothing requires us to approve any particular supplier and we are not required to notify you of our approval or disapproval within any specified period of time. Our specifications for products and criteria for supplier approval are generally issued through written communications and are available to franchisees and approved suppliers.

Purchases According to Specifications

You must comply with all of our standards and specifications relating to the purchase of all food and beverage items, paper products, signage, décor items, ingredients, sauces, spice mixes, supplies, materials, fixtures, furnishings, equipment, computer systems and other items and services used or offered for sale at the Chuck Lager Restaurant. Among other things, the following must comply with our specifications:

Site Selection and Construction

You must locate a site for the Chuck Lager Restaurant that satisfies our site selection requirements. You must submit your proposed site to us, and we will notify you of our approval or rejection of the proposed site within 30 days of receiving all applicable site submittal information. You must adapt our prototypical architectural and design plans as needed for the construction or remodeling of your Chuck Lager Restaurant and provide them to us within 15 days after you acquire the site for the Chuck Lager Restaurant. We have the right to review your plans and must notify you of our objections within 30 days after we receive your plans. If we do not notify you of any objections within that time, you may use the plans. If we do object within the 30-day period, you may not use the plans. Any objections we make will also include a reasonably detailed list of changes that you must make for the plans to be acceptable. We will notify you within 30 days after we receive your revised plans if they are acceptable. If we do not object to your revised plans within the 30-day period, you may use the revised plans.

Advertising and Promotional Materials

You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and will conform to the highest standards of ethical marketing and the promotion policies that we prescribe periodically. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least 15 days before you use them or deliver them to a third party for use in any advertisement. If you do not receive written approval within 10 days after our receipt of such materials, we will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that we have disapproved. Our approval of any advertising material may be withdrawn in our sole discretion at any time.

Insurance

You must obtain and maintain insurance policies protecting you and us and various related parties against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense related to or connected with the operation of the Chuck Lager Restaurant. All policies must be written by a responsible insurance carrier or carriers rated “A” or better by the A.M. Best Company, Inc., and all policies must name us and our affiliates, officers, directors, members and agents as additional insureds on the policies. Copies of your certificates of insurance must be promptly sent to us upon our request. At a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time in writing), you must carry (1) comprehensive general liability insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage, in the amount of \$2,000,000 combined single limit per occurrence, \$2,000,000 general aggregate; (2) “All Risks” coverage for the full cost of replacement of the Chuck Lager Restaurant premises and all other property in which we may have an interest with no coinsurance clause for the premises; (3) automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than \$2,000,000 combined single limit; (4) an “umbrella” policy providing excess coverage with limits of not less than \$5,000,000 which must be excess to the general liability and automobile liability coverage required herein; (5) business interruption insurance covering at least 24 months’ loss of profits and necessary continuing expenses for interruptions caused by any occurrence covered by the insurance referred to in (1) and (2) above and your royalty and advertising fund contribution, calculated on the basis of the Gross Sales used as the basis for calculation of the business interruption insurance award. Such business interruption insurance shall be written on an all risks form, either as an endorsement to the policies described in (1) and (2) above or on a separate policy; (6) worker’s compensation insurance in amounts required by applicable law; (7) insurance coverage for liquor liability in an amount not less than \$1,000,000 per person/per occurrence, provided that this coverage may be included as part of your commercial general liability insurance; and (8) such other insurance as may be required by us from time to time or by the landlord of the Chuck Lager Restaurant premises at, and by the state or locality in, which the Chuck Lager Restaurant is located.

Purchasing Arrangements

Neither we nor our affiliates had any revenues from the sale of products or services to franchisees in the fiscal year ended December 31, 2022, nor did we or our affiliates receive any rebates, refunds or other payments from any designated sources because of transactions with franchisees during such time period.

We may negotiate certain purchase arrangements (including price terms) for the purchase of certain items, such as logoed paper products, cups, and certain food products, with suppliers for the benefit of franchisees. In doing so, we seek to promote the overall interests of our franchise system and our interests as the franchisor. We or our affiliates may receive rebates or other material consideration from approved or designated sources, but we do not currently receive any rebates or other material consideration based on purchases or leases by franchisees. We will not provide material benefits to franchisees based upon their use of designated or approved suppliers. There are currently no purchasing or distribution cooperatives for the System.

Your obligations to purchase or lease goods, services, supplies, fixtures, equipment, inventory, and computer hardware and software and other items from us or our designee, from suppliers we approve, or under our specifications are all considered “required purchases.” The magnitude of required purchases in relation to all purchases you make to establish and operate the Chuck Lager Restaurant is difficult to determine due to the highly variable nature of expenditures necessary to establish and operate the Chuck Lager Restaurant as described in Item 7. We estimate that your total initial required purchases will range between 80% and 90% of the cost of your initial purchases or leases. We estimate your required purchases for the operation of the Chuck Lager Restaurant will range between 90% and 95% of your annual purchases or leases.

As of the date of this disclosure document, none of our officers own an interest in any privately-held suppliers or any material interest in any publicly-held suppliers of the Chuck Lager franchise system. From time to time our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Section III.A. of Franchise Agreement Section 6.7 of Development Agreement	Items 8 and 11
b. Pre-opening purchases/leases	Sections III., VIII., IX. and XIII. of Franchise Agreement Section 6.7 of Development Agreement	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Sections III., VII. and VIII. of Franchise Agreement Section 3 of Development Agreement	Items 1, 7, 8 and 11
d. Initial and ongoing training	Sections VI.B. and VIII.A. of Franchise Agreement Section 6.6 of Development Agreement	Items 6, 7 and 11
e. Opening	Sections III., IX.F. and Exhibit C of Franchise Agreement Section 3 of Development Agreement	Items 7 and 11

Obligation	Section in Agreement	Item in Disclosure Document
f. Fees	Sections V. and IX. of Franchise Agreement Section 2 of Development Agreement	Items 5, 6 and 11
g. Compliance with standards and policies/Manuals	Sections III., IV., VII., VIII., IX., X., XI., XII., XIII. of Franchise Agreement Sections 3 and 9 of Development Agreement	Items 8, 11, 14 and 16
h. Trademarks and proprietary information	Sections X. and XI. and Exhibit B of Franchise Agreement Attachment B of Development Agreement	Items 11, 13 and 14
i. Restrictions on products/services offered	Section VIII. of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Section VIII.H. of Franchise Agreement	Item 16
k. Territorial development and sales quotas	Section 3 of Development Agreement	Item 12
l. Ongoing product/service purchases	Sections VIII. and IX. of Franchise Agreement	Items 8, 11 and 16
m. Maintenance, appearance and remodeling requirements	Sections IV. and VIII. of Franchise Agreement	Item 8
n. Insurance	Section XIII. of Franchise Agreement	Items 7 and 8

Obligation	Section in Agreement	Item in Disclosure Document
o. Advertising	Section IX. of Franchise Agreement	Items 6, 8 and 11
p. Indemnification	Section XVI. of Franchise Agreement Section 11 of Development Agreement	Item 6
q. Owner's participation/ management/staffing	Sections VII. and VIII. of Franchise Agreement Section 6 of Development Agreement	Items 1, 11 and 15
r. Records and reports	Sections III., V., IX. and XII. of Franchise Agreement	Item 11
s. Inspections and audits	Sections III., VI., VIII. and XII. of Franchise Agreement	Items 6, 8 and 11
t. Transfer	Section XV. of Franchise Agreement Section 8 of Development Agreement	Items 6, 12 and 17
u. Renewal	Section IV. of Franchise Agreement Section 3 of Development Agreement	Items 6, 12 and 17
v. Post-termination obligations	Section XIX. of Franchise Agreement Section 7.6 of Development Agreement	Item 17

Obligation	Section in Agreement	Item in Disclosure Document
w. Noncompetition covenants	Section XI. and Exhibit B of Franchise Agreement Section 9 and Attachment B of Development Agreement	Item 17
x. Dispute resolution	Section XX.F. of Franchise Agreement Section 12.6 of Development Agreement	Item 17

ITEM 10

FINANCING

We do not offer direct or indirect financing, and we do not guarantee your notes, leases or other 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.

Pre-Opening Obligations: Before you open your Chuck Lager Restaurant, we or our designee will:

1. Share our site selection guidelines and give you the site selection assistance we believe to be necessary. (Section III.A. of Franchise Agreement and Section 5.1 of Development Agreement);
2. Review your proposed site for compliance with our site selection guidelines and accept or not accept the site and your proposed lease or contract of sale within 30 days after receiving your complete site information. (Section III.A. of Franchise Agreement);
3. Provide access to or loan you 1 set of our Manuals (which, at our option, may be provided in either hard copy or electronic format). (Franchise Agreement, Section VI.A.);
4. Provide you a list of any approved suppliers. We do not assist you with obtaining your equipment, signs, fixtures, opening inventory, and supplies, and we do not deliver or install such items for you, but we will provide you with written lists of approved suppliers and our standards and specifications for such items (Franchise Agreement, Section VI.I.);

5. Conduct an initial training program. (Franchise Agreement, Sections VI.B. and VIII.A.); and

6. Provide you on-site opening assistance (up to a maximum of 21 days), provided that you must reimburse us (up to a maximum of \$35,000) for our costs and expenses related to this assistance. (Franchise Agreement, Section VI.C.).

Post-Opening Obligations: During the operation of your Chuck Lager Restaurant, we will:

1. Conduct periodic evaluations of your operations. (Franchise Agreement, Section VI.E.)
2. Once formed, we will administer an advertising fund and provide any advertising and promotional materials we develop for local advertising. (Franchise Agreement, Sections VI.F. and IX.)
3. Give you any advice and written materials we may develop on the techniques of managing and operating Chuck Lager Restaurants. (Franchise Agreement, Section VI.G.)
4. At our discretion, make available to you at a reasonable cost any merchandise we develop or approve for resale. (Franchise Agreement, Section VI.H.)
5. Give you updated lists of approved suppliers as we deem appropriate. (Franchise Agreement, Section VI.I.)
6. Provide additional training programs and seminars at our option. (Franchise Agreement, Sections VI.B. and VIII.A.)
7. Provide to you, on loan, proprietary software programs (if any) as may be developed by us or on our behalf for use in the System. We reserve the right to charge a reasonable license fee. (Franchise Agreement, Section VI.D.)

Site Selection and Construction

You must identify and secure a site for your Chuck Lager Restaurant within a non-exclusive Designated Area. We do not typically own the premises used for our franchisees' Chuck Lager Restaurants, and we do not typically lease sites to our franchisees. In reviewing your proposed site, we consider various factors, including the condition of the site, the location of the site, population, and other demographic factors. We must accept the site as meeting our standards before you may begin any construction or renovations or use such site for your Chuck Lager Restaurant. You cannot place a Chuck Lager Restaurant at a site we have not first accepted in writing. We share our site selection guidelines to assist you in selecting a site that meets our guidelines. (Section III.A. of Franchise Agreement) Your failure to obtain a site that we accept and open your Chuck Lager Restaurant within the specified time period is a default under the Franchise Agreement for which we may terminate your Franchise Agreement.

When you identify a proposed site, you must submit to us a site submission package, which will include, among other things, a description of the site, evidence that the site satisfies our site selection guidelines, and all other specific information required by us. You will also be required to submit a copy of the proposed lease (which incorporates a rider in substantially the form of Exhibit G to the Franchise Agreement) or contract of sale for the site, and any other information we may require. We have 30 days after we receive all required information to review and accept or not accept the proposed site and lease or

contract of sale. If we accept multiple sites, you must notify us within 5 days of our acceptance of the sites of the site that you intend to acquire for the Chuck Lager Restaurant. (Section III.A. of Franchise Agreement)

Promptly following our acceptance of the site, you must enter into a lease or contract of sale for the site. You must provide us with a copy of the signed lease or contract of sale within 10 days of signing it. (Section III.A. of Franchise Agreement)

If you are developing multiple Chuck Lager Restaurants pursuant to an Area Development Agreement, we will use the same site selection/evaluation criteria (and same timelines) described above in this Item 11 when evaluating each of your proposed restaurant sites, provided that your proposed sites must each be within your applicable development territory, as described in your Area Development Agreement.

You are responsible for obtaining all zoning classifications and clearances which may be required by any laws, ordinances, regulations, or restrictive covenants relating to the construction and operation of the Chuck Lager Restaurant, and you must conform the restaurant premises as needed to comply with any local ordinances and building codes at your expense. (Franchise Agreement, Section III.C.) Before beginning construction of the Chuck Lager Restaurant, you must (i) obtain all approvals, clearances, permits, licenses and certifications required for the lawful construction or remodeling and operation of the Chuck Lager Restaurant, and (ii) certify in writing to us that they have been obtained and that the insurance coverage required under the Franchise Agreement is in full force and effect. (Franchise Agreement, Section III.C.)

You must obtain, at your expense, any architectural, engineering, design, construction and other services you deem necessary for the construction of the Chuck Lager Restaurant. The architect(s) and engineer(s) selected to plan and oversee construction of your Chuck Lager Restaurant must be approved by us before beginning their work on the Chuck Lager Restaurant. We may, but are not obligated to, provide you a list of approved architect(s) and engineer(s). (Franchise Agreement, Section III.D.)

You must adapt our prototypical architectural and design plans and specifications for a Chuck Lager Restaurant as necessary for the construction of your franchised restaurant, and you must submit the adapted plans to us for our review and acceptance or rejection within fifteen (15) days after you acquire the site. We will notify you of any objections to the plans within thirty (30) days of receiving them. If we fail to notify you of an objection to the plans within the thirty (30) day period, you may use the plans. If we object to the plans, we will provide you with a reasonably detailed list of the changes needed to make the plans consistent with System standards. We will notify you within thirty (30) days of receiving revised plans incorporating such changes, whether the revised plans are acceptable. If we fail to notify you of any objection within such thirty (30) day period, you may use the revised plans. Our review of the plans is only for the purpose of determining compliance with System standards. We are not responsible for any errors, omissions or discrepancies of any nature in the plans or for the plans' compliance with any applicable local, state or federal laws, ordinances or regulations (Franchise Agreement, Section III.D.)

We estimate that it will be approximately 180 to 270 days from the time you sign the Franchise Agreement to the time you begin operations. This time period may be shorter or longer depending on the modifications that must be made to the site to accommodate your Chuck Lager Restaurant and other factors, such as delays or difficulties in obtaining financing, building permits, zoning and local ordinances, weather conditions, shortages of materials or delayed installation of equipment, fixtures or signs. You must begin construction of your Chuck Lager Restaurant within 120 days after signing the Franchise Agreement and begin operating the business within 270 days after signing the Franchise

Agreement, unless we give you a written extension. Failure to meet these deadlines may result in termination of your Franchise Agreement (Franchise Agreement, Section III.E and F.)

Advertising

You must participate in a grand opening promotion and all advertising and sales promotion programs that we may authorize or develop for Chuck Lager Restaurants. Your grand opening promotion costs are in addition to the required local advertising expenditures described below (Franchise Agreement, Section IX.D., F.)

Local Advertising

Initially, you must spend at least two percent (2%) of the Chuck Lager Restaurant's Gross Sales for advertising and promotion of the Chuck Lager Restaurant in the Protected Area (See Item 12 for a description of the Protected Area). In our sole discretion on not less than 30 days' written notice, we may increase the amount you must spend on local marketing in the Protected Area; however, you will not be required to spend more than four percent (4%) of the Chuck Lager Restaurant's Gross Sales on local marketing in the Protected Area. Notwithstanding the foregoing, you will not be required to spend more than a maximum of 6% of your Gross Sales between the Advertising Fund and your local marketing requirement.

You must submit to us any reports (including substantiating receipts) detailing your local advertising expenditures that we may require. We may reallocate the proportion of those monies directed to local advertising (individually or through a Cooperative) and to the Fund. You may advertise permitted catering activities only in the Protected Area. (Franchise Agreement, Section IX.)

You must place and pay the cost of a business listing acceptable to us, which may, at our option, be an Internet business listing, in such directories and categories as we may specify from time to time in the Manuals or otherwise in writing. We will not credit your payments for these listings towards your local advertising expenditure requirement. (Franchise Agreement, Section IX.G.)

All advertising and promotions you place in any medium must be conducted professionally, must conform to our standards and requirements and must be approved by us before use, as described in Item 8.

You may not advertise, promote, post or list information relating to the Chuck Lager Restaurant on the Internet (through the creation of a Website or otherwise), but we may, at our option, decide to include information about your Chuck Lager Restaurant on our Website.

We can designate any geographic area in which 2 or more company-owned or franchised Chuck Lager Restaurants are located as a region for an advertising cooperative ("Cooperative"). We may require Cooperatives to be formed, changed, dissolved or merged from time to time. If we do form a Cooperative, the Cooperative must be organized and governed as we determine. Any Cooperatives we authorize will be for the exclusive purpose of administering advertising programs and developing promotional materials for members in local advertising. If a Cooperative is established for an area that includes your Protected Area, you must become a member of the Cooperative and participate in the Cooperative by contributing the amounts required by the Cooperative's governing documents. However, you will not be required to contribute more than the amount you would otherwise be required to spend on local advertising and your Cooperative contribution will be applied toward satisfaction of your local advertising requirement. You must also submit to the Cooperative and to us all statements and reports that we, or the Cooperative, may require. Cooperative contributions will be maintained and administered under the Cooperative's

governing documents and the Cooperative will be operated solely as a conduit for the collection and expenditure of advertising contributions. (Franchise Agreement, Section IX.B.)

Advertising Fund and Regional Advertising

In addition to local advertising (individually or through a Cooperative), we may, at our option, establish an advertising fund (“Fund”) upon written notice to our franchisees, and we intend to implement this Fund at some point in 2023. Once such Fund is established, you must make weekly contributions to the Fund of up to four percent (4%) of the Chuck Lager Restaurant’s Gross Sales. Initially, your weekly contributions will each be an amount equal to two percent (2%) of the Chuck Lager Restaurant’s Gross Sales. In our sole discretion on not less than 30 days’ written notice, we may increase the amount you must contribute to the Fund; provided, however, that you will not be required to contribute more than four percent (4%) of the Chuck Lager Restaurant’s weekly Gross Sales to the Fund. Your required contributions to the Fund are in addition to amounts you are required to spend for local advertising. Notwithstanding the foregoing, you will not be required to spend more than a maximum of 6% of your Gross Sales between the Advertising Fund and your local marketing requirement.

We or someone we designate will administer the Fund. The Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Fund. We will direct all programs financed by the Fund, including the creative concepts, materials, endorsements, and the geographic market and media placement and allocation thereof. We may use the Fund to satisfy the costs of producing video, audio and written advertising materials; administering regional and multi-regional advertising programs; developing and maintaining an Internet website; developing and maintaining gift card, membership and other customer loyalty programs; and supporting public relations, market research and other advertising, promotion and marketing activities.

We are not required to spend any minimum amount of the Fund monies in your Protected Area. We are not required to make expenditures for you that are equivalent or proportionate to your Fund contribution or to ensure that any particular franchisee benefits directly or in proportion to its contribution to the Fund. Except for a portion of the Fund spent on Website development and maintenance (a portion of which may include soliciting the sale of franchises using the Website), the Fund is not used to solicit the sale of franchises. Chuck Lager Restaurants owned by us and our affiliates will contribute to the Fund on the same basis as a franchisee under the terms of a standard franchise agreement for a Chuck Lager Restaurant.

Presently, we anticipate that Fund advertising will be conducted primarily through electronic or print media on a regional basis, and that the majority of our advertising will initially be developed in-house, but we may also use regional or national advertising agencies to produce marketing materials. We may use the Fund to directly place advertising in your local or regional market; however, we also intend to use the Fund to create and prepare marketing materials or advertising programs that will be provided to you so that you may directly place or implement such materials or programs in your local or regional market. Any amounts that you spend to place or implement advertising created by the Fund in your local or regional market will be credited towards your local advertising obligations.

We will not use your Fund contributions to defray any of our operating expenses, except for any reasonable salaries (including salaries paid to our marketing staff members), administrative costs, travel expenses and overhead that we may incur in administering the Fund and its programs. We will prepare an annual statement of the Fund’s operations and will make it available to you if you request it. Any amounts in the Fund that are not spent in the fiscal year in which they accrue will be applied toward

advertising activities or our expenses incurred in administering the Fund and its programs in the following fiscal year. We are not required to have the Fund statements audited.

We may terminate the Fund at any time on 30 days prior written notice to you. If we terminate the Fund, all unspent monies will be distributed to the contributors in proportion to their respective contributions during the preceding 12-month period. (Franchise Agreement, Section IX.C.)

No Fund monies were collected or spent during our last fiscal year, but we will begin collecting Fund contributions (equal to two percent (2%) of weekly Gross Sales) from franchisees at some point during 2023.

We presently do not have an advertising council.

Computer and POS Systems

You must purchase, install and at all times use our designated point of sale computer system at your Chuck Lager Restaurant. If the point of sale computer system is updated or modified by the manufacturer from time to time you may be required to purchase the modified or upgraded version. You must also install and maintain at least five (5) terminals that are capable of running the required point of sale software. The point of sale software is used to generate, compile, store and manage Chuck Lager Restaurant sales information, cost data, and other operational data. You must purchase this software and the related point of sale hardware from a supplier approved by us. The point of sale system costs approximately \$25,000 to \$60,000, depending on the number of terminals needed for your Chuck Lager Restaurant and whether you wish to have a central office terminal for tracking information for multiple restaurants. We reserve the right to require you to pay a periodic helpdesk/maintenance services fee to an approved maintenance and support vendor in connection with maintaining and updating your POS system, but we currently do not require you to spend any minimum amount on helpdesk/maintenance services.

You must also install and maintain a computer at the Chuck Lager Restaurant that has Internet access via high speed internet connection, is capable of running the software we require from time to time and is able to transmit and receive e-mails. We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by Chuck Lager Restaurants.

Except as stated above, neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades or updates to your hardware or software. There are currently no optional or required maintenance/upgrade contracts for the point of sale or computer system, so there are no annual costs that you must incur at this time, but we reserve the right to require such annual maintenance and upgrading contracts in the future. The software programs, point of sale systems and computer hardware used at Chuck Lager Restaurants are designed to enable us to have independent access to the information generated and stored by the system at all times, and there is no contractual limitation on our access to, or use of, the information we obtain from your point of sale and computer systems.

We may revise our specifications for the hardware and any software used in the Chuck Lager Restaurant as we deem necessary, including the designation of specific brands or models of accounting software or other software used for word processing, spreadsheets and other office functions, that you must use in the operation of your Chuck Lager Restaurant. In addition, you must update and upgrade the hardware and software described in this Item 8 from time to time as we require, and you must install any other hardware or software for the operation of the Chuck Lager Restaurant that we may require in the

future, including any enhancements, additions, substitutions, modifications, and upgrades. The licensors of the required software may develop enhancements and upgrades for their programs that you may be required to obtain. We cannot estimate how often those licensors may develop updates, upgrades or enhancements, or whether we will require you to obtain them, or their cost to you. There are, however, no limitations on the frequency and cost of the updates, upgrades or enhancements.

Confidential Operations Manuals

After you sign the Franchise Agreement, we will give you access to a copy of our Manuals (which may be provided only in electronic format, at our option). A copy of the table of contents of the Manuals is attached as Exhibit F to this Disclosure Document. We consider the contents of the Manuals to be proprietary, and you must treat them as confidential. You may not make any copies of the Manuals.

Training

Before the Opening Date of your Chuck Lager Restaurant, your Operating Partner, General Manager (if different from the Operating Partner), Kitchen Manager and up to 4 additional managers must have attended and satisfactorily completed our initial management training program. (Franchise Agreement, Section VIII.A. and Section 6.6 of Development Agreement)

Currently, training is conducted in Wilmington, Delaware (or other company-owned Chuck Lager restaurant designated by us). We provide instructors and training materials at no charge, but you must pay all expenses you and your personnel incur in connection with initial training, including costs of travel, lodging, wages and meals. We may charge a reasonable training fee for training all successor or replacement personnel. (Franchise Agreement, Section VIII.A. and Section 6.6 of Development Agreement)

The materials used in training include the Manuals as well as other presentation materials, including power point presentations. Our training will be directed by Michael Colby, who has served as our CEO and our Managing Member since our inception and has approximately 35+ years of experience in the restaurant industry. Mr. Colby's experience is further described in Item 2 of this Disclosure Document. The training program will be conducted by qualified members of our staff with at least one year of experience, including management personnel and employees. We may also draw upon the experience of other training professionals.

Our initial training program is offered as needed during the year depending on the number of new franchisees entering the System, the number of other personnel needing training, and the scheduled opening of new Chuck Lager Restaurants. The subjects covered and other information relevant to our initial training program are described below.

TRAINING PROGRAM⁽¹⁾

<u>Subject</u>	<u>Classroom Training Hours</u>	<u>On-the-Job Training Hours</u>	<u>Location</u>

Orientation	1 hour	-	Wilmington, Delaware
Identify/Expo/Run food	-	9 hours	Wilmington, Delaware
Porter/Dish	-	30 hours	Wilmington, Delaware
Food Prep	-	30 hours	Wilmington, Delaware
Cook/Pantry	-	30 hours	Wilmington, Delaware
Cook/Pizza	-	30 hours	Wilmington, Delaware
Cook/Fry	-	30 hours	Wilmington, Delaware
Cook/Grill	-	30 hours	Wilmington, Delaware
Cook/Saute	-	30 hours	Wilmington, Delaware
Food Expo	-	30 hours	Wilmington, Delaware
Host	-	20 hours	Wilmington, Delaware
Busser	-	10 hours	Wilmington, Delaware
Bartender	-	20 hours	Wilmington, Delaware
Server/POS Training	-	20 hours	Wilmington, Delaware
Social Marketing /Marketing	-	10 hours	Wilmington, Delaware
Opening Manager/Procedures (includes BOH Computer/POS Procedures)	-	40 hours	Wilmington, Delaware
Shift Manager/Procedures (includes BOH Computer/POS Procedures)	-	20 hours	Wilmington, Delaware
Closing Manager/Procedures (includes BOH Computer/POS Procedures)	-	40 hours	Wilmington, Delaware
TOTALS	1 hour	429 hours	

(1) Our initial training program is subject to change without notice to reflect updates in the

materials, methods and manuals and changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the trainees.

We may require your Operating Partner, General Manager, Kitchen Manager and Assistant Managers to attend additional training programs and seminars. We have the right to charge a reasonable fee for these additional training programs and seminars (i.e. a fee of \$250 per day for each person receiving training/seminars at our headquarters, or \$500 per day per trainer, plus our trainer's costs of travel, lodging, wages and meals, if our trainer(s) conduct on-site additional training or seminars at your location). You must pay all expenses you or your personnel incur in connection with any training program or seminar, including the cost of travel, lodging, wages and meals. (Franchise Agreement, Section VIII.A.)

ITEM 12

TERRITORY

The Franchise Agreement gives you the right to operate a Chuck Lager Restaurant at a site we accept as meeting our site selection guidelines (the "Location"). You must select the site for your Chuck Lager Restaurant from within the non-exclusive "Designated Area" identified in Exhibit C to your Franchise Agreement. The Designated Area will be agreed upon by you and us before your execution of the Franchise Agreement and may range from a portion of a city or an unincorporated area to a single or multi-county area.

Franchise Agreement

If you remain in compliance with the Franchise Agreement and any other agreement you have with us or our affiliates, we and our affiliates will not establish or authorize anyone except you to establish a Chuck Lager Restaurant in the geographic area identified as the "Protected Area" in Exhibit C of the Franchise Agreement (the "Protected Area") during the term of the Franchise Agreement. Your Protected Area will be a circular geographic area having a radius of at least two (2) miles and its center at the front door of your Chuck Lager Restaurant; provided that we may, at our option, modify or reduce the boundaries of your Protected Area at any time upon written notice to you if we determine that traffic patterns, demographic data or other factors indicate that a different size or shape of Protected Area is appropriate. We determine the boundaries of each Protected Area on a case-by-case basis based on various factors, including (i) the population in the surrounding area; (ii) traffic volume and traffic patterns; (iii) proximity to retail centers, residential areas, businesses and other potential customer sources; and (iv) other site-specific data as applicable. The Protected Area will be described in Exhibit C of the Franchise Agreement as a geographic radius. Amusement parks, zoos, parks, aquariums, museums, fairs, theme parks, sports stadiums and arenas, concert venues, convention centers, theaters, casinos, gasoline service stations, highway rest stops and travel plazas, supermarkets, convenience stores, department stores, enclosed shopping centers, airports, bus stations, train stations and other public transportation facilities, hospitals or other health care facilities, schools, colleges, universities and other education facilities, hotels, office buildings, business complexes, military bases and other limited access or captive audience facilities/events and other mass gathering locations ("Reserved Areas") will not be included in the Protected Area even if they fall totally or partially inside the boundaries of the Protected Area.

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.

You cannot relocate the Chuck Lager Restaurant without our consent. If you lose possession of the Location through no fault of your own, you may apply to us for our approval to relocate your Chuck Lager Restaurant to another site in the Protected Area. Such request must be submitted to us as soon as possible (but in no event longer than 10 days) after the date you discover you will be unable to continue the operation of the Chuck Lager Restaurant at the Location.

You are not required to achieve any particular sales volume or market penetration or meet any other contingency to maintain your rights in the Protected Area, but we may, at our option, modify or reduce the boundaries of your Protected Area upon written notice to you at any time if we determine that traffic patterns, demographic data or other factors indicate that a different size or shape of Protected Area is appropriate. We may also reduce your rights in the Protected Area if you breach the Franchise Agreement or other agreement you have with us or our affiliates.

You must operate the Chuck Lager Restaurant only at the Location approved by us. However, you may perform catering services at locations within your Protected Area (excluding Reserved Areas as defined above) if you have purchased all required catering equipment (as determined by us in our sole discretion) and you comply with all of our catering standards and specifications. You may also perform catering services at locations outside your Protected Area if: (a) you have received our prior written consent to do so, (b) such catering services are not performed within another franchisee's protected area; and (c) such services are in response to a customer request. Other than approved catering services, you may not solicit or accept orders from consumers outside the Protected Area through any channels of distribution (including the Internet, catalog sales, telemarketing and other direct marketing sales).

We retain all other rights. Among other things, this means we can:

(i) Operate, and license others to operate, Chuck Lager Restaurants at any location outside the Protected Area and in any Reserved Areas.

(ii) Develop and establish other business systems (including restaurant systems that distribute products or services similar to those offered at Chuck Lager Restaurants) using other names or marks, and grant licenses to use those systems;

(iii) Advertise and promote the System within and outside the Protected Area;

(iv) Conduct, and authorize others to conduct, permitted catering activities outside the Protected Area and within the Protected Area in response to a customer request;

(v) acquire, or be acquired by, any competing system or other third party, including a competing system that has one or more units located within your Protected Area; and

(vi) Within and outside the Protected Area, offer and sell, and authorize others to offer and sell, any similar or dissimilar products and services (under the Marks or under other names or marks) through any channel or by any method of distribution (including the Internet, catalog sales, telemarketing and other direct marketing sales) other than a Chuck Lager Restaurant, on any terms and conditions we deem appropriate, and without any compensation to you.

Development Agreement

Under the Development Agreement, we grant you a designated development territory (“Territory”). We determine the Territory before you sign the Development Agreement based on various market and economic factors like market demographics, the penetration of Chuck Lager Restaurants and similar businesses in the market, the availability of appropriate sites and growth trends in the market. The Territory may be all or a portion of a city, a single or multi-county area, or some other area, and will be described in Attachment E to the Development Agreement. The Territory does not include any Reserved Areas (described above).

You must develop Restaurants in the Territory in accordance with the Development Schedule described in Section 3 of the Development Agreement. You and we agree to the Development Schedule before signing the Development Agreement. If you stop operating any Chuck Lager Restaurant during the term of the Development Agreement, you must develop a replacement Chuck Lager Restaurant within a reasonable time (not to exceed 210 days) after you stop operating the original Chuck Lager Restaurant. If you transfer your interest in a Chuck Lager Restaurant during the term of the Development Agreement in compliance with the related Franchise Agreement for the Chuck Lager Restaurant, the transferred Chuck Lager Restaurant will continue to be counted in determining whether you have complied with the Development Schedule, unless the transferred restaurant is no longer operated as a Chuck Lager Restaurant. In that case, you must develop a replacement Chuck Lager Restaurant with a reasonable time (not to exceed 210 days) after the transferred restaurant ceases to operate as a Chuck Lager Restaurant.

If you comply with the Development Agreement and all other agreements that you or your affiliates have with use or our affiliates, then we and our affiliates will not establish, or authorize anyone except you to establish, a Chuck Lager Restaurant in the Territory during the term of the Development Agreement. We retain all other rights, including, but not limited to, the right (i) to develop and establish other business systems (including restaurant systems that distribute products or services similar to those offered at Chuck Lager Restaurants) using the Marks, or other names or marks, and to grant licenses to use those systems without providing any rights to you, (ii) to advertise and promote the System in the Territory, (iii) to operate, and license others to operate, Chuck Lager Restaurants under the Marks and the System at any location outside the Territory and in any Reserved Area within the Territory, (iv) acquire, or be acquired by, any competing system or other third party, including a competing system that has one or more units located within your Territory, and (v) except for the restriction set forth in the Development Agreement against the establishment of another Chuck Lager Restaurant in the Territory during the term hereof, to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license and sale of any and all food, beverages, or other services and products, under the Marks, or under other names or marks, within and outside the Territory, through any method of distribution, including, but not limited to, mail order catalogs, the Internet, and other permanent, temporary or seasonal food service facilities, vehicles, carts or kiosks (which facilities, etc. may provide, in whole or in part, the products and services offered by a Chuck Lager Restaurant) regardless of the proximity to, or the competitive impact on, your operations in the Territory.

If you fail to comply with the Development Schedule, or otherwise materially default under the Development Agreement, then we may (in addition to our other remedies) terminate or modify your territorial rights, reduce the area of territorial rights, or reduce the number of Chuck Lager Restaurants that you may establish. When the Development Agreement expires or is terminated, you cannot develop additional Chuck Lager Restaurants in the Territory (but you may complete development of and/or operate Chuck Lager Restaurants under then-existing Franchise Agreements), and we may develop or

authorize others to develop Chuck Lager Restaurants in the Territory and exercise all rights not expressly granted to you under your Franchise Agreements.

Except as described above, continuation of any territorial protection does not depend on the achievement of a certain sales volume, market penetration, or other contingency and we may not alter your Territory.

Rights of First Refusal

Except for development rights granted under an Area Development Agreement, we generally do not grant any options, rights of first refusal or similar rights to obtain additional franchises. If you wish to obtain an additional franchise, you must enter into a separate Franchise Agreement for that franchise.

Neither we nor our affiliates have established or have present plans to establish franchises, company-owned outlets or other channels of distribution offering and selling products and services similar to those to be offered by you under different trademarks. There are, however, no restrictions in the Franchise Agreement that would prohibit us from doing so.

You may use the Internet to advertise only on our website and only to the extent expressly permitted under, and in compliance with, the Franchise Agreement.

ITEM 13

TRADEMARKS

The Franchise Agreement gives you a license to operate a Chuck Lager Restaurant under the mark “Chuck Lager” and to use any future Marks we authorize. The Development Agreement does not grant you any rights to use, or interest in, the Marks.

Our affiliate, Chuck Lager’s, LLC, has applied for registration of the following Marks with the U.S. Patent and Trademark Office on the Principal Register. At the appropriate times, Chuck Lager’s, LLC intends to renew the registrations and to file all appropriate affidavits.

Mark	Register	Registration Number	Registration Date	Serial Number	Application Date
CHUCK LAGER	Principal	5887142	October 15, 2019	88312401	Feb. 22, 2019

There is no presently effective determination of the U.S. Patent and Trademark Office, the trademark trial and appeal board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks which is relevant to their ownership, use or licensing.

We know of no superior prior rights or infringing use that could materially affect your use of the Marks, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

Our rights to the Marks and the proprietary System know-how are derived from a nonexclusive perpetual license (the “Intercompany License”) between us and our affiliate, Chuck Lager’s, LLC. The Intercompany License grants us the right to use the Marks and the proprietary information related to the System, such as the know-how and the Manuals, for the purpose of licensing them to our franchisees and fulfilling our obligations under the Franchise Agreement. The Intercompany License is terminable only for material breach of the Intercompany License agreement and only if we do not cure or begin to cure the breach within 90 days after notice. We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.

We are not obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition. We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the Marks if the proceeding is resolved unfavorable to you.

You must promptly notify us of any infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Owners must agree not to communicate with any person other than us, our designated affiliate, and our or their counsel about any infringement, challenge or claim. We or our affiliates have sole discretion to take any action we deem appropriate and the right to exclusively control any litigation, or Patent and Trademark Office (or other) proceeding, from any infringement, challenge or claim concerning any of the Marks. You must sign all instruments and documents and give us any assistance that, in our counsel's opinion, may be necessary or advisable to protect and maintain our interests or those of our affiliates in any litigation or proceeding or to otherwise protect and maintain our or their interest in the Marks.

You may not use any of the Marks as part of your corporate or other name. You must also follow our instructions for identifying yourself as a franchisee and for filing and maintaining the requisite trade name or fictitious name registrations. You must sign any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your Owners may take any action that would prejudice or interfere with the validity of our rights with respect to the Marks and may not contest the validity of our interest in the Marks or assist others to do so.

We have the right to substitute different trade names, service marks, trademarks and indicia of origin for the Marks at any time for any reason, including if the Marks can no longer be used, or if we determine, in our sole discretion, that the substitution will be beneficial to the System. If we do, we may require you to promptly discontinue or modify your use of any Mark or use one or more additional or substitute Marks at your sole expense.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents, and do not have any pending patent applications, that are material to the franchise. We do claim copyright protection and proprietary rights in the original materials used in the System, including our Manuals, bulletins, correspondence and communications with our franchisees, training, advertising and promotional materials, our recipes and seasoning mixes, and other written

materials relating to the operation of Chuck Lager Restaurants and the System. We treat all of this information as trade secrets and you must treat any of this information we communicate to you confidentially.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Franchise Agreement, or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

You and your Owners must agree not to communicate or use our confidential information for the benefit of anyone else during and after the term of the Franchise Agreement. You and your Owners must also agree not to use our confidential information at all after the Franchise Agreement terminates or expires. You and your Owners can give this confidential information only to your employees who need it to operate your Chuck Lager Restaurant. You must have your General Manager and Assistant Managers and any of your other personnel who have received or will have access to our confidential information, sign similar covenants. (See Item 15)

If you or your Owners develop any new concept, process or improvement in the operation or promotion of your Chuck Lager Restaurant, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. You and your Owners agree that any of these concepts, processes or improvements will become our property, and we may use or disclose them to other franchisees, as we determine appropriate.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

When you sign the Franchise Agreement, you must designate an individual to serve as your “Operating Partner.” The Operating Partner must be an individual holding at least a ten percent (10%) ownership interest in you, or, if you are an individual you will be the Operating Partner. The Operating Partner must devote his or her full-time best efforts to operating the Chuck Lager Restaurant(s), must meet our qualifications and must be approved by us in advance. The same person must act as the Operating Partner under your Development Agreement and your Franchise Agreements for all Chuck Lager Restaurants operated by you and, if applicable, your affiliates.

Even if a separate General Manager is approved by us, your Operating Partner must always devote his or her full time and best efforts to the supervision of your operations under the Development Agreement and the Franchise Agreements. Without our written consent, your Operating Partner may not engage in any business other than the development and operation of your Chuck Lager Restaurant(s). Your Operating Partner must satisfy our training requirements and our other standards and must personally guaranty your performance under the Franchise Agreement. Furthermore, each of your current and future owners must personally guaranty your performance under the Franchise Agreement (including your Operating Partner) by signing a Guaranty and Assumption Agreement (“Guaranty”) substantially in the form attached as Exhibit A to the Chuck Lager Franchise Agreement (which is included as Exhibit B to this Disclosure Document), and your owners will be individually, jointly and severally bound by all of your obligations and the obligations of the Operating Partner and an Owner under the Franchise Agreement. (See Item 1) Owners’ spouses must also personally guaranty your performance under the Franchise Agreements and the Development Agreement, if applicable.

At least 30 days before the Chuck Lager Restaurant opens for business, you must designate an individual who meets our qualifications to serve as the restaurant’s General Manager and supervise the operation of your Chuck Lager Restaurant. Your Operating Partner may serve as the General Manager of your Chuck Lager Restaurant, but he or she may not serve as the General Manager for more than one Chuck Lager Restaurant at the same time. With our written consent, you may elect to designate an individual other than your Operating Partner as General Manager. Even if we permit you to designate a General Manager to supervise your operations under the Franchise Agreement, your Operating Partner must actively oversee your operations on a full-time basis and remains ultimately responsible for the General Manager’s performance and the performance of your Chuck Lager Restaurant. The General Manager must devote his or her full time and best efforts to the supervision of your operations under the Franchise Agreement and may not engage in any other business. Each Chuck Lager Restaurant must have a different General Manager.

At least 30 days before the Chuck Lager Restaurant opens for business, you must designate at least the number of Assistant Managers we require, but in no event less than two Assistant Managers. Your Assistant Managers must satisfy our educational and business criteria and must be acceptable to us. The Assistant Managers are responsible for the daily operation and management of the Chuck Lager Restaurant and must devote their full time and best efforts to the business and may not engage in any other business. They must also satisfy the training requirements in the Franchise Agreement.

You must notify us promptly if your Operating Partner or any General Manager or Assistant Manager cannot continue or no longer qualifies to serve as an Operating Partner, General Manager or Assistant Manager, as applicable. You will have 30 days from the date of the notice (or from any date that we independently determine the Operating Partner or General Manager or Assistant Manager no longer meets our standards) to take corrective action acceptable to us. During that 30-day period, you must provide for interim management of your operations in compliance with the Franchise Agreement.

At our request, you must have your General Manager, Assistant Managers and any other personnel who will have access to our training, sign covenants not to compete, and such persons must maintain the confidentiality of information they have access to through their relationship with you. (See Item 14) These covenants will be in substantially the form of Exhibit B to the Franchise Agreement (which is Exhibit B to this Disclosure Document). We have the right, in our sole discretion, to decrease the period of time or geographic scope of the noncompetition covenants or eliminate the noncompetition covenant altogether for any person who must sign an agreement described in this paragraph. (See Item 17)

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

All items you use or sell at the Chuck Lager Restaurant must conform to our standards and specifications. (See Item 8) These are described in our Manuals and other writings. You must not deviate from our standards and specifications unless we first give you our written consent. You must also comply with all applicable laws and regulations and secure all appropriate governmental approvals for the Chuck Lager Restaurant.

You must offer and sell only the menu items, products and services that we have expressly approved in writing, and you must offer and sell each of the menu items, products and services we authorize for sale at Chuck Lager Restaurants. You must stop selling any menu items, products or services that we disapprove in writing. There is no limit on our right to add or remove items from our standard menu and you must promptly comply with any changes that we make to the menu. You must prepare all menu items using the procedures for preparation contained in our Manuals or other written instructions. You must not use or offer nonconforming items, unless we first give you our written consent. You must open and operate the Chuck Lager Restaurant during the hours we specify in the Manual or otherwise in writing.

We may make available to you and may require you to purchase from us or our designated supplier for resale to your customers certain merchandise, like Chuck Lager memorabilia and clothing, in amounts necessary to meet your customer demand.

Although you are only granted the right to operate a Chuck Lager Restaurant at the Location, you must use the method, manner and style of distribution that we may in the future prescribe in writing, in the Manuals or otherwise, including, dine-in, carry-out, and catering services. You must comply with the terms of any distribution program and sign any documents or instruments that we require.

You may only install and offer at your Chuck Lager Restaurant such equipment, machines, games and activities (such as vending machines, video games or other devices) as we have expressly approved in the Manuals or otherwise in writing.

We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services.

We do not impose any other restrictions in the Franchise Agreement or otherwise on the goods or services that you may offer or sell or the customers to whom you may offer or sell.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section IV.A	15-year initial term
b. Renewal or extension of the term	Section IV.B	Three additional 15-year terms
c. Requirements for franchisee to renew or extend	Section IV.B	Your renewal right permits you to remain as a franchisee after the initial term of your franchise agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current form of franchise agreement, which may have materially different terms and conditions than those in your original Franchise Agreement. Other requirements are: Give written notice; update the Chuck Lager Restaurant and required items; not be in default; pay all money owed; retain right to Location; pay us a renewal fee; sign general release; comply with our then-current standards, and remodel as required to meet our then-current standards for building design, image and décor, qualifications and training requirements.
D. Termination by franchisee	Not Applicable	Not Applicable (your termination rights are subject to state law)
e. Termination by franchisor without cause	Not Applicable	Not Applicable

Provision	Section in Franchise Agreement	Summary
f. Termination by franchisor with cause	Section XVIII.	We may terminate on your default.
g. “Cause” defined – curable defaults	Section XVIII.C.	For any default except those specified as noncurable, you will have 30 days to cure except for shorter cure periods for the following defaults: (5 days for failure to submit a required report or pay monies; 24 hours for misuse of the Marks; 7 days if you fail to obtain the required insurance coverages; 10 days if you fail to comply with the noncompetition covenants; 10 days if you fail to secure any required license(s), including but not limited to, any required liquor license, by the date the Chuck Lager Restaurant is ready and/or required to open for business); or 10 days if you fail to comply with applicable laws relating to the sale of alcoholic beverages at the Chuck Lager Restaurant; or commit any act or omission which results in the suspension or prohibition of alcohol sales at the Chuck Lager Restaurant for more than 10 consecutive days.
h. “Cause” defined – non-curable defaults	Sections XVIII.A. and XVIII.B.	Insolvency; general assignment for benefit of creditors; bankruptcy; receivership; final judgment remains unsatisfied for 30 days or more; dissolution; execution of levy or sale after levy; foreclosure proceedings not dismissed within 30 days; operation of Chuck Lager Restaurant at location that we have not accepted; failure to construct the Chuck Lager Restaurant in accordance with requirements; failure to begin business within the required time period; abandonment or forfeiture of right to do business; conviction (or no contest plea) of certain crimes; threat to public health or safety; unauthorized transfer; failure to comply with certain confidentiality

Provision	Section in Franchise Agreement	Summary
		covenants; false records or submission of false reports; breach of any covenants or false representations; failure to comply with quality assurance program or any failure or refusal to allow inspection by Franchisor; default under any other Chuck Lager franchise agreement (provided that a default under a Chuck Lager area development agreement will not trigger a default under your Chuck Lager franchise agreement) and failure to cure; repeated defaults whether or not cured; assets, property or interests “blocked” under any terrorism laws or regulations or other violation of such laws or regulations.
i. Franchisee’s obligations on termination/nonrenewal	Section XIX.	Stop operating your Chuck Lager Restaurant and using the System’s confidential methods, procedures, techniques and marks; cancel any registration containing the Marks; not use any imitation of the Marks; pay amounts due and our damages and enforcement costs; comply with confidentiality and non-competition covenants; return all Manuals and other proprietary materials; furnish list of advertising/sales promotion materials bearing the Marks; at our option, sell or assign us your rights in business telephone numbers, advertising and promotional materials, furnishings equipment, and the premises; modify the appearance of the Chuck Lager Restaurant.
j. Assignment of contract by franchisor	Section XV.A.	We may transfer our rights without restriction.

Provision	Section in Franchise Agreement	Summary
k. “Transfer” by franchisee – defined	Sections XV.B. and XV.C.	You must not transfer any direct or indirect interest in you, the Franchise Agreement or the assets of the franchised business without our consent.
L. Franchisor’s approval of transfer by franchisee	Section XV.B.	We must consent and you must meet conditions before transferring.
m. Conditions for franchisor approval of transfer	Section XV.B.	Pay all amounts due; not be in default; sign a general release; pay transfer fee; remain liable for pre-transfer obligations. Transferee must meet our criteria, complete required training, guarantee obligations; enter into then-current franchise agreement and upgrade the Chuck Lager Restaurant.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section XV.D.	On 30 days written notice, we have the option to purchase an interest being transferred on the same terms and conditions offered by a third party.
o. Franchisor’s option to purchase franchisee’s business	Sections XIX.A(8) and (9) and XIX.B.	Upon termination or expiration we have the option to purchase your advertising materials bearing the Marks at your cost. We have the option to acquire the Location and the assets of the Chuck Lager Restaurant from you (subject to any rights of approval retained by the owner of the leasehold) at fair market value. If you own the land where the Chuck Lager Restaurant is located, we have the option to lease the land (and any building on the land used for the operation of the Chuck Lager Restaurant), at a reasonable commercial rent. We have the option to have the lease for the premises of the Chuck Lager Restaurant assigned to us.

Provision	Section in Franchise Agreement	Summary
p. Death or disability of franchisee	Section XV.E.	On death or permanent disability of you or an Owner the person's interest must be transferred to someone we approve within 6 months.
q. Non-competition covenants during the term of the franchise	Section XI.C.(1)	You may not divert any of your business or customers to a competitor or operate or have an interest in a business which is similar to the franchised business.
R. Non-competition covenants after the franchise is terminated or expires	Sections XI.C.(2)	For 2 years you may not divert any of your business or customers to a competitor or have an interest in any business that is similar to the franchised business at the Location, within the Protected Area, within a 25-mile radius of your Location, or within a 25-mile radius of any Chuck Lager Restaurant then in existence or under construction.
s. Modification of the agreement	Sections XI.A. and XX.O.	The Franchise Agreement may only be modified by mutual agreement signed by both parties. You must comply with the Manuals as amended.
t. Integration/merger clause	Section XX.O.	Only the terms of the Franchise Agreement, this disclosure document and other related written agreements signed by the parties are binding. No other representations or promises are binding.
u. Dispute resolution by arbitration or mediation	Section XX.F.	<i>Unless contrary to applicable state law:</i> Claims, controversies or disputes from or relating to the Franchise Agreement must be mediated, except for actions we bring for monies owed, injunctive or other equitable relief, or relief relating to real property.

Provision	Section in Franchise Agreement	Summary
V. Choice of forum	Sections XX.F. and XX.G.	Subject to applicable state law, mediation at the American Arbitration Association offices nearest to our principal place of business, except actions for monies owed, injunctive relief, or relief related to real property, the Marks or confidentiality information. Subject to applicable state law, venue for any litigation is the state courts in Burlington County, New Jersey, and Federal Courts in the District of New Jersey. Subject to applicable state law, any dispute or action between you and us will be of our and your individual claims. Subject to applicable state law, none of your claims will be litigated on a class-wide basis or otherwise consolidated with any claims of any third parties.
w. Choice of law	Section XX.H.	New Jersey law will govern (subject to applicable state law), except that New Jersey's conflict of law rules do not apply.

The following table lists certain important provisions of the Development Agreement and related agreements. You should read these provisions in the agreement attached to this Disclosure Document.

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Section 4	The earlier of (a) the date your development obligations are complete or (b) 12:00 Midnight on the last day of the Development Schedule
b. Renewal or extension of the term	Section 3	Development Agreements are generally not renewed, but we may extend the term of the Development Agreement to allow you to develop a replacement Chuck Lager Restaurant in some cases.
c. Requirements for franchisee to renew or extend	Section 3	If the Development Agreement is extended to permit you to develop a replacement Chuck Lager Restaurant, you must timely develop a replacement Chuck Lager Restaurant.
d. Termination by franchisee	Not Applicable	Not Applicable (your termination rights are subject to state law)
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Sections 7.1 to 7.3	We may terminate on your default.
g. “Cause” defined – curable defaults	Sections 7.2 and 7.3	For any default except those specified as noncurable you have 30 days to cure (except only 5 days for failure to submit a required report or pay monies, and only 24 hours for misuse of the Marks).
h. “Cause” defined – non-curable defaults	Section 7.1	Insolvency; general assignment for benefit of creditors; bankruptcy; receivership; final judgment remains unsatisfied for 30 days or more; dissolution; execution of levy or sale after levy; foreclosure proceedings not dismissed within 30 days; failure to qualify for grant of license, comply with development schedule, develop

Provision	Section in Development Agreement	Summary
		replacement restaurant or execute a required Franchise Agreement; conviction of certain crimes; threat to public health or safety; unauthorized transfer; failure to comply with certain confidentiality covenants; false records or submission of false reports; breach of any covenants or false representations; failure to effect approved transfer upon death or permanent disability; misuse of the Marks; assets, property or interests “blocked” under any terrorism laws or regulations or other violation of such laws or regulations; or a default, and failure to timely cure such default, under any Chuck Lager franchise agreement.
i. Franchisee’s obligations on termination/nonrenewal	Section 7.6	You will have no right to establish or operate any Chuck Lager Restaurant for which a Franchise Agreement has not been signed; you must pay amounts due and our damages and enforcement costs; and comply with confidentiality and non-competition covenants.
j. Assignment of contract by franchisor	Section 8.1	We may transfer our rights without restriction.
k. “Transfer” by franchisee – defined	Section 8.2	You must not transfer any direct or indirect interest in you, the Development Agreement or the assets of the franchised business without our consent.
l. Franchisor’s approval of transfer by franchisee	Section 8.2	We must consent and you must meet conditions before transferring.
m. Conditions for franchisor approval of transfer	Section 8.2	Pay all amounts due; not be in default; sign a general release; pay transfer fee; remain liable for pre-transfer obligations. Transferee must meet our

Provision	Section in Development Agreement	Summary
		criteria, complete required training, guaranty obligations; enter into then-current development agreement and pay training, legal and accounting costs associated with transfer.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 8.5	On 30 days written notice, we have the option to purchase an interest being transferred on the same terms and conditions offered by a third party.
o. Franchisor's option to purchase franchisee's business	Not Applicable	No Applicable
p. Death or disability of franchisee	Section 8.6	On death or permanent disability of you or an Owner, the person's interest must be transferred to someone we approve within 6 months.
q. Non-competition covenants during the term of the franchise	Section 9.2	You may not operate or have an interest in a business which is similar to the franchised business.
r. Non-competition covenants after the franchise is terminated or expires	Sections 9.2	For 2 years you may not divert any of your business or customers to a competitor or have an interest in any business that is similar to the franchised business within your Territory or within a 25-mile radius of the location of any Chuck Lager Restaurant then in existence or under construction.
s. Modification of the agreement	Section 12.2	The Development Agreement may only be modified by mutual agreement signed by both parties. You must comply with the Manuals as amended.
t. Integration/merger clause	Section 12.2	Only the terms of the Development Agreement, this disclosure document and other related written agreements signed by the parties are binding. No other representations or promises are binding.

Provision	Section in Development Agreement	Summary
u. Dispute resolution by arbitration or mediation	Section 12.6	<i>Unless contrary to applicable state law:</i> Claims, controversies or disputes from or relating to the Development Agreement must be mediated, except for actions we bring for monies owed, injunctive or other equitable relief, or relief relating to real property.
v. Choice of forum	Section 12.7	Subject to applicable state law, mediation at the American Arbitration Association offices nearest to our principal place of business, except actions for monies owed, injunctive relief, or relief related to real property, the Marks or confidentiality information. Subject to applicable state law, venue for any litigation is the state or federal courts in the county or judicial district in which our principal place of business is located (currently Burlington County, New Jersey); provided, however, with respect to any action which includes injunctive relief or other extraordinary relief, we may bring such action in any court in any state which has jurisdiction (subject to applicable state law).
w. Choice of law	Section 12.8	New Jersey law will govern (subject to applicable state law), except that New Jersey's conflict of law rules do not apply.

The Franchise Agreement and Development Agreement contain a number of provisions that may affect your legal rights, including a waiver of a right to a jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Franchise Agreement Section XX and Development Agreement Section 12. We recommend that you carefully review all of these provisions with a lawyer.

A provision in the Franchise Agreement or Development Agreement which terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

Please refer to the disclosure addenda and contractual amendments appended to this Disclosure Document for additional terms that may be required under applicable state law. Please note, though, that if you would not otherwise be covered under those state laws by their own terms, then you will not be covered merely because we have given you an addendum that describes the provisions of those state laws.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote the 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 Franchise Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Craig Colby at 26 Easton Way, Hainesport, New Jersey 08036 or (844) 426-5297, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2020 to 2022⁽¹⁾

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised ⁽²⁾	2020	0	1	+1
	2021	1	1	0
	2022	1	1	0
Company-Owned	2020	1	2	+1
	2021	2	2	0
	2022	2	3	+1
Total Outlets	2020	1	3	+2
	2021	3	3	0
	2022	3	4	+1

Note 1: All numbers are as of our fiscal year end, which ends on December 31st.

Note 2: In addition to the one franchised unit currently operating in Florida, during our fiscal year 2022 we signed two Area Development Agreements for the development of multiple Chuck Lager restaurants to be located in the State of Florida.

Table No. 2
Transfers of Franchised Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets⁽¹⁾
For years 2020 to 2022

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Florida	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

Note 1: In addition to the one franchised unit currently operating in Florida, during our fiscal year 2022 we signed two Area Development Agreements for the development of multiple Chuck Lager restaurants to be located in the State of Florida.

Table No. 4
Status of Company-Owned Outlets
For years 2020 to 2022⁽¹⁾

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of Year
Delaware	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
New Jersey	2019	0	1	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Illinois	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Totals	2019	1	1	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	1	0	0	0	3

Notes:

1. All numbers are as of our fiscal year end, which ends on December 31st.

Table No. 5
Projected Unit Franchise Openings As Of December 31, 2022

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In the Current Fiscal Year
Florida	2	3	0
Illinois	0	2	0
Total	2	5	0

The name and business address and telephone number of each of our current franchisees and area developers is attached to this Disclosure Document as Exhibit D.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee and area developer who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document is listed on Exhibit E to this Disclosure Document.

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

As of the date of this Disclosure Document, we are not offering any existing franchised outlets to prospective franchisees, including those that either have been reacquired by us or are still being operated by current franchisees pending a transfer. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this Disclosure Document.

As of the date of this Disclosure Document, we have no current or former franchisees who have signed provisions restricting their ability to speak openly to you about their experience with the Chuck Lager franchise system.

As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with the Chuck Lager franchise system.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit A are our audited financial statements for our fiscal years ended December 31, 2020; December 31, 2021 and December 31, 2022, respectively. Our fiscal year ends on December 31.

ITEM 22

CONTRACTS

Attached to this Disclosure Document as Exhibit B is a copy of the current Chuck Lager form of Franchise Agreement (with attachments), and attached as Exhibit C is a copy of the Development Agreement (with attachments).

ITEM 23

RECEIPTS

Attached as the last 2 pages of this Disclosure Document are duplicate Receipt pages to be signed by you. Keep one for your records and return the other one to us.

EXHIBIT A TO THE FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

CHUCK LAGER'S FRANCHISING, LLC
FINANCIAL STATEMENTS

December 31, 2020 and 2019

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To the Members
of Chuck Lager's Franchising, LLC

We have audited the accompanying financial statements of Chuck Lager's Franchising, LLC (a Delaware limited liability company), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income (loss), changes in members' equity (deficit) and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Chuck Lager's Franchising, LLC as of December 31, 2020 and 2019, and the results of its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Haynie & Company

*Dallas, Texas
March 8, 2021*

CHUCK LAGER'S FRANCHISING, LLC
Balance Sheets
As of December 31, 2020 and 2019

ASSETS		<u>2020</u>	<u>2019</u>
<i>Current assets</i>			
Cash and cash equivalents	\$	<u>110</u>	\$ <u>156</u>
Total current assets		<u>110</u>	<u>156</u>
 Total assets	\$	<u><u>110</u></u>	\$ <u><u>156</u></u>
LIABILITIES AND MEMBERS' EQUITY			
<i>Current liabilities</i>			
Accounts payable	\$	<u>525</u>	\$ <u>125</u>
Total current liabilities		<u>525</u>	<u>125</u>
 <i>Long term liabilities</i>			
Due to related party		<u>41,289</u>	<u>17,888</u>
Total long term liabilities		<u>41,289</u>	<u>17,888</u>
 Total liabilities		<u>41,814</u>	<u>18,013</u>
 Members' equity (deficit)		<u>(41,704)</u>	<u>(17,857)</u>
 Total liabilities and members' equity	\$	<u><u>110</u></u>	\$ <u><u>156</u></u>

See independent accountants' audit report and notes to financial statements.

CHUCK LAGER'S FRANCHISING, LLC
Statements of Income (Loss)
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers	\$ -	\$ -
Total revenue	<u>-</u>	<u>-</u>
Expenses		
Bank fees	73	3
Interest expense	8	-
Office expenses	20	-
Professional fees	14,619	17,386
Taxes and licenses	1,050	250
Training expenses	4,867	-
Travel expenses	3,210	-
Total expenses	<u>23,847</u>	<u>17,639</u>
Net loss	\$ <u><u>(23,847)</u></u>	\$ <u><u>(17,639)</u></u>

See independent accountants' audit report and notes to financial statements.

CHUCK LAGER'S FRANCHISING, LLC
Statements of Changes in Members' Equity (Deficit)
For the Years Ended December 31, 2020 and 2019

<i>Beginning balance, January 1, 2019</i>	\$ (218)
<i>Net loss</i>	<u>(17,639)</u>
<i>Ending balance, December 31, 2019</i>	\$ <u>(17,857)</u>
<i>Net loss</i>	<u>(23,847)</u>
<i>Ending balance, December 31, 2020</i>	\$ <u><u>(41,704)</u></u>

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

CHUCK LAGER'S FRANCHISING, LLC
Statements of Cash Flow
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<i>Cash flows from operating activities:</i>		
<i>Net loss</i>	\$ (23,847)	\$ (17,639)
<i>Adjustments to reconcile net loss to net cash provided by operating activities:</i>		
<i>Changes in:</i>		
<i>Accounts payable</i>	<u>400</u>	<u>(93)</u>
<i>Net cash used in operating activities</i>	<u>(23,447)</u>	<u>(17,732)</u>
<i>Cash flows from financing activities:</i>		
<i>Loan from related parties</i>	<u>23,401</u>	<u>17,888</u>
<i>Net cash provided by financing activities</i>	<u>23,401</u>	<u>17,888</u>
<i>Net increase in cash and cash equivalents</i>	<u>(46)</u>	<u>156</u>
<i>Cash and cash equivalents at beginning of year</i>	<u>156</u>	<u>-</u>
<i>Cash and cash equivalents at end of year</i>	<u>\$ 110</u>	<u>\$ 156</u>
<i>Supplemental disclosures of cash flow information:</i>		
<i>Cash was paid during the year for:</i>		
<i>Interest</i>	<u>\$ -</u>	<u>\$ -</u>
<i>Income taxes</i>	<u>\$ -</u>	<u>\$ -</u>

See independent accountants' audit report and notes to financial statements.

CHUCK LAGER'S FRANCHISING, LLC

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of Chuck Lager's Franchising, LLC (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements.

Nature of Operations

Chuck Lager's Franchising, LLC (the "Company") is a Delaware limited liability company headquartered in Southamptn, NJ. The Company was incorporated in July 2016 to franchise Chuck Lager restaurants across the United States.

Basis of Accounting

The financial statements of the Company have been prepared in accordance with accounting standards generally accepted in the United States of America. As such, revenues are recorded under the applicable accounting standards.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and demand deposits.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Federal Income Taxes

The Company is taxed as a pass-through entity under the Internal Revenue Code. Accordingly, income from the Company is passed through to the individual members. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

The Company is subject to routine audits by taxing jurisdictions. Management believes it is no longer subject to income tax examinations for years prior to 2017.

Date of Management's Review of Subsequent Events

Subsequent events were evaluated through March 8, 2020, which is the date the financial statements were available to be issued.

Note 2 – Related Party Transactions

As of December 31, 2020 and 2019, the Company has payables due to related parties in the amount of \$41,289 and \$17,888, respectively. These related parties include a member and two entities with common ownership.

CHUCK LAGER'S FRANCHISING, LLC

Notes to Financial Statements

Note 3 – Subsequent Events

The Company evaluated its December 31, 2020 financial statements for subsequent events through the date the financial statements were issued. As a result of the spread of the COVID-19 corona virus, economic uncertainties have arisen which may negatively impact the Company's performance in the current and future periods. Other financial impacts could occur though such potential impact is unknown at this time.

CHUCK LAGER'S FRANCHISING, LLC

FINANCIAL STATEMENTS

December 31, 2021 and 2020



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INDEPENDENT AUDITORS' REPORT

To the Members
of Chuck Lager's Franchising, LLC

We have audited the accompanying financial statements of Chuck Lager's Franchising, LLC (a Delaware limited liability company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income (loss), changes in members' equity (deficit) and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Chuck Lager's Franchising, LLC as of December 31, 2021 and 2020, and the results of its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Haynie & Company

*Dallas, Texas
April 29, 2022*

CHUCK LAGER'S FRANCHISING, LLC
Balance Sheets
As of December 31, 2021 and 2020

ASSETS		<u>2021</u>	<u>2020</u>
<i>Current assets</i>			
Cash and cash equivalents	\$	<u>115,121</u>	\$ <u>110</u>
Total current assets		<u>115,121</u>	<u>110</u>
 Total assets	 \$	 <u>115,121</u>	 \$ <u>110</u>
 <i>LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</i>			
<i>Current liabilities</i>			
Accounts payable	\$	<u>8,445</u>	\$ <u>525</u>
Total current liabilities		<u>8,445</u>	<u>525</u>
 <i>Long term liabilities</i>			
Due to related party		<u>17,571</u>	<u>41,289</u>
Total long term liabilities		<u>17,571</u>	<u>41,289</u>
 Total liabilities		 <u>26,016</u>	 <u>41,814</u>
 Members' equity (deficit)		 <u>89,105</u>	 <u>(41,704)</u>
 Total liabilities and members' equity (deficit)	 \$	 <u>115,121</u>	 \$ <u>110</u>

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

CHUCK LAGER'S FRANCHISING, LLC
Statements of Income (Loss)
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<i>Revenue from contracts with customers</i>		
<i>Royalties</i>	\$ 202,070	\$ -
<i>Total revenue</i>	<u>202,070</u>	<u>-</u>
<i>Expenses</i>		
<i>Bank fees</i>	45	73
<i>Franchise shows and meetings</i>	6,500	-
<i>Interest expense</i>	-	8
<i>Office expenses</i>	21	20
<i>Professional fees</i>	22,483	14,619
<i>Taxes and licenses</i>	950	1,050
<i>Training expenses</i>	-	4,867
<i>Travel expenses</i>	1,262	3,210
<i>Total expenses</i>	<u>31,261</u>	<u>23,847</u>
<i>Net income (loss)</i>	<u>\$ 170,809</u>	<u>\$ (23,847)</u>

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

CHUCK LAGER'S FRANCHISING, LLC
Statements of Changes in Members' Equity (Deficit)
For the Years Ended December 31, 2021 and 2020

<i>Balance at January 1, 2020</i>	\$ (17,857)
<i>Net loss for the year ended December 31, 2020</i>	<u>(23,847)</u>
<i>Balance at December 31, 2020</i>	(41,704)
<i>Net income for the year ended December 31, 2021</i>	170,809
<i>Members' distributions</i>	<u>(40,000)</u>
<i>Balance at December 31, 2021</i>	\$ <u><u>89,105</u></u>

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

CHUCK LAGER'S FRANCHISING, LLC
Statements of Cash Flow
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<i>Cash flows from operating activities:</i>		
<i>Net income (loss)</i>	\$ 170,809	\$ (23,847)
<i>Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:</i>		
<i>Changes in:</i>		
<i>Accounts payable</i>	<u>7,920</u>	<u>400</u>
<i>Net cash provided (used) in operating activities</i>	<u>178,729</u>	<u>(23,447)</u>
<i>Cash flows from financing activities:</i>		
<i>Loan from (to) related parties</i>	(23,718)	23,401
<i>Member distributions</i>	<u>(40,000)</u>	<u>-</u>
<i>Net cash provided (used) by financing activities</i>	<u>(63,718)</u>	<u>23,401</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	<u>115,011</u>	<u>(46)</u>
<i>Cash and cash equivalents at beginning of year</i>	<u>110</u>	<u>156</u>
<i>Cash and cash equivalents at end of year</i>	<u><u>\$ 115,121</u></u>	<u><u>\$ 110</u></u>
<i>Supplemental disclosures of cash flow information:</i>		
<i>Cash was paid during the year for:</i>		
<i>Interest</i>	<u>\$ -</u>	<u>\$ -</u>
<i>Income taxes</i>	<u>\$ -</u>	<u>\$ -</u>

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

CHUCK LAGER'S FRANCHISING, LLC

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of Chuck Lager's Franchising, LLC (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements.

Nature of Operations

Chuck Lager's Franchising, LLC (the "Company") is a Delaware limited liability company headquartered in Southampton, NJ. The Company was incorporated in July 2016 to franchise Chuck Lager restaurants across the United States.

Basis of Accounting

The financial statements of the Company have been prepared in accordance with accounting standards generally accepted in the United States of America. As such, revenues are recorded under the applicable accounting standards.

Revenue Recognition

Effective January 1, 2019, the Company adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606) and related amendments, which creates a single source of revenue guidance for all companies in all industries and is more principles-based than previous revenue guidance. Under ASU 2014-09, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company adopted the standard using the modified retrospective approach, results for reporting periods beginning after January 1, 2019 are presented under Topic 606.

The Company's revenues consist of franchise fees, royalties, technology fees and other fees. Franchise fees consist of initial fees related to opening a new franchise; therefore, earned upon store opening. Royalty income is equal to 5.5% of franchisee gross sales, billed and collected on a monthly basis.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and demand deposits.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Federal Income Taxes

The Company is taxed as a pass-through entity under the Internal Revenue Code. Accordingly, income from the Company is passed through to the individual members. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

The Company is subject to routine audits by taxing jurisdictions. Management believes it is no longer subject to income tax examinations for years prior to 2018.

CHUCK LAGER'S FRANCHISING, LLC

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies, continued

Date of Management's Review of Subsequent Events

Subsequent events were evaluated through April 29, 2022, which is the date the financial statements were available to be issued.

Note 2 – Related Party Transactions

As of December 31, 2021 and 2020, the Company has payables due to related parties in the amount of \$17,571 and \$41,289, respectively. These related parties include a member and two entities with common ownership.

Note 3 – Subsequent Events

The Company evaluated its December 31, 2021 financial statements for subsequent events through the date the financial statements were issued. As a result of the spread of the COVID-19 corona virus, economic uncertainties have arisen which may negatively impact the Company's performance in the current and future periods. Other financial impacts could occur though such potential impact is unknown at this time.

CHUCK LAGER'S FRANCHISING, LLC

FINANCIAL STATEMENTS

December 31, 2022 and 2021



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INDEPENDENT AUDITORS' REPORT

To the Members
of Chuck Lager's Franchising, LLC

Opinion

We have audited the accompanying financial statements of Chuck Lager's Franchising, LLC (a Delaware limited liability company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in members' equity (deficit) and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Chuck Lager's Franchising, LLC as of December 31, 2022 and 2021, and the results of its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Haynie & Company

Dallas, Texas
April 28, 2023

CHUCK LAGER'S FRANCHISING, LLC
Balance Sheets
As of December 31, 2022 and 2021

ASSETS		<u>2022</u>	<u>2021</u>
<i>Current assets</i>			
Cash and cash equivalents	\$	<u>129,372</u>	\$ <u>115,121</u>
Total current assets		<u>129,372</u>	<u>115,121</u>
 Total assets	\$	<u><u>129,372</u></u>	\$ <u><u>115,121</u></u>
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)			
<i>Current liabilities</i>			
Accounts payable	\$	-	\$ 8,445
Deferred revenue		<u>150,000</u>	<u>-</u>
Total current liabilities		<u>150,000</u>	<u>8,445</u>
 <i>Long term liabilities</i>			
Due to related party		<u>17,597</u>	<u>17,571</u>
Total long term liabilities		<u>17,597</u>	<u>17,571</u>
 Total liabilities		<u>167,597</u>	<u>26,016</u>
 Members' (deficit) equity		<u>(38,225)</u>	<u>89,105</u>
 Total liabilities and members' equity (deficit)	\$	<u><u>129,372</u></u>	\$ <u><u>115,121</u></u>

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

CHUCK LAGER'S FRANCHISING, LLC
Statements of Income
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<i>Revenue from contracts with customers</i>		
Royalties	\$ 203,546	\$ 202,070
Franchise fees	-	-
Total revenue	<u>203,546</u>	<u>202,070</u>
<i>Expenses</i>		
Advertising and promotion	1,427	-
Bank fees	42	45
Franchise shows and meetings	9,495	6,500
Interest expense	10	-
Office expenses	20	21
Professional fees	105,321	22,483
Taxes and licenses	8,733	950
Travel expenses	5,828	1,262
Total expenses	<u>130,876</u>	<u>31,261</u>
Net income	<u>\$ 72,670</u>	<u>\$ 170,809</u>

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

CHUCK LAGER'S FRANCHISING, LLC
Statements of Changes in Members' Equity (Deficit)
For the Years Ended December 31, 2022 and 2021

<i>Balance at January 1, 2021</i>	\$	(41,704)
<i>Net income for the year ended December 31, 2021</i>		170,809
<i>Members' distributions</i>		<u>(40,000)</u>
<i>Balance at December 31, 2021</i>		89,105
<i>Net income for the year ended December 31, 2022</i>		72,670
<i>Members' distributions</i>		<u>(200,000)</u>
<i>Balance at December 31, 2022</i>	\$	<u><u>(38,225)</u></u>

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

CHUCK LAGER'S FRANCHISING, LLC
Statements of Cash Flow
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<i>Cash flows from operating activities:</i>		
<i>Net income</i>	\$ 72,670	\$ 170,809
<i>Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:</i>		
<i>Changes in:</i>		
<i>Accounts payable</i>	(8,445)	7,920
<i>Deferred revenue</i>	150,000	-
<i>Net cash provided in operating activities</i>	<u>214,225</u>	<u>178,729</u>
<i>Cash flows from financing activities:</i>		
<i>Loan from (to) related parties</i>	26	(23,718)
<i>Member distributions</i>	(200,000)	(40,000)
<i>Net cash used by financing activities</i>	<u>(199,974)</u>	<u>(63,718)</u>
<i>Net increase in cash and cash equivalents</i>	<u>14,251</u>	<u>115,011</u>
<i>Cash and cash equivalents at beginning of year</i>	<u>115,121</u>	<u>110</u>
<i>Cash and cash equivalents at end of year</i>	<u>\$ 129,372</u>	<u>\$ 115,121</u>
<i>Supplemental disclosures of cash flow information:</i>		
<i>Cash was paid during the year for:</i>		
<i>Interest</i>	\$ <u>-</u>	\$ <u>-</u>
<i>Income taxes</i>	\$ <u>-</u>	\$ <u>-</u>

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

CHUCK LAGER'S FRANCHISING, LLC

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of Chuck Lager's Franchising, LLC (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements.

Nature of Operations

Chuck Lager's Franchising, LLC (the "Company") is a Delaware limited liability company headquartered in Southampton, NJ. The Company was incorporated in July 2016 to franchise Chuck Lager restaurants across the United States.

Basis of Accounting

The financial statements of the Company have been prepared in accordance with accounting standards generally accepted in the United States of America. As such, revenues are recorded under the applicable accounting standards.

Revenue Recognition

Effective January 1, 2019, the Company adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606) and related amendments, which creates a single source of revenue guidance for all companies in all industries and is more principles-based than previous revenue guidance. Under ASU 2014-09, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company adopted the standard using the modified retrospective approach, results for reporting periods beginning after January 1, 2019 are presented under Topic 606.

The Company's revenues consist of franchise fees, royalties, technology fees and other fees. Franchise fees consist of initial fees related to opening a new franchise; therefore, earned upon store opening. Royalty income is equal to 5.5% of franchisee gross sales, billed and collected on a monthly basis.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and demand deposits.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Federal Income Taxes

The Company is taxed as a pass-through entity under the Internal Revenue Code. Accordingly, income from the Company is passed through to the individual members. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

The Company is subject to routine audits by taxing jurisdictions. Management believes it is no longer subject to income tax examinations for years prior to 2019.

CHUCK LAGER'S FRANCHISING, LLC

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies, continued

Date of Management's Review of Subsequent Events

Subsequent events were evaluated through April 28, 2023, which is the date the financial statements were available to be issued.

Note 2 – Related Party Transactions

As of December 31, 2022 and 2021, the Company has payables due to related parties in the amount of \$17,597 and \$17,571, respectively. These related parties include a member and two entities with common ownership. This amount represents loans from the related party for operations.

EXHIBIT B TO THE FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

Store No. : _____

CHUCK LAGER
FRANCHISE AGREEMENT

Exhibit B to Franchise Disclosure Document issued as of: April 28, 2023

**CHUCK LAGER
FRANCHISE AGREEMENT**

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EXHIBITS

Exhibit A	Owners' Guaranty and Assumption Agreement
Exhibit B	Confidentiality and Noncompetition Agreement
Exhibit C	Designated Search Area, Franchise Location, Protected Area, and Opening Date
Exhibit D	Ownership and Management Information
Exhibit E	Electronic Funds Transfer Authorization
Exhibit F	Disclosure Questionnaire
Exhibit G	Lease Addendum Terms
Exhibit H	State Specific Addenda

**CHUCK LAGER
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (this “Agreement”) is made and entered into this ____ day of _____, 20__ (the “Effective Date”), by and between Chuck Lager’s Franchising, LLC, a Delaware limited liability company having its principal business address at 26 Easton Way, Hainesport, New Jersey 08036 (“Franchisor,” “we,” “us,” or “our”) and _____, a _____ having its principal business address at _____ (“Franchisee,” “you,” or “your”).

RECITALS:

We have the right to use and license the use of a business system (the “System,” as further defined below) for the establishment and operation of upscale full service tavern restaurants offering a variety of menu items, with an emphasis on chef inspired American tavern food with a European influence featuring burgers, pizzas, and flatbreads (each, a “Chuck Lager Restaurant”).

Chuck Lager Restaurants operate under the System and are identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin (the “Marks,” as further defined below).

You wish to obtain a franchise to establish and operate a Chuck Lager Restaurant using the Marks and the System at the Franchise Location (defined below) specified in Exhibit C to this Agreement.

We are willing to grant you a franchise to do so upon the terms and conditions set forth in this Agreement in reliance on your application and your representations made in the application and in this Agreement.

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, you and we agree as follows:

I. DEFINITIONS

“Advertising Fund” or “Fund” means the advertising fund described in Section IX.C. of this Agreement.

“Affiliate” or “Affiliates” of a named person means any person or entity that is controlled by, controlling or under common control with the named person.

“Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

“Assistant Managers” means the assistant managers employed by you to assist in operating your Chuck Lager Restaurant.

“Business Day” means each day other than a Saturday, Sunday, U.S. holidays or any other day on which the Federal Reserve is not open for business in the United States.

“Chuck Lager Restaurant” means the Chuck Lager Restaurant operated by you at the Franchise Location pursuant to this Agreement, including all assets used in connection with its operation.

“Computer System” means the point-of-sale computer hardware and software (including, without limitation, back office software and point-of-sale software meeting our specifications and manufactured by a manufacturer approved by us in writing) and cash registers that we may designate from time to time for use in the operation of Chuck Lager Restaurants.

“Confidential Information” means all proprietary and confidential information relating to the establishment and operation of Chuck Lager Restaurants, including, without limitation: (i) our Standards and specifications, including equipment, product, and supplier Standards and specifications; (ii) site selection criteria; (iii) recipes, proprietary sauces and spice mixes; (iv) advertising and marketing plans and programs; (v) research, development and test programs for products, services and operations; (vi) the contents of our Manuals; (vii) knowledge of the operating and financial results of Chuck Lager Restaurants, other than your Chuck Lager Restaurant; (viii) computer programs and systems, including electronic data files, passwords and all customer information, and (ix) Improvements (as defined in Section XI.D.).

“Cooperative” means an advertising cooperative, as described in Section IX.B. of this Agreement.

“Control” or “Controlling Interest” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

“Designated Search Area” means the non-exclusive geographic area described in Exhibit C to this Agreement within which you will locate a site for your Chuck Lager Restaurant.

“Force Majeure” means acts of God, strikes, lockouts or other industrial disturbances, war, acts of terrorism, riot, epidemic, fire or other catastrophe or other forces beyond a party’s control.

“Franchise Location” means the address of the premises, located by you and accepted by us, at which the Chuck Lager Restaurant is located, as listed in Exhibit C to this Agreement.

“General Manager” means any person designated pursuant to Section VII.E.(2) of this Agreement.

“Gross Sales” means the total selling price of all services and products and all income of every other kind and nature related to the Chuck Lager Restaurant (including, without limitation, income related to catering operations and special events), whether for cash or credit and regardless of collection in the case of credit. The following are included within the definition of “Gross Sales” except as otherwise noted: (a) The full value of meals furnished to your employees as an incident to their employment, except that you may credit the value of any reasonable discounts that you extend to your employees against Gross Sales during the month in which the meals were furnished to determine the amount of Gross Sales upon which fees calculated in respect of Gross Sales are due; (b) All proceeds from any sales paid for in whole or in part via coupons, gift cards or vouchers (proceeds from the actual sale of gift cards are not included in your Gross Sales); (c) Your share of revenues from any vending machines or other equipment, machines or devices installed in the Chuck Lager Restaurant; and (d) All proceeds from any gambling activities or gaming devices (where such activities are legally permissible) at the Chuck Lager Restaurant. “Gross Sales” does not include (i) sales taxes you collect from customers of the Chuck Lager Restaurant, if the taxes are actually transmitted in a timely manner to the appropriate taxing authority; (ii) tips or gratuities paid directly to your employees by customers of the Chuck Lager Restaurant or paid to you and turned over by you to your employees in lieu of direct tips or gratuities; (iii) returns to shippers or manufacturers; and (iv) proceeds from isolated sales of trade fixtures not constituting any part of the products and services offered for sale at the Chuck Lager Restaurant or having any material effect upon the ongoing operation of the Chuck Lager Restaurant. This definition of “Gross Sales” is subject to the provisions of Section V.B of this Agreement.

“Gross Sales Report” means the report in the form we require due on or before Friday of each week during the term of this Agreement, itemizing the Gross Sales of the Chuck Lager Restaurant for the preceding week (which begins on Monday and ends on the following Sunday).

“Manual” or “Manuals” means our confidential operations manual, which may consist of one or more manuals, containing our mandatory and suggested Standards, specifications and operating procedures relating to the development and operation of Chuck Lager Restaurants and your obligations under this Agreement. The term also includes alternative or supplemental means of communicating information to you, including bulletins, videotapes, audio tapes, compact discs, computer diskettes, CD ROMs and electronic communications.

“Marks” means the trade names, trademarks, service marks, logos, emblems and other indicia of origin that we have designated, and may hereafter designate, in writing for use in connection with the System, including, but not limited to, the mark “Chuck Lager.”

“Opening Date” means the date the Chuck Lager Restaurant first opens for business to the public.

“Operating Partner” means the Owner designated by you and approved by us as meeting our qualifications who is responsible for overseeing the day-to-day operation of the Chuck Lager Restaurant.

“Owners” mean those persons and entities which, collectively and individually, hold an ownership interest in you and in any entity directly or indirectly controlling you.

“Protected Area” means the geographic area assigned to you upon your acquisition of the Franchise Location and described on Exhibit C, exclusive of any Reserved Area, within which you will be afforded the protections described in Section II.B. of this Agreement.

“Reserved Area” means any amusement parks, zoos, parks, aquariums, museums, fairs, theme parks, sports stadiums and arenas, concert venues, convention centers, theaters, casinos, gasoline service stations, highway rest stops and travel plazas, supermarkets, convenience stores, department stores, enclosed shopping centers, airports, bus stations, train stations and other public transportation facilities, hospitals or other health care facilities, schools, colleges, universities and other education facilities, hotels, office buildings, business complexes, military bases and other limited access or captive audience facilities/events and other mass gathering locations.

“Software Programs” means the proprietary or other software programs we develop or acquire for use by Chuck Lager Restaurants.

“Standards” means any guidelines, standards, specifications, rules procedures policies methods, requirements, and directives we establish, including without limitation our standards and specifications as to recipes, ingredients, food and beverage preparation, food storage, interior and exterior design and decor, sanitation, maintenance, and equipment (the “Standards”) set out in our confidential operations manuals (the “Manuals”) and otherwise in writing.

“System” means our comprehensive methods and procedures for the establishment, management and operation of Chuck Lager Restaurants, including the Confidential Information, our Manuals, the Marks and other business Standards and policies, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, and furnishings; proprietary ingredients, recipes, products and menu items; uniform Standards, specifications, policies and procedures for operations, including food preparation, storage, sanitation, maintenance and equipment; quality and uniformity of the products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which we may change, improve, further develop or otherwise modify from time to time.

“Taxes” means any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the franchised business, the payment of monies, or the exercise of rights granted pursuant to this Agreement, except taxes imposed by federal tax authorities on our net income.

II. GRANT

A. Grant of Rights. We hereby grant you the right, and you accept the obligation, to establish and operate a Chuck Lager Restaurant under the Marks and the System in accordance with this Agreement at the Franchise Location. This Agreement only grants you the right to operate the Chuck Lager Restaurant at the Franchise Location and to conduct permitted catering activities only within the Protected Area (excluding Reserved Areas as defined above). Such catering must be performed in accordance with this Agreement and our Standards. You may conduct catering activities only if you purchase and utilize all required catering equipment as specified by us and comply with all applicable catering Standards and specifications as set forth in the Manual. You may perform catering services outside the Protected Area only with our prior written consent in response to a customer request,

and only if the applicable catering site is not located within the protected territory of another Chuck Lager franchisee. You are not authorized to offer any of the products and services offered by Chuck Lager Restaurants at wholesale. Other than approved catering services, you may not solicit or accept orders from consumers outside your Protected Area through any channels of distribution (including the Internet, catalog sales, telemarketing and other direct marketing sales).

B. Protected Area. Your Protected Area will be described in Exhibit C, provided that we may, at our option, modify or reduce the boundaries of your Protected Area at any time upon written notice to you if we determine that traffic patterns, demographic data or other factors indicate that a different size or shape of Protected Area is appropriate. Except as provided in this section and Section II.C. and subject to your full compliance with this Agreement and any other agreement between you or your Affiliates and us or our Affiliates, neither we nor any of our Affiliates will establish, or authorize any person or entity other than you to establish, a Chuck Lager Restaurant in the Protected Area during the term of this Agreement.

C. Reserved Rights. The rights granted to you under this Agreement are nonexclusive, and we and our Affiliates have and retain all rights within and outside the Protected Area except those expressly granted to you. Accordingly, we, our Affiliates, and any other authorized person or entity will have the right, among others, (i) to operate, and license others to operate, Chuck Lager Restaurants in any Reserved Area and at any location outside the Protected Area, including locations that are adjacent to or surrounded by the Protected Area; (ii) within and outside the Protected Area to develop and establish other business systems (including restaurant systems that distribute products or services similar to those offered at Chuck Lager Restaurants) using other names or marks and to grant licenses to use those systems; (iii) to advertise and promote the System both within and outside the Protected Area; (iv) to conduct catering activities within the Protected Area in response to a customer request; (v) acquire, or be acquired by, any competing system or other third party, including a competing system that has one or more units located within your Protected Area; and (vi) except for the restriction in Section II.B. against the establishment of another Chuck Lager Restaurant in the Protected Area, to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license and sale of any and all food, beverages, or other services and products, under the Marks or under other names or marks, within and outside the Protected Area, through any other method of distribution, including, but not limited to, mail order catalogs, the Internet, and other permanent, temporary or seasonal food service facilities, vehicles, carts or kiosks, regardless of the competitive impact on your Chuck Lager Restaurant.

III. SITE SELECTION, CONSTRUCTION AND OPENING DATE

A. Site Selection and Acquisition. You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Chuck Lager Restaurant within the Designated Search Area. You acknowledge and agree that you acquire no rights in and to the Designated Search Area, other than the right to select a site for the Chuck Lager Restaurant from within its boundaries that complies with our site selection criteria. If you and we have agreed on a Franchise Location at the time we sign this Agreement we will insert the accepted Franchise Location into Exhibit C of this Agreement. If we have not agreed on a Franchise Location at the time we sign this Agreement, then following your selection and our acceptance of a site for your Chuck Lager Restaurant, the Franchise Location will be identified in Exhibit C to this Agreement and the Designated Search Area will be of no further force or effect.

(1) To assist you in your selection of a site for your Chuck Lager Restaurant, we will provide to you: (i) our site selection guidelines and such site selection assistance as we deem advisable; and (ii) such on-site evaluation as we may deem necessary; provided, that we will not provide an on-site evaluation for any proposed site before receiving all required information and materials required pursuant to Section III.A(2) below and, in our discretion, before receiving such information for multiple proposed sites.

(2) Before acquiring a site for the Chuck Lager Restaurant, you shall submit to us, in the form specified by us, a description of the site, evidence satisfactory to us demonstrating that the site satisfies our site selection guidelines, and such other information and materials as we may reasonably require, including, but not limited to, copies of a proposed lease (which incorporates a rider in substantially the form attached hereto as Exhibit G) or a contract of sale for the site.

(3) We shall have thirty (30) days after receiving all required site information to accept or reject, in our sole discretion, the proposed site as the location for your Chuck Lager Restaurant. No site may be used for a Chuck Lager Restaurant unless it is first accepted in writing by us, and you shall not make any binding commitment with respect to a site for your Chuck Lager Restaurant unless the site is first accepted in writing by us. If we accept multiple sites for the Chuck Lager Restaurant, you shall notify us in writing within five (5) days of the date of such acceptance of the site that you intend to acquire for the Chuck Lager Restaurant. You acknowledge that our acceptance of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by us that the Chuck Lager Restaurant operated at that site will be profitable or otherwise successful.

(4) Promptly following our acceptance of the site for your Chuck Lager Restaurant, you shall acquire the site by purchase or lease, at your expense. You agree to furnish to us a copy of the executed lease or contract of sale ("Site Agreement") within ten (10) days after execution. We have the right, but not the obligation, to review your Site Agreement, and any amendments or modifications, prior to its execution. If you execute a Site Agreement (i) you may not create any obligations on our behalf, grant any rights adverse to our rights, or agree to any other term that is inconsistent with any term of this Agreement; (ii) you must duly and timely perform all terms under the Site Agreement; and (iii) except as otherwise provided in this Agreement, you may not assign, encumber, or transfer the Site Agreement, or sublet all or any part of the Franchise Location, without our prior written approval, which approval will not be unreasonably withheld. You must ensure that all Site Agreements comply with any terms set forth in the Manuals.

(5) After we accept the site and you acquire the site pursuant to this Agreement, the address of the site shall be entered on Exhibit C to this Agreement as the Franchise Location and the Protected Area around the Franchise Location will be described on Exhibit C.

B. Franchise Location; Relocation. You have been granted the right to operate a Chuck Lager Restaurant at the Franchise Location listed in Exhibit C to this Agreement. You must not relocate the Chuck Lager Restaurant without our express prior written consent. If you are unable to continue the operation of the Chuck Lager Restaurant at the Franchise Location because of the occurrence of an event of Force Majeure or for other reasons not constituting an event of default under this Agreement, you may request our consent to relocate the Chuck Lager Restaurant to another location in the Protected Area. Such request must be submitted to us as soon as possible (but in no event longer than 10 days) after the date you discover you will be unable to continue the operation of the Chuck Lager Restaurant at the Franchise Location. If we grant you the right to relocate the Chuck Lager Restaurant, you must comply with such reasonable site selection and construction procedures as we may require.

C. Licenses; Permits. You are responsible for obtaining all zoning classifications and clearances which may be required by any laws, ordinances, regulations, or restrictive covenants relating to the construction and operation of the Chuck Lager Restaurant at the Franchise Location, and you must conform the restaurant premises as needed to comply with any local ordinances and building codes at your expense. Before beginning construction of the Chuck Lager Restaurant, you must (i) obtain all approvals, clearances, permits, licenses and certifications required for the lawful construction or remodeling and operation of the Chuck Lager Restaurant, and (ii) certify in writing to us that they have been obtained and that the insurance coverage specified in Section XIII. of this Agreement is in full force and effect. At our request, you agree to provide to us copies of all such approvals, clearances, permits, licenses and certifications.

D. Construction and Finish Out. You must obtain, at your expense, any architectural, engineering, design, construction and other services you deem necessary for the construction of the Chuck Lager Restaurant. The architect(s) and engineer(s) selected to plan and oversee construction of your Chuck Lager Restaurant must be approved by us before beginning their work on the Chuck Lager Restaurant. We may, but are not obligated to, provide you a list of approved architect(s) and engineer(s).

(1) You must adapt our prototypical architectural and design plans and specifications for a Chuck Lager Restaurant as necessary for the construction of the Chuck Lager Restaurant and must submit the adapted plans to us for review within fifteen (15) days after you acquire the Franchise Location. We will notify you of any objections to the plans within fifteen (15) days of receiving them. If we fail to notify you of an objection to the plans within the fifteen (15) day period, you may use the plans. If we object to the plans, we will provide you with a reasonably detailed list of the changes needed to make the plans consistent with System Standards. We will

notify you within fifteen (15) days of receiving revised plans incorporating such changes, whether the revised plans are acceptable. If we fail to notify you of any objection within such fifteen (15) day period, you may use the revised plans. You acknowledge that our review of the plans is only for the purpose of determining compliance with System Standards, and that our acceptance of the plans does not constitute a representation, warranty, or guarantee, express or implied, that the plans are accurate or free of error concerning their structural application. We are not responsible for architecture or engineering, or for code, zoning, or other requirements of the laws, ordinances or regulations of any federal, state, local, or municipal governmental body, including, without limitation, any requirement relating to accessibility by disabled persons or others, nor are we responsible for any errors, omissions, or discrepancies of any nature in the plans.

(2) You must promptly commence and diligently pursue construction of the Chuck Lager Restaurant. During construction, you agree to provide us with such periodic progress reports as we may reasonably request. In addition, we will make such on-site inspections as we may deem reasonably necessary to evaluate your progress. You agree to notify us of the scheduled date for completion of construction no later than forty-five (45) days prior to such date. Within a reasonable time after the date construction is completed, we will, at our option, conduct an inspection of the completed Chuck Lager Restaurant. You must not open the Chuck Lager Restaurant for business without our written authorization, which will be conditioned upon your strict compliance with this Agreement.

E. Construction Start Deadline. You must (i) submit to us a complete set of final plans, and (ii) begin the construction and equipping of the Chuck Lager Restaurant within one hundred twenty (120) days after the Effective Date of this Agreement (“Construction Start Deadline”), unless you obtain a written extension of such time period from us.

F. Opening Date. You must open the Chuck Lager Restaurant and commence business within one hundred eighty (180) days after the Effective Date of this Agreement (“Opening Deadline”), unless you obtain a written extension of such time period from us. You acknowledge that time is of the essence. Before the Opening Date, you must complete all exterior and interior preparations for the Chuck Lager Restaurant, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications we have approved, and must comply with all other pre-opening obligations. If you fail to comply with any of these obligations, we have the right to prohibit you from opening the Chuck Lager Restaurant. Your failure to timely open the Chuck Lager Restaurant in compliance with these provisions will be deemed a material event of default under this Agreement.

G. Failure to Meet Deadlines and Deadline Extension Fees. If you are unable to meet the Construction Start Deadline or the Opening Deadline, you may request a 30-day extension before the expiration of any missed deadline. We have the right to require you to pay us a \$2,500 extension fee for each 30-day extension if we agree to modify (or if you miss) any of the deadlines. We are not obligated to extend any deadlines. If you do not meet the Opening Deadline or the Construction Start Deadline within 30 calendar days after we send you notice of such default we may terminate this Agreement.

IV. TERM AND RENEWAL

A. Term. Unless sooner terminated as provided in this Agreement, the term of this Agreement will begin on the Effective Date and will continue until fifteen (15) years from the Effective Date.

B. Renewal. You may, at your option, renew your rights under this Agreement for up to three (3) additional consecutive terms of fifteen (15) years each, subject to any or all of the following conditions which must, at our option, be met prior to and at the time of renewal:

(1) You must give us written notice of your election to renew not less than six (6) months nor more than nine (9) months before the end of the initial term or the first renewal term, as applicable;

(2) You must refurbish, repair or replace, at your expense, all equipment, Computer Systems, signs, interior and exterior decor items, fixtures, furnishings, supplies and other items required for the operation of the Chuck Lager Restaurant as we may reasonably require and must otherwise remodel and upgrade the Chuck Lager Restaurant to reflect the then-current Standards, building design and image of the System;

(3) You must not be in default of this Agreement, neither you nor your Affiliates may be in default of any other agreement with us or any of our Affiliates; and you and your Affiliates shall have substantially and timely complied with the terms and conditions of such agreements during their respective terms;

(4) You must have timely satisfied all monetary obligations owed to us and our Affiliates under this Agreement and any other agreement between you or any of your Affiliates and us or any of our Affiliates;

(5) You must present evidence satisfactory to us that you have the right to remain in possession of the Franchise Location during the entire renewal term or obtain our consent to a new site for the Chuck Lager Restaurant;

(6) You must execute our then-current form of renewal franchise agreement, which will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, a higher royalty fee and advertising contribution or expenditure requirement;

(7) You and your Owners must execute a general release of any and all claims against us, our Affiliates, and our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement or under federal, state or local laws, rules, regulations or orders;

(8) You must pay us a renewal fee in the amount of Twenty-five Thousand Dollars (\$25,000); and

(9) You must comply with our then-current qualification and training requirements.

V. FEES

A. Initial Franchise Fee. You must pay us an initial franchise fee of Fifty Thousand Dollars (\$50,000) upon the execution of this Agreement. The initial franchise fee shall be deemed fully earned and nonrefundable upon receipt by us.

B. Royalty Fee. During the term of this Agreement, you agree to pay to us a continuing weekly royalty fee in an amount equal to five and one-half percent (5.5%) of the Chuck Lager Restaurant's Gross Sales for the immediately preceding week. You must pay the royalty fee via electronic funds transfer, or any other means we reasonably specify. The royalty fees will be due weekly (with payments due each Friday for royalties accrued during the prior work week, which begins on Monday and ends on the following Sunday), provided that if the scheduled due date is not a business day, then we may collect funds on Thursday of the applicable week or the next business day after the due date, in our sole discretion. On or before Friday of each week during the term of this Agreement, you must provide a Gross Sales Report to us describing your Gross Sales during the prior week. We reserve the right to change the royalty payment schedule upon 30 days' notice to you. Notwithstanding any contrary provisions in this Agreement, if a state or local law applicable to your Chuck Lager Restaurant prohibits or restricts in any way your ability to pay us royalty fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Chuck Lager Restaurant then the percentage rate for calculating your royalty fees (or other Gross Sales based fees) shall be increased, and the definition of Gross Sales shall be changed to exclude sales of alcoholic beverages, so that the royalty fees to be paid by you shall be equal to the amounts you would have had to pay if sales from alcoholic beverages were included in Gross Sales. For example, if you generate \$2,000 in Gross Sales, of which \$1,000 is from the sale of alcoholic beverages, then your royalty fee would be \$110 (5.5% of \$2,000). If you are not permitted by law to pay royalty fees on the sale of alcoholic beverages, then we must recalculate your royalty percentage so that you still pay the full royalty fee. In this example, we must deduct \$1,000 from the Gross Sales and raise your royalty percentage to 11% so that we may collect the same \$110 royalty fee ($\$2,000 - \$1,000 = \$1,000 \times 11\% = \110).

C. Technology Fees. If we, at our option, develop or otherwise establish software or other technologies (whether created by us or a designated third party) for use in the operation of your Chuck Lager Restaurant, then you will be required to use such software or technologies and pay a reasonable weekly technology fee to us or our designated vendor, as applicable. The technology fees will be due each week at the same time as

your royalty payments under this Agreement. The amount of the technology fee will vary depending on the software or technologies required and will generally be based on our costs to provide technology and support to franchisees, but such fees can only be implemented or increased upon 30 days' written notice to you.

D. Other Fees and Payments. In addition to the initial franchise fee and monthly royalty, you must pay when due all other fees or amounts described in this Agreement and in any other agreement between you and us or our Affiliates.

E. Past Due Amounts; Acceptance and Application of Payments.

(1) Any payment not actually received by us on or before the applicable due date will be deemed past due. All past due obligations under this Agreement will bear interest from the date due until paid at the lesser of eighteen percent (18%) per annum, or the maximum rate allowed by applicable law. No provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment to reduce any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder, then such excess shall be repaid to the party making the payment. You also agree to pay us a late payment fee equal to \$100 for each delinquent payment under this Agreement.

(2) Our acceptance of any payments delivered subsequent to the applicable due date shall not be deemed to be a waiver by us of any preceding breach by you or your Owners of any terms, provisions, covenants or conditions of this Agreement.

(3) We have the right to apply any payment we receive from you to any amounts you owe us or our Affiliates under this Agreement or any other agreement, even if you have designated the payment for another purpose or account. We may accept any check or payment in any amount from you without prejudice to our right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be considered as an accord or satisfaction.

(4) You have no right to withhold any payments due to us on account of our breach or alleged breach of this Agreement, and no right to offset any amount due to us against any obligation that we may owe to you.

(5) Each payment to be made to us shall be made free and clear and without deduction for any Taxes.

F. Late Reporting Fees. If you fail to submit timely, complete, and accurate reports, financial statements, and tax returns in accordance with this Agreement, we may charge you a late fee of \$100 for each day that such report, statement, or return is late (the "Late Reporting Fee").

G. Electronic Funds Transfer. You agree to execute Exhibit E to this Agreement and all other documents necessary to permit us to withdraw funds from your designated bank account by electronic funds transfer ("EFT") in the amount of the royalty fee, the Advertising Fund contribution (described in Section IX.C.), and any other amounts due under this Agreement at the time such amounts become due and payable under the terms of this Agreement. Any fee calculated by reference to Gross Sales will be based on the information we obtain pursuant to Section XII.C. of this Agreement or the Gross Sales Report. If we have not received a Gross Sales Report within the time period required by this Agreement, then we may process an EFT for the applicable month based on the most recent Gross Sales Report provided to us by you; provided, that if a Gross Sales Report for the applicable month is subsequently received and reflects (i) that the actual amount of the fee due was more than the amount of the EFT, then we will be entitled to withdraw additional funds through EFT from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the EFT, then we will credit the excess amount to the payment of your future obligations. Should your bank fail to honor any EFT for any reason, you agree that you will be responsible for promptly delivering such payment directly to us and reimbursing us for any service charge or other costs or expenses we incur. If any payments are not received when due, interest may be charged in accordance with Section V.E. Upon written notice to you, we may designate another method of payment.

H. On-site Opening Assistance Reimbursement. We will send one or more of our representatives to your Chuck Lager Restaurant to assist you with your grand opening (for up to a maximum of 21 days). While we do not charge any fees for such on-site opening assistance, you will be required to reimburse us for our costs of travel, lodging, wages and meals related to providing on-site opening assistance. Our reimbursable costs will vary depending on how many trainers you need and the number of days spent at your location, but in no event will the reimbursable costs exceed \$35,000.

VI. OUR OBLIGATIONS

We agree to provide the following services or cause them to be provided to you:

A. Manuals. Access to, or the loan of, one (1) set of the Manuals (which, at our option, may be provided in either hard copy or electronic format).

B. Training. An initial training program for your Operating Partner, initial General Manager, Kitchen Manager and up to 4 additional managers, and additional training programs in accordance with Section VIII.A. Upon your reasonable request or if we determine it to be necessary during the term of this Agreement, we will provide you with on-site remedial training; provided that remedial training will be conducted subject to the availability of our personnel, and provided further, that we may require you to pay the per diem fee we are then charging for on-site remedial training (\$500 per day per trainer), and pay or reimburse us for the expenses incurred by our representatives, including the costs of travel, lodging, wages and meals. If we provide remedial training at our headquarters (or an alternate location designated by us at our option) then you will pay us a per diem fee of \$250 per attendee, and you will also be responsible for all costs incurred by the attendees related to training, including the costs of travel, lodging, wages and meals.

C. Opening Assistance. Such on-site opening assistance as we reasonably deem necessary. In connection with the opening of your Chuck Lager Restaurant, one or more of our representatives shall provide on-site assistance to you at your Chuck Lager Restaurant for up to a maximum of 21 days, as we deem reasonably necessary. You must reimburse us for our costs of travel, lodging, wages and meals related to providing on-site opening assistance. Our reimbursable costs will vary depending on how many trainers you need and the number of days spent at your location, but in no event will the reimbursable costs exceed \$35,000.

D. Software Programs. For a reasonable fee, any Software Programs that we acquire or develop for use in the System; provided, that we are under no obligation to develop or acquire such Software Programs.

E. Inspections. Inspections of the Chuck Lager Restaurant and evaluations of the products sold and services offered and sold at and from the Chuck Lager Restaurant from time to time as reasonably determined by us.

F. Advertising. Administration of an Advertising Fund in accordance with Article IX, if and when such Advertising Fund is established by us. We may also provide to you, at a reasonable cost, any advertising and promotional materials we may develop from time to time for use in marketing and promoting Chuck Lager Restaurants.

G. Operational Advice. Advice and written materials concerning techniques for operating Chuck Lager Restaurants, including new developments and improvements in the System.

H. Collateral Merchandise; Equipment; Décor Items. From time to time in our discretion and at a reasonable cost to you, we may provide certain merchandise identifying the System, such as caps, t-shirts and other System memorabilia, in sufficient amounts to meet customer demand, and/or certain equipment, décor items or other products and services.

I. Approved Suppliers. From time to time as we deem appropriate we will provide you with a list of approved suppliers.

VII. YOUR REPRESENTATIONS, WARRANTIES AND COVENANTS

A. Your Investigation of this Franchise.

(1) **YOU ACKNOWLEDGE HAVING RECEIVED OUR FRANCHISE DISCLOSURE DOCUMENT (A) AT LEAST FOURTEEN (14) DAYS BEFORE SIGNING A BINDING AGREEMENT OR MAKING ANY PAYMENT TO US, OR (B) IF APPLICABLE, BY THE TIME REQUIRED BY YOUR STATE'S LAW AS SPECIFIED IN THE DISCLOSURE QUESTIONNAIRE ATTACHED HERETO AS EXHIBIT F. YOU ACKNOWLEDGE THAT THIS AGREEMENT CONTAINS NO CHANGES FROM THE FORM OF FRANCHISE AGREEMENT ATTACHED TO OUR FRANCHISE DISCLOSURE DOCUMENT OTHER THAN CHANGES MADE WITH YOUR KNOWLEDGE AND PURSUANT TO NEGOTIATIONS BETWEEN YOU AND US. YOU FURTHER ACKNOWLEDGE THAT YOU HAVE READ THIS AGREEMENT AND OUR FRANCHISE DISCLOSURE DOCUMENT AND THAT YOU UNDERSTAND THE TERMS OF THIS AGREEMENT AND ACCEPT THEM AS BEING REASONABLY NECESSARY FOR US TO MAINTAIN THE UNIFORMITY OF CHUCK LAGER RESTAURANTS AND TO PROTECT THE GOODWILL OF THE MARKS AND THE INTEGRITY OF THE SYSTEM.**

(2) **YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT AN INVESTMENT IN A CHUCK LAGER RESTAURANT INVOLVES BUSINESS RISKS; THAT YOUR SUCCESS IS LARGELY DEPENDENT ON YOUR OWN ABILITIES AND EFFORTS; AND THAT THE NATURE OF CHUCK LAGER RESTAURANTS MAY CHANGE OVER TIME. YOU HAVE NOT RECEIVED ANY GUARANTY OR ASSURANCE, EXPRESS OR IMPLIED, AS TO THE REVENUES, PROFITS OR SUCCESS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT.**

(3) You understand and agree that we may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement.

(4) Whenever we have expressly reserved in this Agreement, or are deemed to have, a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, then except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including, without limitation, our judgment of what is in the best interests of our franchise network, at the time our decision is made or our right or discretion is exercised, without regard to whether: (i) other reasonable alternative decisions or actions could have been made by us; (ii) our decision or the action we take promotes our financial or other individual interest; (iii) our decision or the action we take applies differently to you and one or more other franchisees or our company-owned operations; or (iv) our decision or the exercise of our right or discretion is adverse to your interests. In the absence of an applicable statute, we will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

B. Your Organization. If you are a corporation, partnership, limited liability company or other legal entity:

(1) You are duly organized and validly existing under the law of the state of your formation;

(2) You are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification;

(3) Your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the operation of Chuck Lager Restaurants. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate or have any financial or beneficial interest in any business that is the same as or similar to a Chuck Lager Restaurant (i.e. any restaurant business offering draft beer and hamburgers or sandwiches);

(4) The execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement and have been duly authorized; and

(5) You have provided to us prior to the execution of this Agreement, and will from time to time during the term of this Agreement at our request provide to us, copies of your articles of incorporation and bylaws or, as applicable, your written partnership or limited liability company agreement, other governing documents, any amendments to them, resolutions authorizing your entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of your stock or other ownership interests and any other documents that we may reasonably request.

C. Your Owners.

(1) If you are a corporation, partnership, limited liability company or other legal entity, the ownership interests in you are accurately and completely described in Exhibit D. You agree to maintain at all times a current list of all your Owners and to make your list of Owners available to us upon request.

(2) If you are a corporation, you agree to maintain stop-transfer instructions against the transfer on your records of any of your equity securities and to conspicuously endorse each stock certificate with a statement, in a form satisfactory to us, that it is held subject to all restrictions imposed upon assignments by this Agreement. If you are a partnership or limited liability company, your written partnership or limited liability company agreement shall provide that ownership of an interest in the partnership or limited liability company is held subject to all restrictions imposed upon assignments by this Agreement.

(3) You agree to cause each of your Owners to execute the Guaranty and Assumption Agreement attached as Exhibit A to this Agreement, jointly and severally guarantying your performance under this Agreement and otherwise binding themselves to the terms of this Agreement as stated therein.

D. Your Financial Covenants.

(1) You have provided to us your most recent financial statements. These financial statements present fairly your financial position at the dates indicated therein and the results of your operations and cash flow for the years then ended. Each of the financial statements are certified as true and correct and have been prepared in conformity with generally accepted accounting principles and, except as expressly described in the applicable notes, applied on a consistent basis. There are no material liabilities, adverse claims, commitments or obligations of any nature, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on the financial statements.

(2) At our request, you agree to provide us with any and all loan or other documents regarding the financing of the Chuck Lager Restaurant.

(3) You agree to maintain at all times during the term of this Agreement sufficient working capital to fulfill your obligations under this Agreement.

E. Your Management.

(1) You agree to designate upon the execution of this Agreement, and to retain at all times during the term of this Agreement, an individual to serve as your Operating Partner. Your Operating Partner will be the primary individual responsible for your business, will be required to hold at least a 10% equity interest in the franchisee entity, and must devote his or her full-time best efforts to operating the Restaurant. Your Operating Partner must meet our qualifications and must be approved by us. Even if you designate a separate General Manager approved by us as described in Section VII.E(2), your Operating Partner must always devote full time and best efforts to the supervision of the Chuck Lager Restaurant(s) operated by you and your Affiliates. Without our written consent, your Operating Partner shall not engage in any business other than the operation of your Chuck Lager Restaurant(s). Your Operating Partner and any General Manager whom we approve must be empowered with full authority to act for you.

(2) You agree to designate not later than thirty (30) days before the Opening Date and to retain at all times during the term of this Agreement a General Manager who meets our qualifications to supervise the operation of your Chuck Lager Restaurant. Your Operating Partner may serve as the General Manager of your Chuck Lager Restaurant, provided that he or she may not serve as the General Manager for more than one Chuck Lager Restaurant at the same time. Subject to our written consent, you may elect to designate an individual other than your Operating Partner for the position of General Manager. Your General Manager must devote full time and best efforts to the supervision of the Chuck Lager Restaurant operated by you and your Affiliates and, without our written consent, shall not engage in any other business. You acknowledge and agree that the appointment of a General Manager will not relieve your Operating Partner of his or her supervisory responsibilities for the operation of your Chuck Lager Restaurant. You and your Operating Partner shall remain fully responsible for your General Manager's performance. Each Chuck Lager Restaurant must have a different General Manager. If you and your affiliates operate more than two Chuck Lager Restaurants, then in addition to your General Manager for each Chuck Lager Restaurant that you operate we may require you to appoint one or more Managers with the responsibility of supervising and supporting multiple Restaurants (each a "Director of Operations").

(3) You agree to designate not later than thirty (30) days before the Opening Date and to retain at all times during the term of this Agreement the required number of Assistant Managers as determined by us from time to time, but in no event less than one (1) Assistant Manager. The Assistant Manager(s) shall meet our qualifications, shall devote full time and best efforts to the day-to-day operation and management of the Chuck Lager Restaurant and shall not engage in any other business activity without our prior written consent.

(4) The names of your Operating Partner, General Manager and initial Assistant Manager shall be listed in Exhibit D to this Agreement and you agree to keep such information current at all times during the term of this Agreement. You must promptly notify us in writing if your Operating Partner or any General Manager or Assistant Manager cannot continue or no longer qualifies to serve in that capacity and must take corrective action within thirty (30) days after any such notice. During such thirty (30) day period, you must provide for interim management of your operations in accordance with this Agreement. Any failure to comply with this Section VII.E. will be a material breach of this Agreement.

F. Legal Compliance. In addition to complying with your obligations under this Agreement, you agree to comply with all applicable federal, state and local laws, rules, regulations, ordinances and orders, including, but not limited to, all laws related to labor, health and safety. Such laws, rules, regulations, ordinances and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is your sole responsibility to apprise yourself of the existence and requirements of all such laws, rules, regulations, ordinances and orders, and to adhere to them at all times during the term of this Agreement. Without limiting the foregoing, you certify that neither you nor any of your Owners, employees or anyone associated with you is listed in connection with any Anti-Terrorism Law and you agree not to hire or have any dealings with a person so listed. You further certify that you have no knowledge or information that, if generally known, would result in you, your Owners, employees, or anyone associated with you being so listed. You agree to comply with and/or assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws and, in connection with such compliance, you represent and warrant that none of your property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that you and your Owners are not otherwise in violation of any of the Anti-Terrorism Laws. You also agree to comply with all payment card infrastructure ("PCI") industry and government security standards and requirements designed to protect cardholder data. PCI standards apply to both technical and operational aspects of credit card and other payment card transactions and apply to all organizations which store, process or transmit cardholder data. Without limiting the foregoing, you must abide by: (a) the Payment Card Industry Data Security Standards ("PCIDSS") enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (b) the Fair and Accurate Credit Transactions Act ("FACTA"); and (c) all other Standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic Payments ("Electronic Payment Requirement"). If you or we are required by one of the credit card companies or another third party (including any governmental body) to provide evidence of compliance with PCIDSS, FACTA or applicable Electronic Payment Requirements, we may require you to provide or make available to us copies of an audit, scanning results, or related documentation relating to such compliance. If you suspect or know of a security breach, you must immediately give us notice of such security breach and promptly identify and remediate the source of any compromise or security breach. You assume all responsibility for

providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Franchised Business. You acknowledge and agree that you shall be solely responsible for any costs, expenses, damages or other liabilities incurred by you or us as a result of, or in connection with, your failure to comply with any PCI, PCIDSS or FACTA standards or requirements.

G. Powers of Attorney. You hereby appoint us as your true and lawful attorney-in-fact, with full power and authority (i) to assign to us upon the termination or expiration of this Agreement (a) all rights to the telephone numbers of the Chuck Lager Restaurant, any related business listings, and all rights to any website listings or services, search engines or systems, and any other business listings related to the Chuck Lager Restaurant and (b) at our option, your interest in any lease for the Franchise Location and any equipment used in the operation of the Chuck Lager Restaurant; and (ii) to obtain any and all returns and reports related to the Chuck Lager Restaurant that you file with any local, state or federal taxing authority. Such powers of attorney shall survive the expiration or termination of this Agreement, and you agree to execute such forms and documents as we deem necessary to appoint us your true and lawful attorney-in-fact with full power and authority for the foregoing purposes.

H. Continuing Obligations. You and you Owners make the foregoing representations, warranties and covenants understanding that such representations, warranties and covenants are continuing obligations. You agree to cooperate with us to verify your and your Owners' continuing compliance with such representations, warranties and covenants. Any failure to comply with these representations, warranties and covenants will constitute a material event of default under this Agreement.

I. Suspension of Operations. If: (i) any approved product you produce or sell evidences dilution or adulteration from our Standards; (ii) any approved product you produce or sell is contaminated or is otherwise in violation of applicable laws; or (iii) you fail to maintain the Chuck Lager Restaurant in compliance with applicable laws; or (iv) your Chuck Lager Restaurant or approved products pose a threat to the health or safety of the public, you must immediately suspend operations, search out and destroy any adulterated, diluted, or contaminated approved products, eliminate their source, and remedy all unsanitary, unsafe or otherwise hazardous conditions present. You will not resume operation of the Chuck Lager Restaurant until our laboratory analysis of your approved products or inspection of your Chuck Lager Restaurant, as applicable, demonstrates compliance with all applicable laws and standards. You must promptly implement any remedial measures we require to cure the default. If we conclude through any examination, analysis, and/or inspection that the approved products have been adulterated in any way or that your Chuck Lager Restaurant is not in compliance with applicable laws, you shall, upon demand, reimburse us for all reasonable expenses connected with any such examination, analysis, or inspection under this Agreement (including reasonable product analysis fees). If we determine that a violation of this section has occurred and that you have committed a similar violation within the one-year period before the date of the inspection or analysis; (ii) you fail or refuse to comply with any or all of the remedial measures we require; (iii) you fail to provide us with full cooperation in the course of any inspection or analysis we conduct; or (iv) we determine that there has been any repetition during the term of this Agreement of any occurrence under this Section, then you will reimburse us in full for the costs of inspection and analysis plus any travel and living expenses of our inspectors or representatives and any other expenses we incur in connection with this section, including our attorneys' fees. The remedies in this section are in addition to, and not in substitution of, any other remedies stated elsewhere in this Agreement. Nothing in this section limits any of our rights to terminate this Agreement under the default and termination sections.

VIII. RESTAURANT OPERATIONS

A. Training. Your Operating Partner, General Manager, Kitchen Manager and initial Assistant Manager(s) must successfully complete our management training program before the Opening Date. Any successor or replacement Operating Partner, General Manager or Assistant Manager must successfully complete our management training program within a reasonable time after such persons are designated, provided that each successor or replacement must successfully complete training no more than sixty (60) days after the date on which his or her predecessor ceased to be employed by you (or ceased to serve as Operating Partner, as applicable). These persons, and any of your other personnel whom we may designate, must attend and complete any additional training that we may require from time to time. In addition, we may, at our option, conduct periodic franchisee conventions at a location designated by us, and your Operating Partner and/or General Manager must attend such conventions. At our option, we may certify your Operating Partner, General Manager or one or more of your Assistant Managers (following their completion of all applicable training as required by us) as a "Certified Trainer" authorized to

provide and conduct one or more designated training programs (as determined by us) for new or replacement employees at your Chuck Lager Restaurant; provided, however, that we reserve the right to test any employees trained by a Certified Trainer and to require any Certified Trainer and any of your employees to successfully complete additional training programs conducted by us from time to time. Initial management training for your Operating Partner, General Manager, Kitchen Manager and Assistant Manager(s) is provided in Wilmington, Delaware (or other location(s) we designate) at no charge; however, we reserve the right to charge a reasonable fee for training any additional persons, including any successor or replacement personnel, and for any additional training programs. Such additional training shall be conducted at locations we designate. You are responsible for any and all expenses incurred in connection with any initial or additional training and attendance at any franchisee conventions, including, without limitation, the costs of travel, lodging, wages and meals incurred by you and your personnel. If any Operating Partner, General Manager or Assistant Manager fails, in our sole judgment, to satisfactorily complete our management training program, and you fail to cure such default within ninety (90) days following written notice from us, we may terminate this Agreement.

B. Standards Compliance. You acknowledge the importance of maintaining uniformity among all of the Chuck Lager Restaurants and the importance of complying with all of our Standards and specifications relating to the operation of the Chuck Lager Restaurants. To protect the reputation and goodwill of the System and to maintain high standards of operation under the Marks, you agree to conduct your business in accordance with the Manuals, other written directives which we may issue to you from time to time, and any other manuals and materials created or approved for use in the operation of Chuck Lager Restaurants.

C. Maintenance of Chuck Lager Restaurant. You agree to continuously maintain the Chuck Lager Restaurant in a high degree of sanitation and repair in accordance with all applicable laws and our Standards, and to make such additions, alterations, repairs and replacements as may be required for that purpose, including, without limitation, such periodic cleaning (which may include professional cleaning), repainting or replacement of signs, furnishings, décor, and equipment (including, but not limited to, Computer Systems) as we may direct. You also agree to obtain, at your expense, any new or additional equipment (including, but not limited to, point of sale or Computer Systems), fixtures, supplies and other products and materials which we may require for you to offer and sell new services or products from the Chuck Lager Restaurant or to provide such services or products by alternative means. No alterations, improvements or changes of any kind in design, equipment, signs, interior or exterior decor items, fixtures or furnishings shall be made in or about the Chuck Lager Restaurant without our prior written approval.

D. Upgrade of Chuck Lager Restaurant. Promptly upon our request, you must make improvements, renovations, updates and upgrades to remodel, modernize and redecorate the Chuck Lager Restaurant to conform it to our then-current Standards and specifications. Without limiting the foregoing, you agree that, if we request, you will make any capital improvements required by this Section VIII.D. on or after the fifth (5th) anniversary of the Opening Date, or at such other time during the term of this Agreement that a majority of the Chuck Lager Restaurants then operated by us or our Affiliates have made or are utilizing best efforts to make such improvements. You acknowledge that this obligation could result in your making extensive structural changes to and significantly remodeling and renovating of the Chuck Lager Restaurant and/or in your spending substantial amounts for such remodeling. You agree to incur without limitation any capital expenditures required in order to comply with this obligation and our requirements, even if those expenditures cannot be amortized over the remaining term of this Agreement.

E. Sourcing.

(1) You agree to comply with all of our Standards and specifications for the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment, Computer Systems, and other products used or offered for sale at the Chuck Lager Restaurant. If we have approved or designated suppliers (which may include us or our Affiliates or third party manufacturers, distributors and other sources) for any such item, you agree to obtain these items from those suppliers. Our approved or designated suppliers are those who demonstrate on a continuing basis the ability to meet our Standards and specifications; who have adequate quality controls and the capacity to supply the needs of the Chuck Lager franchise network promptly and reliably over an extended period of time; and who have been approved in writing by us and who have not thereafter been disapproved by us. We may designate ourselves, our Affiliates or a third party as an approved or designated supplier, or as the sole approved or designated supplier of any item. You agree that we and our Affiliates may

derive revenue based on your purchases and leases (including, without limitation, from charging you for products and services we or our Affiliates provide to you and from payments made to us or our Affiliates by suppliers that we designate or approve for some or all of our franchisees).

(2) If you wish to use any item or service that we have not yet evaluated or (for items that we require you to purchase from designated or approved suppliers) if you wish to purchase or lease any such item from a supplier that we have not yet approved, you must submit a written request for approval to us. You cannot purchase or lease any such item unless the supplier has been approved in writing by us. We are not required to approve any particular supplier. We will have the right to require you to submit information, specifications and samples to us to enable us to determine whether the item complies with our Standards and specifications and that the supplier meets our criteria. We also have the right to send our representatives to inspect the supplier's facilities and to have samples from the supplier be delivered to us or to an independent laboratory designated by us for testing. You or the proposed supplier will be required to pay for the cost of the inspection and the test (including our administrative expenses) and reimburse us for any costs or expenses we incur in connection with the evaluation of your proposed supplier. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We reserve the right to re-inspect from time to time the facilities and products of any approved supplier and to revoke our approval of the supplier if the supplier fails to continue to meet any of our criteria. If we revoke our approval of any supplier, you agree to promptly discontinue use of that supplier. Your failure to comply with the provisions of this Section VIII.E. shall be deemed a material breach under this Agreement.

F. Operational Requirements. You agree to operate the Chuck Lager Restaurant in full conformity with our methods, Standards and specifications as set forth in the Manuals and as from time to time otherwise prescribed in writing. Without limitation of the foregoing, you agree:

(1) To sell or offer for sale all menu items, products and services (including alcoholic beverages meeting our standards and specifications) that we require using the method and manner of distribution we prescribe. Distribution methods may include, but are not limited to, dine-in, carry-out and catering services and must be expressly authorized by us in writing in the Manuals or otherwise;

(2) To sell and offer for sale only the menu items, products and services that we have expressly approved for sale in writing; to discontinue selling and offering for sale any menu items, products or services and any method or manner distribution which we may disapprove in writing at any time;

(3) To maintain in sufficient supply and to use and sell at all times only those food and beverage items, ingredients, products, materials, and supplies that conform to our Standards and specifications; to prepare all menu items in accordance with our recipes and procedures for preparation, to use the brand and/or type of ingredients we require and the prescribed measurements of ingredients; and to refrain from deviating from our Standards and specifications by using or offering non-conforming items or differing amounts of any items or otherwise, without our prior written consent;

(4) To permit us or our agents, at any reasonable time, to remove samples of food or non-food items from the Chuck Lager Restaurant, without payment, in amounts reasonably necessary for testing to determine whether such samples meet our then-current Standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform to our specifications;

(5) To purchase or lease and install, at your expense, all fixtures, furnishings, equipment, Computer Systems, decor items, signs, and related items that we may reasonably direct from time to time; and to refrain from installing or permitting to be installed in or about the Chuck Lager Restaurant, without our prior written consent, any fixtures, furnishings, equipment, decor items, signs, vending machines or other items not previously approved as meeting our Standards and specifications;

(6) To grant us and our agents the right to enter the Chuck Lager Restaurant at any reasonable time to conduct inspections; to cooperate with our representatives conducting the inspections by rendering such assistance as they may reasonably request; and, upon notice from us or our agents (and without

limiting our other rights under this Agreement), to take any and all steps that may be necessary to correct promptly any deficiencies detected during an inspection. If you fail for any reason to correct such deficiencies within a reasonable time, as determined by us, we will have the right and authority (but no obligation) to correct the deficiencies and to charge you a reasonable fee, payable on demand, for our expenses in taking the corrective action (including, without limitation, any necessary re-inspection);

(7) To at all times operate your Chuck Lager Restaurant under the direct, on-site supervision of at least one person who has successfully completed our management training program pursuant to Section VIII.A of this Agreement; to at all times maintain a competent, conscientious, trained staff and to take any and all steps necessary to ensure that your employees preserve good customer relations and comply with any dress code we may prescribe;

(8) To only install and offer at the Chuck Lager Restaurant such equipment, machines, games and activities (such as vending machines, video games or other devices) as we have expressly approved in the Manuals or otherwise in writing; and

(9) To keep the Chuck Lager Restaurant open and in operation for the days and hours that we may from time to time prescribe.

G. Computer Systems. You agree to use the Computer System (if any) that we specify from time to time for use in the operation of the Chuck Lager Restaurant and to keep such Computer System in good maintenance and repair. You acknowledge that we may modify the specifications and the components of any such Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including, without limitation, a license to use Software Programs developed by us or others. Changes to the Computer System specifications may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the term of this Agreement. We have the right to retrieve all data from your Computer System that we deem appropriate and we may require you to obtain polling services we specify. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto) and that the cost to you of obtaining the Computer System (including software licenses) or additions or modification thereto may not be fully amortizable over the remaining term of this Agreement. Nonetheless, you agree to incur such costs. Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we require. You further acknowledge and agree that we have the right to charge a reasonable systems fee for any software or systems modifications and enhancements specifically made for us that are licensed to you and other maintenance and support services that we or our Affiliate may furnish to you.

H. Customer Complaints. You agree to process and handle all consumer complaints connected with or relating to the Chuck Lager Restaurant, and to promptly notify us of all food related illnesses, safety or health violations or allegations of such violations, claims exceeding One Thousand Dollars (\$1,000), and any other material claims against or losses suffered by you. You also agree to maintain, and to promptly notify us of, any communications with governmental authorities affecting the Chuck Lager Restaurant during the term of this Agreement and for one (1) year after the expiration or earlier termination hereof.

I. Internet Website and Social Media Accounts. You agree to install and maintain all hardware and software needed to access the Internet at the bit speed we require from time to time. You further agree that you will not establish any website or other listing on the Internet except as provided herein.

(1) Without our prior written approval, which we may give or withhold in our sole discretion, you may not develop, create, generate, own, or otherwise use any computer and/or electronic media (including but not limited to the Internet, bulletin boards and news groups) in connection with the Chuck Lager Restaurant. If we grant our approval for your use of an Internet website, you acknowledge that the form, content and appearance of any Internet website you use must comply with the System Standards and must be approved by us in writing before being used. Accordingly, you agree that you have no authority to, and you will not, establish any website that creates any association with the Marks or the System, or post any advertisements or material on the Internet (including, but not limited to, social media websites such as Facebook and Twitter) that depict or display the Marks or suggest an association with the System, without our express prior written consent. Without limitation of the foregoing, if we require, any Internet website created by or for you must contain a hypertext link to our Internet

website in the form we require, and no other hypertext links to third party Internet websites unless previously approved in writing by us. Notwithstanding our approval of a website, we reserve the right to revoke our approval at any time that the website fails to continue to meet our Standards, and you agree that upon such revocation, you will immediately discontinue use of the website.

(2) You agree that you have no authority to, and you will not, register any domain name in any class or category that uses or creates any association with the Marks (including any abbreviation, acronym, phonetic variation or visual variation of the Marks) or the System without our express prior written consent. You must obtain our written approval for your domain name prior to use. Your domain name must be registered in our name and licensed to you by us. On termination or expiration of this Agreement, the license of the domain name to you will automatically terminate and you agree to undertake all such actions that we require to disassociate yourself with the domain name.

(3) We may establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift cards or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, "Digital Marketing") that are intended to promote Chuck Lager Restaurants and the System. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Chuck Lager Restaurant, to pre-approve any Digital Marketing that you desire to perform for your Chuck Lager Restaurant, and to define the procedures and processes under which any permitted Digital Marketing may be performed. We may withdraw our approval for any Digital Marketing at any time. Among other things, we have established an Internet website that provides information about the System and the products and services offered by Chuck Lager Restaurants, and we or our affiliates have sole ownership, discretion and control over such website, including timing, design, contents and continuation. We may include at the website interior pages containing information about our franchisees' Chuck Lager Restaurants and may require you to prepare all or a portion of the page for your Chuck Lager Restaurant, at your expense, using a template that we provide, with all such information subject to our approval prior to posting. We may use Advertising Fund monies to establish and maintain the website.

(4) We also have the sole right (but no obligation) to develop an Intranet through which we and our franchisees can communicate by e-mail or similar electronic means. If we develop an Intranet, you agree to participate in strict compliance with our Standards, protocols and restrictions, including, without limitation, Standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. We may, in our sole discretion, charge a reasonable fee for Intranet usage, which you agree to pay in accordance with our invoice.

J. Business Licenses and Sale of Alcohol. You agree to secure and maintain, at your sole cost, any and all state, county, and/or local business licenses, including but not limited to, any required liquor license, required for the operation of the Chuck Lager Restaurant. You acknowledge and agree that you must, throughout the term of this Agreement, offer wine, beer, liquor and other alcoholic beverages for sale at your Chuck Lager Restaurant, unless we permit you to operate a Restaurant that does not offer alcoholic beverages. You must comply with all federal, state, county, municipal, or other local laws and regulations relating to alcohol and liquor that may apply to your Chuck Lager Restaurant. Before opening your Chuck Lager Restaurant you must obtain (and you must at all times maintain) all applicable food and beverage licenses, including liquor licenses, and you must obtain and maintain any applicable real estate permits (*e.g.*, zoning), real estate licenses, and other operational licenses. You will not be permitted to open your Chuck Lager Restaurant until, among other things, you have obtained your license to offer alcoholic beverages. You are solely responsible for obtaining and maintaining any applicable liquor licenses and all expenses related thereto. You are also solely responsible for complying with all applicable laws and regulations governing the sale of alcoholic beverages. Accordingly, you are solely responsible for any liability arising under any state "dram shop" laws or similar laws for injuries and damages that are directly or indirectly related to the sale and consumption of alcohol, and you must indemnify us for any costs, expenses and liabilities we incur as a result of, or in connection with, the sale or consumption of alcohol at your Chuck Lager Restaurant. Each of your managers (and any other employees we designate) must be ServSafe certified (or the equivalent certification in your state). Certain managers and other employees we designate (including bartenders) must also complete alcohol awareness or TIPS training.

K. Prices of Products Sold at Your Chuck Lager Restaurant. We may from time to time establish maximum, minimum or other pricing requirements for the products to be sold at your Chuck Lager Restaurant to the fullest extent allowed by law, including required participation in System-wide discount programs and promotions.

L. Customer Card Programs. At your expense, you must fully participate in gift card programs, loyalty programs, credit card programs, customer tracking programs, incentive programs, reward programs, and other types of programs ("Customer Card Programs") that we develop or designate to support and promote the System. You must comply with all our procedures and policies for Customer Card Programs in the Manuals. You will, at your sole expense, promptly install at the Chuck Lager Restaurant any acceptance system for Customer Card Programs and/or hardware and software necessary for Customer Card Programs to operate with the Computer System. You must also obtain any services and supplies we require in connection with Customer Card Programs and pay all fees charged by us or our affiliates or our approved suppliers in connection with Customer Card Programs. Customer Card Programs may use aspects of the Computer System.

IX. ADVERTISING

A. Local Advertising. Recognizing the value of advertising and marketing to the goodwill and public image of Chuck Lager Restaurants, you agree that each month you will spend an amount equal to at least two percent (2%) of the Chuck Lager Restaurant's Gross Sales for advertising and promotion of the Chuck Lager Restaurant in the Protected Area. In our sole discretion, we may increase the amount you must spend on local marketing in the Protected Area upon not less than thirty (30) days' written notice to you; provided, however, that you shall not be required to spend more than four percent (4%) of the Chuck Lager Restaurant's Gross Sales on local marketing in the Protected Area, and you will not be required to spend more than a maximum of six percent (6%) of your Gross Sales between the Advertising Fund and your local marketing requirement. At our request, you must submit to us a report (including substantiating receipts) detailing your local advertising expenditures during the time period specified in the request. In addition, we have the right to request receipts and conduct audits or otherwise review your books and records from time to time (up to once per month, in our discretion) to determine your expenditures for local advertising and promotion. If we determine that you have not spent the requisite amounts, we may require you to pay such unexpended amounts to us to apply to local advertising in the Protected Area. You may advertise permitted catering activities only in the Protected Area.

B. Cooperatives. We have the right to designate any geographic area in which two (2) or more company-owned or franchised Chuck Lager Restaurants are located as a region for purposes of establishing an advertising cooperative ("Cooperative"). If we do, each Cooperative will be organized and governed as, and will begin operation on a date, we determine. Cooperatives will be organized for the exclusive purpose of administering advertising programs and developing promotional materials for local advertising and will be operated solely as a conduit for the collection and expenditure of advertising contributions. If a Cooperative is established for a geographic area that includes all or part of the Protected Area, you must execute the applicable Cooperative documents promptly upon our request and participate as a member of the Cooperative. Among other things, this means that (i) you must submit to the Cooperative and to us all statements and reports that we or the Cooperative may require, and (ii) you must contribute to the Cooperative the amounts required by the Cooperative's governing documents; provided, that your Cooperative contribution will be applied to satisfy your local advertising requirement under Section IX.A. We may require that the Cooperative only use public relations firms and advertising agencies that we approve. As a member, officer, or director of a Cooperative, you must provide to us within 10 days all information we request related to the Cooperative.

C. Advertising Fund. We may, at our option, establish an advertising program fund (the "Advertising Fund" or "Fund"). Beginning upon your receipt of written notice from us that we have established an Advertising Fund, you agree to make monthly contributions to the Fund of two percent (2%) of the Chuck Lager Restaurant's Gross Sales. In our sole discretion, we may increase the amount you must contribute to the Fund upon not less than thirty (30) days' written notice to you; provided, however, that you shall not be required to contribute more than four percent (4%) of the Chuck Lager Restaurant's Gross Sales to the Fund; provided, however, that you will not be required to spend more than a maximum of six percent (6%) of your Gross Sales between the Advertising Fund and your local marketing requirement. Your required contributions to the Fund are in addition to amounts you are required to spend for local advertising under Section IX.A. Fund contributions will be made monthly, with respect to the prior month's Gross Sales, at the time and in the manner that royalty fee payments are due.

(1) We will direct all programs financed by the Fund, with sole discretion over the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation thereof. You agree that the Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials; administering national, regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; the cost of developing and maintaining an internet website and any Digital Marketing; developing and maintaining gift card, membership and other customer loyalty programs; and supporting public relations, market research and other advertising, promotion and marketing activities.

(2) The Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries (including salaries paid to our marketing staff members), administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including, without limitation, conducting market research; preparing advertising, promotion and marketing materials; and collecting and accounting for contributions to the Fund. We may spend, on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Chuck Lager Restaurants to the Fund in that year, and the Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Fund will be used to pay advertising costs before other assets of the Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the Fund and furnish the statement to you upon written request. We have the right to cause the Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified herein. Chuck Lager Restaurants owned by us and our Affiliates will not contribute to the Fund on the same basis as a franchisee under the terms of a standard franchise agreement for a Chuck Lager Restaurant.

(3) You acknowledge that the Fund is intended to maximize recognition of the Marks and patronage of Chuck Lager Restaurants. Although we will endeavor to utilize the Fund to develop advertising and marketing materials and programs that will benefit all Chuck Lager Restaurants, we undertake no obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Fund by Chuck Lager Restaurants operating in that geographic area or that any Chuck Lager Restaurant will benefit directly or in proportion to its contribution to the Fund from the development of advertising and marketing materials or the placement of advertising. We may use a portion of the monies contained in the Fund to establish regional marketing funds and/or to establish and maintain a website for Chuck Lager Restaurants. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the Fund.

(4) We reserve the right, upon thirty (30) days' prior written notice to you, to defer, reduce or suspend contributions to (and, if suspended, deferred or reduced, to reinstate such contributions) and to suspend operations of, the Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Fund. If the Fund is terminated, all unspent monies on the date of termination will be distributed to the contributors to the Fund in proportion to their respective contributions to the Fund during the preceding twelve (12) month period.

(5) We may, in our discretion and business judgment, use the Fund to directly or indirectly place advertising in your local or regional market; however, we also intend to use the Fund to create and prepare marketing materials or advertising programs that will be provided to you so that you may directly place or implement such materials or programs in your local or regional market. Any amounts that you spend to place or implement advertising created by the Fund in your local or regional market will be credited towards your local advertising obligations under Section IX.A. above.

D. Promotional Programs. We may, from time to time in our sole discretion, develop and administer advertising and sales promotion programs designed to promote all Chuck Lager Restaurants or specific advertising market areas (e.g., limited time offers, gift cards, coupons, loyalty programs, customer relationship management, and other supplemental marketing programs). We will be responsible for the design and administration of such programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies. If we do establish these programs, you agree to participate in them at your own cost (including the costs to purchase, lease, and install all materials necessary to the programs including counter cards, posters,

banners, signs, photographs, give-away items and gift cards), all in accordance with the terms and conditions we establish. The Standards and specifications we establish for such programs, shall be final and binding upon you.

E. Advertising Standards. You agree that any advertising, promotion and marketing you conduct, whether required by this Agreement or voluntarily undertaken by you, will be completely clear and factual and not misleading and will conform to the highest standards of ethical marketing and the promotion policies that we prescribe from time to time. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least twenty (20) days before you use them or deliver them to a third party for use in any advertisement. If you do not receive written approval within fifteen (15) days after our receipt of such materials, we will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that we have disapproved. Our approval of any advertising material may be withdrawn in our sole discretion at any time.

F. Grand Opening. During the period beginning ten (10) days prior to the Opening Date and ending sixty (60) days after the Opening Date ("Grand Opening Period"), you must carry out a grand opening promotion for your Chuck Lager Restaurant in accordance with our Standards. You must spend at least Ten Thousand Dollars (\$10,000) on advertising and promoting your Chuck Lager Restaurant during the Grand Opening Period. We will assist you in organizing your grand opening promotion and we must approve all advertising items, methods and media you use in connection with such grand opening promotion. This cost is in addition to your required local advertising expenditures described in Section IX.A. If you relocate you may be required to comply with the Grand Opening obligation again.

G. Business Listings. You agree to place and pay the cost of a business listing acceptable to us, which may, at our discretion, be an Internet business listing, in such directories and categories as we may specify from time to time in the Manuals or otherwise in writing. This cost is in addition to your required local advertising expenditures.

X. MARKS

A. Your Right to Use the Marks. We grant you the right to use the Marks during the term of this Agreement in accordance with this Agreement and our Standards and specifications.

B. Your Agreements Regarding the Marks. You expressly acknowledge that:

(1) As between us and you, we are the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

(2) Neither you nor any of your Owners will take any action that would prejudice or interfere with our rights or those of our Affiliates in and to the Marks. Nothing in this Agreement shall give you any right, title, or interest in or to any of the Marks, except the right to use the Marks in accordance with the terms and conditions of this Agreement.

(3) Any and all goodwill arising from your use of the Marks will inure solely and exclusively to our benefit and to the benefit of our Affiliates, and upon expiration or termination of this Agreement, no monetary amount shall be attributable to any goodwill associated with your use of the Marks.

(4) You agree not to contest, or assist others to contest, the validity of, or our or our Affiliates' interest in the Marks.

(5) Any unauthorized use of the Marks will constitute an infringement of our or our Affiliates' rights in the Marks and a material event of default under this Agreement. You agree to provide us with all assignments, affidavits, documents, information and assistance related to the Marks that we or our Affiliates reasonably request, including all such instruments necessary to register, maintain, enforce and fully vest the rights of us or our Affiliates in the Marks.

(6) We have the right to substitute different trade names, trademarks, service marks, logos and commercial symbols for the current Marks to use in identifying the System and the Chuck Lager Restaurants

operating under the System if the current Marks no longer can be used, or if we, in our sole discretion, determine that substitution of different marks will be beneficial to the System. If we do so, you agree, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute marks.

C. Your Use of the Marks. You further agree that you will:

(1) Operate and advertise the Chuck Lager Restaurant only under the name “Chuck Lager” without prefix or suffix, unless otherwise authorized or required by us. You agree not to use the Marks as part of your corporate or other legal name.

(2) Identify yourself as the owner of the Chuck Lager Restaurant in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, and display a notice in such content and form and at such conspicuous locations at the Chuck Lager Restaurant or on any vehicle used in the operation of the Chuck Lager Restaurant as we may designate in writing.

(3) Not use the Marks to incur any obligation or indebtedness on our behalf.

(4) Comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations, and execute any documents deemed necessary by us or our counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

D. Infringement. You agree to notify us promptly of any apparent infringement of or challenge to your use of any Mark and of any claim by any person of any rights in any Mark. You and your Owners shall not communicate with any person other than us, our Affiliates, our and their counsel, and your counsel in connection with any such apparent infringement, challenge or claim. We will have complete discretion to take any action we deem appropriate in connection with any infringement of, or challenge or claim to, any Mark and the right to control exclusively, or to delegate control of, any settlement, litigation, Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute all such instruments and documents, render such assistance, and do such acts or things as may, in our opinion, reasonably be necessary or advisable to protect and maintain our or our Affiliates’ interests in the Marks.

XI. CONFIDENTIALITY AND NONCOMPETITION COVENANTS

A. Manuals. The Manuals are our property and you agree to return them to us at our request and in any event when this Agreement expires or is terminated for any reason. You and your Owners must at all times maintain the Manuals, and the information contained in them, as confidential in compliance with this Article XI. You may make the Manuals available only to those of your Owners and employees who must have access to them in order to operate the Chuck Lager Restaurant and may not at any time copy, duplicate, record or otherwise reproduce the Manuals, in whole or in part, or make them available to any unauthorized person. You agree to maintain the Manuals in a secure place at the Chuck Lager Restaurant. We have the right to add to or modify the Manuals from time to time, although the Manuals shall not contain any provisions now or in the future that would render us as your joint employer or otherwise make us responsible for your acts or omissions relating to your employees. You agree to comply with the terms of all additions and modifications to the Manuals and to keep your copy of the Manuals current. If there is a dispute about the contents of the Manuals, the terms of the master copy at our offices shall control. The entire contents of the Manuals, and our mandatory specifications, procedures and rules prescribed from time to time, shall constitute provisions of this Agreement as if they were set forth herein. We will charge a replacement fee of Five Hundred Dollars (\$500) for any replacement Manuals you request.

B. Nondisclosure of Confidential Information. We will disclose to you those parts of our Confidential Information we deem necessary or advisable from time to time for the establishment and operation of the Chuck Lager Restaurant. You agree that you and your Owners will not acquire any interest in the Confidential Information, other than the right to use the Confidential Information disclosed to you in operating the Chuck Lager Restaurant during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You agree to disclose the Confidential Information to your Owners and employees only to the extent reasonably necessary for the operation of the Chuck Lager Restaurant pursuant to this Agreement. Our Confidential Information is proprietary, includes trade secrets

owned by us and our Affiliates, and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you: (i) will not use the Confidential Information in any other business or capacity; (ii) will maintain the confidentiality of the Confidential Information during and after the term of this Agreement; (iii) will not make unauthorized copies of any portion of the Confidential Information; and (iv) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent the unauthorized use or disclosure of the Confidential Information, including, without limitation, restrictions on disclosure of the Confidential Information to Chuck Lager Restaurant personnel and others. These covenants shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Owners.

C. Noncompetition Covenants. You and your Owners specifically acknowledge that, pursuant to this Agreement, you and they will receive access to valuable training and Confidential Information which are beyond your and their present skills and experience, including, without limitation, information regarding operational, sales, promotional and marketing methods and techniques of the System. You and your Owners further acknowledge that such specialized training and Confidential Information provide a competitive advantage, and that gaining access to them is a primary reason for entering into this Agreement. Accordingly, you and your Owners agree as follows:

(1) With respect to you, during the term of this Agreement (or with respect to each of the Owners, for so long as such person satisfies the definition of "Owner" under this Agreement), except as otherwise approved in writing by us, neither you nor any of your Owners shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, legal entity or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of Chuck Lager Restaurants to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Chuck Lager Restaurants operated under valid agreements with us, own, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist or make loans to, any business that is the same as or similar to a Chuck Lager Restaurant (i.e. any restaurant business offering draft beer and hamburgers or sandwiches) and which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

(2) With respect to you, for a continuous uninterrupted period commencing upon the expiration, termination, or transfer of all of your interest in, this Agreement (or, with respect to each of the Owners, commencing upon the earlier of (i) the expiration or termination of, or transfer of all of your interest in, this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of "Owner" under this Agreement) and continuing for two (2) years thereafter, except as otherwise approved in writing by us, neither you, nor any of your Owners shall, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person, legal entity or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of Chuck Lager Restaurants to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Chuck Lager Restaurants operated under valid agreements with us, own, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist or make loans to, any business that is the same as or similar to a Chuck Lager Restaurant (i.e. any restaurant business offering draft beer and hamburgers or sandwiches) which is, or is intended to be, located (i) at the Franchise Location, (ii) within the Protected Area, (iii) within a twenty-five (25)-mile radius of the Franchise Location, or (iv) within a twenty-five (25)-mile radius of the location of any Chuck Lager Restaurant then in existence or under construction.

(3) You agree that each of the foregoing covenants contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or our other business interests. Each covenant shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section XI.C. is held

unreasonable or unenforceable by a court having valid jurisdiction in an unappealed final decision to which we are a party, you and your Owners expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section XI.C.

(a) You and your Owners acknowledge that we will have the right, in our sole discretion, to reduce the scope of any covenant set forth in this Section XI.C. without your or their consent, effective immediately upon notice to you; and you and your Owners agree to promptly comply with any covenant as modified.

(b) You and your Owners expressly agree that the existence of any claims you or they may have against us, whether arising under this Agreement or otherwise, shall not constitute a defense to the enforcement by us of the covenants in this Section XI.C.

D. Improvements. If you, your employees, or Owners develop any new concept, process or improvement in the operation or promotion of a Chuck Lager Restaurant (an "Improvement"), you agree to promptly notify us and provide us with all necessary related information, without compensation. Any such Improvement shall become our sole property and we shall be the sole owner of all related patents, patent applications, and other intellectual property rights. You and your Owners hereby assign to us any rights you or they may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights therein and thereto. You and your Owners agree to assist us in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint us as your and their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such Improvement. In the event that the foregoing provisions of this Section XI.D. are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe your or their rights therein.

E. Injunctive Relief. You and your Owners acknowledge that any failure to comply with the requirements of this Article XI. shall constitute a material event of default under this Agreement and further acknowledge that such a violation would result in irreparable injury to us for which no adequate remedy at law may be available. You and your Owners accordingly consent to the issuance of an injunction prohibiting any conduct by you or them in violation of the terms of this Article XI., without the requirement that we post a bond. You and your Owners agree to pay all court costs and reasonable attorneys' fees and costs that we incur in connection with the enforcement of this Article XI., including all costs and expenses for obtaining specific performance, or an injunction against the violation, of the requirements of this Article, or any part of it.

F. Execution of Covenants by Your Owners and Management. You agree to require and obtain the execution of covenants similar to those set forth in Sections XI.B. and C. from all General Managers, and, at our request, any Assistant Managers or other of your personnel. These covenants must be substantially in the form set forth in Exhibit B; however, we reserve the right, in our sole discretion, to decrease the scope of the noncompetition covenant set forth in Exhibit B or eliminate such noncompetition covenant altogether for any person that is required to execute such agreement.

XII. BOOKS AND RECORDS

A. Maintenance of Books and Records. You must maintain during the term of this Agreement, in accordance with generally accepted accounting principles and in the form and manner we prescribe from time to time in the Manuals, full, complete and accurate books, records and accounts of the Chuck Lager Restaurant, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers. You agree to preserve such books and records for at least five (5) years from the date of preparation. Your Chuck Lager Restaurant records may not be commingled with the records of any other businesses.

B. Systems and Reporting. You agree to: (i) comply with all of our Standards on accounting systems, procedures, and formats, if any; (ii) timely submit to us complete and accurate financial, operational, and other reports we require (including monthly reports detailing the Gross Sales during the preceding month and monthly profit and loss statements for the prior month's operations); and (iii) use all forms we specify. In addition to other reports required by this Agreement, you agree to submit to us, in the form we prescribe from time to time and at your expense:

(1) At our request, a monthly income statement (which may be unaudited), signed by your treasurer, chief financial officer or comparable officer attesting that it is true, complete and correct.

(2) Not later than March 1st after the end of each calendar year during the term of this Agreement, your complete annual financial statement (which may be unaudited), including a balance sheet, profit and loss statement, and statement of cash flows, prepared in accordance with generally accepted accounting principles (unless otherwise approved by us) by an independent certified public accountant satisfactory to us and showing the results of your operations during such calendar year.

(3) Not later than five (5) days after filing, copies of your federal income tax returns (including any extension requests) and within five (5) days after the end of each calendar quarter, copies of your state sales tax returns. If the Chuck Lager Restaurant is in a state which does not impose a sales tax, you agree to submit a copy of your state income tax return (including any extension requests) not later than five (5) days after filing.

(4) At the times reasonably required by us, such other forms, reports, records, information and data as we may reasonably designate.

C. Audits. We or our designees will have the right at all reasonable times to review, audit, examine and copy your books and records relating to the Chuck Lager Restaurant. If you have commingled your records for various businesses we have the right to review and audit the records for all commingled businesses. If any required payments to us are delinquent, or if an examination or audit should reveal that any payments have been understated in any report to us, then you must pay to us upon demand the amount overdue or understated with interest determined in accordance with Section V.E. If an examination or audit discloses an understatement in any report of two percent (2%) or more, you must, in addition to paying us any unpaid amounts plus interest, reimburse us for all costs and expenses connected with the audit (including, without limitation, legal and accounting fees and costs). These remedies shall be in addition to any other remedies we may have at law or in equity.

D. No Waiver. Our receipt or acceptance of any of the statements furnished or amounts paid to us (or the cashing of any check or processing of any electronic fund transfer) will not preclude us from questioning the correctness thereof at any time, and, in the event that any errors are discovered in such statements or payments, you must immediately correct the error and make the appropriate payment to us.

E. Authorization to Release Information. You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with whom you do business to disclose to us any financial information in their possession relating to you or the Chuck Lager Restaurant which we may request. You further authorize us to disclose to prospective franchisees or other third parties data from your reports if we determine, in our sole discretion, that such disclosure is necessary or advisable.

F. Additional Information. You shall respond promptly to requests from us for clarification and/or additional information regarding any matter entrusted to you under this Agreement. You will inform us from time to time on our request of: (i) all prices you charge for products you sell; and (ii) the prices your competitors charge in the area. We may use data and information derived from polling your Computer System or your financial reports and statements in any manner that we deem appropriate, including using the data in our Franchise Disclosure Document (the "FDD"), in performing market analyses, and in our promotional materials.

XIII. INSURANCE

A. Insurance Coverage Requirements. Not later than sixty (60) days before the Opening Date, you must procure, at your expense, an insurance policy or policies protecting you, us, our Affiliates, successors and assigns, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring at or in connection with the operation of the Chuck Lager Restaurant. You must maintain these policies in full force and effect at all times during the term of this Agreement. The policies shall be written by a responsible carrier or carriers rated "A" or better by the A.M. Best Company, Inc., and all policies must name us and our affiliates, officers, directors, members and agents as additional insureds. All policies must be reasonably acceptable to us and must include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time in writing), the following:

(1) Comprehensive general liability insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage, in the amount of Two Million Dollars (\$2,000,000) combined single limit per occurrence, Two Million Dollars (\$2,000,000) general aggregate.

(2) "All Risks" coverage for the full cost of replacement of the Chuck Lager Restaurant premises and all other property in which we may have an interest with no coinsurance clause for the premises.

(3) Automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than Two Million Dollars (\$2,000,000) combined single limit.

(4) An "umbrella" policy providing excess coverage with limits of not less than Five Million Dollars (\$5,000,000) which must be excess to the general liability and automobile liability coverage required herein.

(5) Business interruption insurance covering at least twenty-four (24) months' loss of profits and necessary continuing expenses for interruptions caused by any occurrence covered by the insurance referred to in (1) and (2) above and your royalty and advertising fund contribution, calculated on the basis of the Gross Sales used as the basis for calculation of the business interruption insurance award. Such business interruption insurance shall be written on an all risks form, either as an endorsement to the policies described in (1) and (2) above or on a separate policy.

(6) Workers' compensation insurance in amounts required by applicable law.

(7) Specific liability coverage for the sale of alcohol in an amount equal to One Million Dollars (\$1,000,000) per Chuck Lager Restaurant;

(8) Such other insurance as may be required by Franchisor from time to time or by the landlord of the premises at, and by the state or locality in, which the Chuck Lager Restaurant is located.

B. Deductibles; Waiver of Subrogation. You may elect to have reasonable deductibles in connection with the coverage required under Sections XIII.A(1)-(8) hereof. Such policies shall also include a waiver of subrogation in favor of us, our Affiliates and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them.

C. Builder's Risk Insurance. In connection with any construction, renovation, refurbishment or remodeling of the Chuck Lager Restaurant, you must maintain Builder's Risks/Installation insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to us.

D. No Limitation of Other Obligations. Your obligation to obtain and maintain the foregoing policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Article XVI. or Article XVII. of this Agreement.

E. Additional Insured Designation. All insurance policies required under this Agreement, with the exception of workers' compensation, shall name us and our Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, as additional insureds, and shall expressly provide that our and their interest shall not be affected by your breach of any policy provisions. All public liability and property damage policies shall contain a provision that we and our Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to them by reason of your negligence or that of your servants, agents or employees.

F. Certificates of Insurance. Upon the execution of this Agreement and thirty (30) days before the expiration of any policy required under this Agreement, you agree to deliver to us certificates of insurance evidencing the existence and continuation of proper coverage with limits not less than those required under this Article XIII. In addition, if we request, you agree to deliver to us a copy of the insurance policy or policies required. All required insurance policies must expressly provide that we are entitled to no less than thirty (30) days' prior written notice in the event of a material alteration to or cancellation of the policies.

G. Remedies. If you fail to procure or maintain the insurance required by this Agreement, we will have the right and authority (but no obligation) to procure such insurance and to charge to you the cost of such insurance, together with a reasonable fee for our expenses, which shall be payable by you upon demand. The foregoing remedies are in addition to any other remedies we may have at law or in equity.

XIV. DEBTS AND TAXES

A. Payment of Taxes and Other Obligations. You agree to promptly pay when due all Taxes levied or assessed and all accounts and other indebtedness of every kind incurred by you in connection with the Chuck Lager Restaurant. You are solely liable for the payment of all Taxes and agree to indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether or not correctly or legally assessed. You will also pay to us when due any federal, state or local sales, gross receipts, use, value added, excise or other taxes levied or assessed against us on all fees and other payments paid to us under this Agreement, including any sales taxes, personal property taxes, excise taxes, value added taxes, income taxes, franchise taxes or other tax levied or assessed against us for the privilege of doing business in your state or on account of services or goods provided by us.

B. Disputed Liability. If there is a bona fide dispute as to your liability for Taxes or other indebtedness, you may contest the validity or the amount of the Tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor, to occur against the Chuck Lager Restaurant.

C. Credit Standing. You acknowledge that the failure to make payments or repeated delays in making prompt payments to suppliers will result in a loss of credit rating or standing which will be detrimental to the goodwill associated with the Marks and the System. Except for payments which are disputed by you in good faith, you agree to promptly pay when due all amounts owed by you to us, our Affiliates, and other suppliers.

D. Notice of Adverse Orders. You agree to notify us in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Chuck Lager Restaurant. You also will promptly furnish to us copies of all fire, health, or other inspection reports, warnings, certificates, and ratings issued by any government agency, and must immediately provide us with any such items that assert any failure to comply strictly with any laws.

XV. TRANSFER

A. By Us. We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity without your consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all our obligations arising subsequent to the transfer or assignment. Without limitation of the foregoing, we may sell our assets to a third party; may offer our securities privately or publicly; may merge with or, acquire other corporations, or may be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

B. By You and Your Owners. You acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted you rights under this Agreement in reliance on your business skill, financial capacity and personal character and that of your Owners. Accordingly, neither you nor any of your Owners, nor any of your or their permitted successors or assigns, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement, in the Chuck Lager Restaurant, or in you without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material breach of this Agreement. If you wish to transfer all or part of your interest in the Chuck Lager Restaurant or this Agreement, or if you or an Owner wishes to transfer any ownership interest in you, the transferor shall apply to us for our consent. We will not unreasonably withhold our consent but may require any or all of the following as conditions of our consent:

(1) All accrued monetary obligations of you and your Affiliates to us and our Affiliates arising under this Agreement or any other agreement, shall have been satisfied in a timely manner, and you shall have satisfied all trade accounts and other debts of whatever nature or kind in a timely manner;

(2) You and your Affiliates shall not be in default of this Agreement or any other agreement with us or our Affiliates, and you and they shall have substantially and timely complied with all the terms and conditions of such agreements during their respective terms;

(3) The transferor and its owners, if applicable, shall have executed a general release, in a form satisfactory to us, of any and all claims, against us and our Affiliates, our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement with us or our Affiliates, and under federal, state or local laws, rules, and regulations or orders;

(4) The proposed transferee must demonstrate to our satisfaction that it meets our then-current qualifications, and, at the transferee's expense, its Operating Partner, General Manager, Kitchen Manager, Assistant Manager(s) and any other personnel we require shall complete any training programs then in effect for Chuck Lager Restaurants upon such terms and conditions as we may reasonably require;

(5) The transferee shall, at its expense and within the time period we reasonably require, renovate, modernize and otherwise upgrade the Chuck Lager Restaurant to conform to our then-current System image, Standards and specifications;

(6) The transferee shall enter into a written agreement, in a form satisfactory to us, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all of your obligations, covenants and agreements under this Agreement;

(7) The transferee shall execute our then-current form of franchise agreement for a term ending on the expiration date of this Agreement (including any renewal terms provided by this Agreement). The new franchise agreement shall supersede this Agreement in all respects and its terms may differ from the terms of this Agreement, including higher fees, but the transferee shall not be required to pay an initial franchise fee. If the transferee is a corporation, partnership, limited liability company or other entity, those of the transferee's owners whom we require shall execute such guaranty and assumption documents as we may require;

(8) The transferor shall remain liable for all of its obligations to us under this Agreement incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;

(9) You must pay us a transfer fee of \$10,000; provided, however, that if you are an individual transferring your rights and obligations under this Agreement to an entity wholly owned by you pursuant to, and in accordance with, Section XV.C. of this Agreement, the transfer fee shall be limited to an amount equal to the out-of-pocket costs and expenses incurred by us in connection with such transfer (including, without limitation, legal and accounting fees and costs);

(10) If the transfer relates to the grant of a security interest in any of your assets, we may require the secured party to agree that, in the event of any default by you under any documents related to the security interest, we shall have the right and option (but no obligation) to be substituted as obligor to the secured party and to cure any default.

C. Transfer for Convenience of Ownership. If the proposed transfer is to a corporation or other entity formed solely for the convenience of ownership and wholly owned by you, our consent may be conditioned upon any of the requirements in Section XV.B., except that Sections XV.B.(3), (4), (5), and (7) shall not apply and the fee provided for in Section XV.B.(9) shall be limited to our reasonable out-of-pocket costs and expense (including legal and accounting fees and costs). In any transfer for the convenience of ownership, you must be the owner of all the voting stock or ownership interests in the new entity, or, if you are more than one individual, each individual shall have the same proportionate ownership interest in the new entity as he or she had in you before the transfer.

D. Right of First Refusal. If you or an Owner wishes to transfer any interest in this Agreement, the Chuck Lager Restaurant, or you pursuant to any bona fide offer received from a third party to purchase such interest, then the proposed seller shall promptly notify us in writing of the offer, and shall provide such information and documentation relating to the offer as we may require. We will have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all required documentation describing the terms of the offer, to send written notice to the seller that we intend to purchase the seller's interest on the terms and conditions offered by the third party. If we elect to purchase the seller's interest, closing shall occur on or before sixty (60) days from the later of the date of our notice to seller of our election to purchase and the date we receive all necessary permits and approvals, or any other date agreed by the parties in writing. If the third party offer provides for payment of consideration other than cash, we may elect to purchase seller's interest for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent, then that amount shall be determined by two (2) appraisers. Each party shall select one (1) appraiser and the average of the appraisers' determinations shall be binding. Each party shall bear its own legal and other costs and shall share the appraisal fees equally. If we exercise our right of first refusal, we will have the right to set off all appraisal fees and other amounts due from you to us or any of our Affiliates. A material change in the terms of any offer before closing shall constitute a new offer subject to the same right of first refusal as an initial offer. Our failure to exercise the option afforded by this Section XV.D. shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section XV.B. Failure to comply with this Section XV.D. shall constitute a material event of default under this Agreement.

E. Death or Permanent Disability. You agree to promptly notify us of any death or claim of permanent disability subject to this Section XV.E. Any transfer upon death or permanent disability shall be subject to the following conditions, as well as to the conditions described in Section XV.B. for any inter vivos transfer.

(1) Upon your death (if you are a natural person) or the death of any Owner who is a natural person (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by us within six (6) months after the date of death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by us. If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within six (6) months after the death of the Deceased.

(2) Upon your permanent disability (if you are a natural person) or the permanent disability of any Owner who is a natural person, we may, in our sole discretion, require that person's interest to be transferred

to a third party in accordance with the conditions described in this Article XV. within six (6) months after notice to you. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician acceptable to both you and us, upon examination of the person, or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section XV.E. Each of the parties hereto shall pay Fifty Percent (50%) of the costs of any examination required by this Section XV.E.(2).

F. Securities Offerings. Interests in you shall not be offered to the public by private or public offering without our prior written consent, which we will not unreasonably withhold. As a condition of our consent, we may, in our sole discretion, require that immediately after such offering your Owners retain a Controlling Interest in you. You agree to give us written notice at least thirty (30) days before the commencement of any offering covered by this Section XV.F. and to submit all offering materials to us for review before they are filed with any governmental agency or distributed for use. Our review of the offering materials shall be limited solely to the subject of the relationship between you and us. No offering shall imply that we are participating in an underwriting, issuance or offering of securities. We may require the offering materials to contain a written statement prescribed by us concerning the relationship between you and us. You, your Owners and the other participants in the offering must fully indemnify us, our Affiliates, our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in connection with the offering. For each proposed offering, you must reimburse us for our reasonable costs and expenses (including, without limitation, legal and accounting fees and costs) associated with reviewing the offering materials.

G. No Waiver. Our consent to the transfer of any interest described in this Article XV. shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand the transferee's exact compliance with any of the terms of this Agreement.

XVI. INDEMNIFICATION

You agree to indemnify, defend and hold harmless us, our Affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, any and all claims, and liabilities directly or indirectly arising out of the operation of the Chuck Lager Restaurant, your breach of this Agreement, your compliance or alleged noncompliance with any law, and any allegation that we or any other Indemnified Parties are a joint employer or otherwise responsible for your acts or omissions relating to your employees, all without limitation and without regard to the cause or causes thereof or the negligence (whether such negligence be sole, joint or concurrent, or active or passive) or strict liability of us or any other party or parties in connection therewith. Notwithstanding the foregoing, this indemnity shall not apply to any liability arising from our gross negligence or willful misconduct, except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to you, your Owners, officers, directors, employees, independent contractors or Affiliates. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential, exemplary or other) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, accountants', mediators', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you. The terms of this Article XVI. shall survive the termination, expiration or transfer of this Agreement or any interest herein.

XVII. INDEPENDENT CONTRACTOR

A. Independent Contractor. You agree that the relationship created by this Agreement is not a fiduciary, special, or any other similar relationship, but rather is an arm's-length business relationship, and we owe you no duties except as expressly provided in this Agreement. You are an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. During the term of this Agreement, you agree to hold yourself out to the public as an independent contractor conducting the operations of the Chuck Lager Restaurant pursuant to the rights granted by us. Nothing in this Agreement authorizes you or any of your Owners to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and we will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of your Owners or any claim or judgment arising therefrom.

B. Indemnification Based on Employer Relationship. We are not the employer, co-employer, joint employer or shared employer for your employees or any others working at or for your Chuck Lager Restaurant business. If we are ever classified as an employer, co-employer, joint employer or shared employer, or are otherwise designated or assigned employer obligations for you, your employees, your contractors, or your sub-contractors, by any federal, state, or local government or agency, you must indemnify and reimburse us for all costs and expenses related to or resulting from such designation, including but not limited to, costs and expenses that we incur in performing any duties that we are deemed to have to you, your employees, your contractors, or your sub-contractors pursuant to such relationship, including, but not limited to, any (i) taxes; (ii) costs associated with providing insurance (including health, workers' compensation and unemployment insurance); and (iii) wages and benefits.

C. Indemnification for Collective Bargaining Costs. If we are ever required to collectively bargain or enter into a collective bargaining agreement with any of your employees, contractors, or sub-contractors, you must indemnify and reimburse us for (i) all costs of attending and participating in collective bargaining, including, but not limited to, travel expenses and professional fees directly attributable to collectively bargaining (and if we are required to collectively bargain with the employees, contractors, or sub-contractors of more than one franchisee, such costs will be divided pro-rata among all franchisees who are required to indemnify us for such costs), and (ii) all amounts that we are required to pay under a collective bargaining agreement that are payable to your employees, contractors, or subcontractors or that are attributable to them (such as taxes, insurance and benefits).

XVIII. TERMINATION

A. Automatic Termination. You will be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you, if you become insolvent or make a general assignment for the benefit of creditors; or if you file a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admit in writing your inability to pay your debts when due; or if you are adjudicated as bankrupt or insolvent in proceedings filed against you under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law are instituted by or against you; or if a final judgment against you remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if you are dissolved; or if execution is levied against your business or property; or if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the Chuck Lager Restaurant premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of your Chuck Lager Restaurant shall be sold after levy thereupon by any sheriff, marshal or constable or is otherwise sold by means of a foreclosure sale or a public or private auction or sale conducted in accordance with applicable law.

B. Termination on Notice; No Cure. You will be deemed to be in material default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon notice to you, upon the occurrence of any of the following events:

(1) Except for authorized catering activities and any relocation approved by us, if you operate the Chuck Lager Restaurant or sell any products or services authorized by us at any location other than the Franchise Location;

(2) If you fail to construct the Chuck Lager Restaurant in accordance with Article III;

(3) If you fail to begin construction of the Chuck Lager Restaurant within the time period specified in Section III.E or fail to open the Chuck Lager Restaurant for business within the time period specified in Section III.F;

(4) If you at any time cease to operate or otherwise abandon the Chuck Lager Restaurant, or lose the right to occupy the Franchise Location, or otherwise forfeit the right to do or transact business in the jurisdiction where the Chuck Lager Restaurant is located; provided, that this provision shall not apply upon the occurrence of an event of Force Majeure, if you apply within thirty (30) days after such event for our approval to relocate or reconstruct the Chuck Lager Restaurant and you diligently pursue such reconstruction or relocation. Our approval will not be unreasonably withheld but may be conditioned upon the payment of an agreed minimum fee to us during the period in which the Chuck Lager Restaurant is not in operation;

(5) If a threat or danger to public health or safety results from the construction or operation of the Chuck Lager Restaurant, including without limitation if a public official requires you to close your Chuck Lager Restaurant as a result of your violation of any laws relating to public health or safety;

(6) If you or any of your Owners is convicted of, or has entered a plea of guilty or nolo contendere to, a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein;

(7) If you or any of your Owners transfer or attempt to transfer any rights or obligations under this Agreement or any interest in you or the Chuck Lager Restaurant contrary to the terms of this Agreement, or if a transfer upon death or permanent disability is not made in accordance with Section XV.E.;

(8) If, contrary to the terms of Section XI.B., you or any of your Owners disclose, divulge or misuse any Confidential Information;

(9) If you knowingly maintain false books or records, or submit any false reports to us;

(10) If you breach in any material respect any of the covenants, or have falsely made any of the representations or warranties, set forth in Article VII., or if you make any material misstatement or omission in an application for this franchise or in any other information provided to us;

(11) If you fail to comply with our quality assurance program (including any applicable cure periods provided under such program) or you refuse to allow us to inspect your Chuck Lager Restaurant for any reason;

(12) If you or any of your Owners repeatedly commit an event of default under this Agreement, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by you after notice by us;

(13) If your assets, property or interests are 'blocked' or otherwise restricted under any law, ordinance or regulation relating to terrorist activities or if you are otherwise in violation of any such law, ordinance or regulation; or

(14) If you or any of your Affiliates are in default of any other franchise agreement with us and fail to cure such default within the applicable cure period, if any.

C. Termination on Notice; Opportunity to Cure. Except as provided in Sections XVIII.A. and XVIII.B. of this Agreement, upon any default which is capable of being cured, we may terminate this Agreement by

giving you written notice of termination stating the nature of the default and the time period within which the default must be cured. You may avoid termination by immediately initiating a remedy to cure such default and curing it to our satisfaction within the time period set forth below or any longer period that applicable law may require ("cure period"). If the default is not cured within the cure period, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the cure period. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following:

(1) If you fail to procure and maintain the insurance policies required by Section XIII. and fail to cure such default within seven (7) days following notice from us;

(2) If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or our rights therein and fail to cure such default within twenty-four (24) hours following notice from us;

(3) If you fail to obtain the execution of the confidentiality and related covenants as required under Section XI.F. of this Agreement within ten (10) days after we request and fail to cure such default within thirty (30) days following notice from us;

(4) If you or any of your Affiliates fail, refuse, or neglect promptly to pay any monies owed to us or any of our Affiliates when due, or fail to submit the financial or other information we require under this Agreement, and do not cure such default within five (5) days following notice from us;

(5) If you or any of your Owners fail to comply with the restrictions set forth in Section XI.C. of this Agreement and fail to cure such default within five (5) days following notice from us;

(6) If you fail to maintain or observe any of the Standards, specifications or procedures prescribed by us in this Agreement or otherwise in writing, and fail to cure such default within ten (10) days following notice from us;

(7) If you fail to secure all required state, county or local license(s) (including, but not limited to, applicable liquor licenses), by the date the Chuck Lager Restaurant is otherwise ready (and/or required) to open for business, or if you fail to maintain all such licenses during the term of this Agreement, and you fail to cure such default within ten (10) days following notice from us; or

(8) If you fail to comply with any other requirement imposed by this Agreement, or fail to carry out the terms of this Agreement in good faith and fail to cure such default within ten (10) days following notice from us.

D. Our Right to Communicate with Landlords, Lenders and other Third Parties. If you commit a default under this Agreement or we have reasonable cause to believe that a default has been committed, you acknowledge and agree that after sending you written notice of such default hereunder, we may, at our option, initiate communications with landlords, lenders or other relevant third parties to explore resolution options if necessary or appropriate in light of your default without liability to you of any kind.

E. Our Right to Provide Interim Management. If we have given you notice that you are in default, then we may (but are not obligated to) assume interim management of the Chuck Lager Restaurant during the pendency of any cure period or in lieu of immediately terminating this Agreement. If we elect to assume interim management of the Chuck Lager Restaurant (i) our election will not relieve you of your obligations under this Agreement; (ii) we will not be liable for any debts, losses, costs or expenses incurred in the operation of the Chuck Lager Restaurant during any such interim management period; (iii) we will have the right to charge a reasonable fee for our management services; and (iv) you agree to, and hereby do, indemnify and hold us harmless against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with our interim management of the Chuck Lager Restaurant, other than those arising solely from our gross negligence or willful misconduct.

XIX. POST-TERMINATION

A. Your Obligations Upon Termination. Upon the termination or expiration of this Agreement for any reason, all rights granted to you will terminate, and you must:

(1) Immediately cease to operate the Chuck Lager Restaurant under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as one of our present or former franchisees.

(2) Immediately and permanently cease to use, in any manner whatsoever, the Marks and any Confidential Information associated with the System. Without limitation of the foregoing, you must cease to use all signs, advertising materials, displays, stationery, forms and any other items which display the Marks.

(3) Take such action as may be necessary to cancel any assumed name, fictitious name or equivalent registration which contains the mark "Chuck Lager" or any other Mark, and furnish us with satisfactory evidence of compliance within five (5) days after termination or expiration of this Agreement.

(4) Not use any reproduction, counterfeit, copy or colorable imitation of the Marks which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Marks, nor shall you use any designation of origin or description or representation which falsely suggests or represents an association or connection with us constituting unfair competition.

(5) Promptly pay all sums owing to us and our Affiliates, and all damages, costs and expenses, including reasonable attorneys' fees and costs, incurred by us as a result of any default by you or in connection with obtaining injunctive or other relief for the enforcement of any provisions of this Article XIX., which obligation shall give rise to and remain a lien in favor of us against any and all of your assets, until such obligations are paid in full.

(6) Promptly deliver to us all Manuals, Software Programs, Confidential Information, and other materials related to the operation of the Chuck Lager Restaurant in your possession or control, and all copies thereof, all of which are acknowledged to be our property, and retain no copy or record of any of the foregoing, except your copy of this Agreement and of any correspondence between you and us and any other documents which you reasonably need for compliance with any provision of law.

(7) Comply with the restrictions against the disclosure of Confidential Information and against competition contained in Article XI. of this Agreement and cause any other person required to execute similar covenants pursuant to Article XI. also to comply with such covenants.

(8) Promptly furnish to us an itemized list of all advertising and sales promotion materials bearing the Marks, whether located at the Chuck Lager Restaurant or at any other location under your control. We will have the right to inspect these materials and the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at your cost. Materials we do not purchase cannot be used by you or any other person for any purpose unless authorized in writing by us.

(9) At our option, assign to us all rights to the telephone numbers of the Chuck Lager Restaurant and any related business listings and execute all forms and documents required by us to transfer such service and numbers to us. You agree to use different telephone numbers at or in connection with any subsequent business conducted by you.

(10) If we do not elect to exercise our option to acquire the lease or sublease for the Franchise Location (as described below), you agree to make such modifications or alterations to the premises as are necessary to distinguish the appearance of the Chuck Lager Restaurant from that of other Chuck Lager Restaurants, and, if you fail or refuse to do so, we shall have the right to enter upon the premises, without being guilty of trespass or any other crime or tort, to make or cause such changes to be made, at your expense.

B. Our Post-Term Purchase Options. Upon the termination or expiration of this Agreement, we shall have the following options:

(1) The option, exercisable by giving written notice to you within sixty (60) days from the date of such termination or expiration, as applicable, to acquire the Franchise Location and the assets of the Chuck Lager Restaurant from you (subject to any rights of approval retained by the owner of the leasehold). The date on which we notify you whether or not we are exercising our option is referred to as the "Notification Date." We will have the unrestricted right to assign this option and we or our assignee will be entitled to all customary warranties and representations in connection with the asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise; and a general release.

(2) The option, exercisable at the time and in the manner set forth in subsection (1) above, to assume your leasehold interest in the Franchise Location or, if you own the Franchise Location, to enter into a lease agreement with you. If we exercise our option, you agree to assign your leasehold interest to us at no cost to us other than our assumption of the obligation to make post-assignment rental payments to the landlord under the lease; or if you own the Franchise Location, to lease the Franchise Location to us at a reasonable commercial rent and upon terms comparable to rental terms for similar leased property in the marketplace where the Chuck Lager Restaurant is located.

(3) If we exercise our option under subsection (1) to purchase the assets of the Chuck Lager Restaurant from you, the purchase price for the assets will be their fair market value, determined in a manner consistent with reasonable depreciation of the Chuck Lager Restaurant's leasehold improvements, equipment, fixtures, furnishings, signs, materials and supplies. The age and condition of the improvements, equipment, fixtures, furnishings, decor, and signs of the Chuck Lager Restaurant, will also be considered in determining the fair market value. We may exclude from the assets we elect to purchase cash or its equivalent and any leasehold improvements, equipment, fixtures, furnishings, signs, materials and supplies that are not necessary or appropriate (in function or quality) to the Chuck Lager Restaurant's operation or that we have not approved as meeting the Standards for Chuck Lager Restaurants, and the purchase price will reflect such exclusions.

(4) If we and you are unable to agree on the fair market value of the Chuck Lager Restaurant's assets, or the fair rental value of the Franchise Location, such fair market value (or fair rental value) will be determined by three (3) independent appraisers who collectively will conduct one (1) appraisal. We will appoint one appraiser, you will appoint one appraiser, and those appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within fifteen (15) days after the Notification Date, and we and you agree that we will instruct the two appraisers so chosen to appoint the third appraiser within fifteen (15) days after the date on which the last of our appointed appraisers is appointed. You and we will each bear the cost of our own appraiser and share equally the fees and expenses of the third appraiser. We and you agree that we will instruct the three (3) appraisers to complete their appraisal within thirty (30) days after the third appraiser's appointment.

(5) The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after the determination of the purchase price. We will have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your Owners owe to us. At the closing, you agree to deliver instruments transferring to us: (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances, with all sales and other transfer taxes paid by you; (ii) all licenses and permits of the Chuck Lager Restaurant which may be assigned or transferred; and (iii) a leasehold interest in (or unencumbered title to) the Franchise Location and improvements. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. As a condition of our purchase of the Chuck Lager Restaurant, you and your Owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our subsidiaries, shareholders, officers, directors, employees, agents, successors and assigns.

(6) We may assign our options under this Section XIX.B. to any person or entity without your consent.

C. Liquidated Damages/Unauthorized Closure Fee. Upon any unauthorized closure of the Chuck Lager Restaurant by you or any termination of this Agreement in connection with a breach by you, you will be required to promptly pay us liquidated damages in an amount equal to the total royalties paid by you under this Agreement during the previous 12 months multiplied by two (or if your Chuck Lager Restaurant has not paid royalties for at least 12 consecutive months then your average monthly royalty amount will be multiplied by 24 to

determine the liquidated damages owed to us under this section). Such amount shall be due and payable to us in one lump sum payment promptly upon our written request.

XX. MISCELLANEOUS

A. Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by overnight delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to us:

Chuck Lager's Franchising, LLC
26 Easton Way
Hainesport, New Jersey 08036
Attention: President
Telephone: (844) 426-5297
e-mail: franchisor@chucklager.com

Notices to you and
your Owners:

Attention: _____
Telephone: _____
e-mail: _____
Facsimile: _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of overnight delivery service, on the next Business Day, or, in the case of or registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by overnight delivery service or registered or certified mail).

B. No Waiver. No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or your Owners under this Agreement shall constitute a waiver by us to enforce any such right, option, duty or power against you or your Owners, or as to a subsequent breach or default by you or your Owners.

C. Approval or Consent. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us, and such approval or consent shall be obtained in writing. No waiver, approval, consent, advice or suggestion given to you, and no neglect, delay or denial of any request therefor, shall constitute a warranty or guaranty by us, nor do we assume any liability or obligation to you or any third party as a result thereof.

D. Force Majeure. Upon the occurrence of an event of Force Majeure, the party affected thereby shall give prompt notice thereof to the other party, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected, and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. An affected party shall be liable for failure to give timely notice only to the extent of damage actually caused. If an event of Force Majeure shall occur, then, in addition to payments required under Section XVIII.B.(4), you must continue to pay to us any and all amounts that you have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of such event and the Indemnitees shall continue to be indemnified and held harmless by you in accordance with Article XVI. and Article XVII. Except as provided in Section XVIII.B.(4) and the immediately preceding sentence, neither party shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure.

E. Severability. Except as expressly provided to the contrary in this Agreement, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any

other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

F. MEDIATION. WE AND YOU ACKNOWLEDGE THAT DURING THE TERM OF THIS AGREEMENT CERTAIN DISPUTES MAY ARISE THAT WE AND YOU ARE UNABLE TO RESOLVE, BUT THAT MAY BE RESOLVABLE THROUGH MEDIATION. TO FACILITATE SUCH RESOLUTION, YOU AND WE AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE BETWEEN US OR ANY OF OUR AFFILIATES (AND OUR AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) AND YOU (AND YOUR OWNERS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) ARISING OUT OF OR RELATED TO (a) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN US AND YOU, (b) OUR RELATIONSHIP WITH YOU, OR (c) THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN US AND YOU, TO MEDIATION BEFORE BRINGING SUCH CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL.

(1) THE MEDIATION SHALL BE CONDUCTED BY A MEDIATOR AGREED UPON BY YOU AND US AND, FAILING SUCH AGREEMENT WITHIN NOT MORE THAN FIFTEEN (15) DAYS AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION, BY THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR ORGANIZATION ("AAA") IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION. MEDIATION SHALL BE HELD AT THE OFFICES OF THE AAA NEAREST TO OUR PRINCIPAL PLACE OF BUSINESS. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING THE COMPENSATION AND EXPENSES OF THE MEDIATOR (BUT EXCLUDING ATTORNEYS' FEES INCURRED BY EITHER PARTY), SHALL BE BORNE BY THE PARTIES EQUALLY.

(2) IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN THIRTY (30) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN, UNLESS SUCH TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES, EITHER PARTY MAY BRING A LEGAL PROCEEDING PURSUANT TO SECTION XX.G. WE AND YOU AGREE THAT STATEMENTS MADE BY EITHER YOU OR US IN ANY SUCH MEDIATION PROCEEDING WILL NOT BE ADMISSIBLE FOR ANY PURPOSE IN ANY SUBSEQUENT LEGAL PROCEEDING.

(3) NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS SECTION XX.F., YOUR AND OUR AGREEMENT TO MEDIATE SHALL NOT APPLY TO CONTROVERSIES, DISPUTES OR CLAIMS RELATED TO OR BASED ON THE MARKS, YOUR NON-COMPETE OBLIGATIONS, OR THE CONFIDENTIAL INFORMATION. MOREOVER, REGARDLESS OF YOUR AND OUR AGREEMENT TO MEDIATE, YOU AND WE EACH HAVE THE RIGHT IN A PROPER CASE TO SEEK TEMPORARY RESTRAINING ORDERS AND TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF.

G. LITIGATION. WITH RESPECT TO ANY CONTROVERSIES, DISPUTES OR CLAIMS WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION AS PROVIDED IN SECTION XX.F. ABOVE, THE PARTIES IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE COURTS OF BURLINGTON COUNTY, NEW JERSEY AND THE FEDERAL DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY AND HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. YOU AND WE AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY NEW JERSEY OR FEDERAL LAW. YOU AND WE FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE BURLINGTON COUNTY, NEW JERSEY.

H. GOVERNING LAW. EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY AND INTERPRETED AND CONSTRUED UNDER NEW JERSEY LAW (EXCEPT FOR NEW JERSEY CONFLICT OF LAW RULES).

I. PARTIES' ACKNOWLEDGMENTS. YOU AND WE ACKNOWLEDGE THAT THE AGREEMENTS REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH ABOVE PROVIDE EACH OF US WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT. YOU AND WE FURTHER ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT. IN ADDITION, THE PARTIES ACKNOWLEDGE THAT THE EXECUTION OF THIS AGREEMENT AND ACCEPTANCE OF THE TERMS BY THE PARTIES OCCURRED IN BURLINGTON COUNTY, NEW JERSEY, AND FURTHER ACKNOWLEDGE THAT THE PERFORMANCE OF CERTAIN OBLIGATIONS OF FRANCHISEE ARISING UNDER THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF MONIES DUE HEREUNDER AND THE SATISFACTION OF CERTAIN TRAINING REQUIREMENTS OF FRANCHISOR, SHALL OCCUR IN BURLINGTON COUNTY, NEW JERSEY.

J. WAIVER OF PUNITIVE DAMAGES. EXCEPT WITH RESPECT TO YOUR OBLIGATION TO INDEMNIFY US PURSUANT TO ARTICLE XVI AND ARTICLE XVII AND CLAIMS WE BRING AGAINST YOU FOR YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU AND YOUR OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

K. LIMITATIONS OF CLAIMS. EXCEPT FOR CLAIMS WE BRING WITH REGARD TO YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO ARTICLE XVI AND ARTICLE XVII, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN YOU AND US PURSUANT TO THIS AGREEMENT WILL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED, OR ONE (1) YEAR FROM THE DATE ON WHICH YOU OR WE KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST.

L. JURY WAIVER. YOU AND WE HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP CREATED BY THIS AGREEMENT, OR ANY OTHER AGREEMENTS BETWEEN YOU AND US OR YOUR AND OUR RESPECTIVE AFFILIATES. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS WRITTEN CONSENT TO A TRIAL BY THE COURT.

M. Costs and Attorneys' Fees. If we incur expenses in connection with your failure to pay when due amounts owed to us, or to submit when due any reports, information or supporting records, or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including, without limitation, court costs and any accounting, attorneys', mediators', arbitrators' and related fees.

N. Binding Effect. This Agreement is binding upon us and you and your and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest.

O. Modification of Agreement. Except for those changes permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either you or us unless mutually agreed to and executed by our and your authorized officers or agents in writing.

P. Consents And Approvals. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval.

Q. Owners. If two or more persons are at any time the “Franchisee” under this Agreement, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several.

R. Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

S. Headings. The captions used in connection with the articles, sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

T. Survival. Any obligation of you or the Owners that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest in you, shall be deemed to survive such termination, expiration or transfer. Without limitation of the foregoing, the provisions of Sections XX.F., G. and H. will continue in full force and effect subsequent to and notwithstanding this Agreement’s expiration or termination.

U. Gender. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable.

V. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between you or any of your Affiliates, and us or any of our Affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of our rights pursuant to Section XVIII. of this Agreement shall not discharge or release you or any of the Owners from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

W. No Third Party Beneficiary. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors and personnel and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Section XV.), any rights or remedies under or as a result of this Agreement.

X. Further Assurances. You and we agree to promptly execute and deliver such further documents and take such further action as may be necessary in order to effectively carry out the intent and purposes of this Agreement.

Y. Agreement Effective Upon Execution by Us. This Agreement shall not become effective until signed by one of our authorized representatives.

Z. Entire Agreement. This Agreement, and the exhibits hereto, which are incorporated herein by reference, constitute the entire, full and complete Agreement between the parties hereto concerning the subject matter hereof, and they supersede any and all prior negotiations, understandings, representations and agreements; **provided, however, that nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document that we furnished to you.** You acknowledge and agree that no other representations by us or any third party have induced you to execute this Agreement.

XXI. FRANCHISEE'S ACKNOWLEDGEMENTS

A. Independent Investigation. Franchisee acknowledges that it has conducted a thorough, independent investigation of the business contemplated by this Agreement and recognizes that the success of this business involves substantial risks and will largely depend upon the ability and efforts of Franchisee. Franchisor expressly disclaims making, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

B. Consultation With Advisors. Franchisee acknowledges that Franchisee has received, read and understands this Agreement and the related Attachments and agreements and that Franchisor has afforded Franchisee sufficient time and opportunity to consult with advisors selected by Franchisee about the potential benefits and risks of entering into this Agreement.

C. Development of the System. Franchisee acknowledges and agrees that some aspects of Franchisor's franchise program and the System are currently under development and that Franchisor expects that there will be some significant variations in the System in different markets which may exist for an initial or transitional period, or on a permanent basis. Franchisee acknowledges and agrees that no variations from the System or Manuals are permitted without Franchisor's prior written consent and that over time during the term of this Agreement Franchisor and its affiliates will continue to develop and refine various aspects of the System and that as new products, operating procedures, trade dress and other refinements are introduced, Franchisor may, in its sole discretion, cease to allow some or all variations from the System and Manuals and may require local, regional or national uniformity among Chuck Lager Restaurants with regard to aspects of the System and Manuals for which Franchisor previously permitted variations.

D. Franchisor's Obligations. Franchisee expressly understands and acknowledges that it is relying solely on Franchisor, and not on any affiliated entities or parent companies related to Franchisor, with regard to Franchisor's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing, Franchisor has made any statement or promise to the effect that Franchisor's affiliated entities or parent companies guarantee Franchisor's performance or financially back Franchisor.

[_____ INITIAL HERE]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:

Chuck Lager's Franchising, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT A

OWNERS' GUARANTY AND ASSUMPTION AGREEMENT

This Guaranty and Assumption Agreement (the "Guaranty") is given this _____ day of _____, 20__, by the undersigned in connection with the Franchise Agreement dated _____, 20__ between Chuck Lager's Franchising, LLC ("Franchisor") and _____ ("Franchisee").

In consideration of, and as an inducement to, the execution of the Franchise Agreement by Franchisor, each of the undersigned and any other parties who sign counterparts of this Guaranty (individually, a "Guarantor" and collectively, the "Guarantors") hereby personally and unconditionally guarantee to Franchisor and its successors and assigns, that Franchisee will punctually perform its obligations and pay all amounts due under the Franchise Agreement, including, without limitation, amounts due for initial franchise fees, royalties, advertising fund contributions and purchases of equipment, materials, and supplies.

Each Guarantor waives:

- (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and
- (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and
- (iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and
- (iv) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (v) all rights to payments and claims for reimbursement or subrogation which he or she may have against Franchisee arising as a result of his or her execution of and performance under this Guaranty (including by way of counterparts); and
- (vi) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

- (i) his or her direct and immediate liability under this Guaranty will be joint and several not only with Franchisee, but also among the Guarantors; and
- (ii) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; and
- (iii) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
- (iv) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Franchise Agreement or by any extension of time, credit or other indulgence that Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable throughout the term of the Franchise Agreement and for so long thereafter as there are any monies or obligations owing by Franchisee to Franchisor under the Franchise Agreement; and

- (v) Franchisee's written acknowledgment, accepted in writing by Franchisor, or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Franchisee will be conclusive and binding on the undersigned as Guarantors.

Each Guarantor also makes all of the covenants, representations, warranties and agreements of the Owners set forth in the Franchise Agreement and is obligated to perform thereunder, including, without limitation, under Articles VII., XI., XV., XVI., XVII. and XIX. and Sections XX.F. through M (which include, among other things, the mediation of disputes and WAIVERS OF JURY TRIAL RIGHTS AND PUNITIVE DAMAGES).

If Franchisor is required to enforce this Guaranty in an administrative, judicial or arbitration proceeding, and prevails in such proceeding, Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, legal and accounting fees and costs, administrative, mediators', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative, judicial or arbitration proceeding and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantors will reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

IN WITNESS WHEREOF, each Guarantor has hereunto affixed his signature on the same day and year as the Franchise Agreement was executed.

GUARANTORS

Name: _____

Name: _____

Name: _____

Name: _____

EXHIBIT B

CONFIDENTIALITY AND NONCOMPETITION AGREEMENT

This Agreement is made and entered into this ____ day of _____, 20__, between Chuck Lager's Franchising, LLC, a Delaware limited liability company ("Franchisor," "we," "us," or "our")¹, _____ ("Franchisee") and _____ ("Covenantor" or "you") in connection with a Franchise Agreement between us and Franchisee dated _____, 20__ ("Franchise Agreement"). Initially capitalized terms used, but not defined in this Agreement, have the meanings given to them in the Franchise Agreement.

RECITALS

We have the right to use and license the use of a System for the establishment and operation of Chuck Lager Restaurants.

The System is identified by certain Marks including, the mark "Chuck Lager" and includes certain Confidential Information which provides economic advantages to us and licensed users of the System.

We have granted Franchisee the right to operate a Chuck Lager Restaurant pursuant to the Franchise Agreement.

You are employed by or associated with Franchisee and it will be necessary for you to have access to some or all of the Confidential Information.

We and Franchisee have agreed on the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from you a written agreement protecting the Confidential Information and further protecting the System against unfair competition.

You acknowledge that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by you herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement

1. You shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of your employment by or association with Franchisee in connection with the operation of a Chuck Lager Restaurant under the Franchise Agreement.

2. You shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without our express written permission.

3. You shall not at any time disclose or permit the disclosure of the Confidential Information except to Franchisee's other authorized employees and only to the limited extent necessary to train or assist such other employees in the operation of the Chuck Lager Restaurant.

¹ If Franchisor will not be a party, delete reference and modify the agreement to reflect, including the addition of the following third party beneficiary language: "We and our successors and assigns shall be third party beneficiaries of this Agreement, with the full and independent right, at our and their option and in our and their sole discretion, to enforce this Agreement."

4. You shall surrender any material containing some or all of the Confidential Information to Franchisee or us, upon request, or upon termination of your employment by or association with Franchisee.

5. You shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

6. You acknowledge that all Manuals are loaned by us to Franchisee for limited purposes only and remain our property. You agrees that no Manuals may be reproduced, in whole or in part, without our written consent.

Covenants Not to Compete

In order to protect the goodwill of the System, and in consideration for the disclosure of the Confidential Information to you, you agree that, during the term of your association with or employment by Franchisee, and for a period of two (2) years following the earlier of (i) the termination thereof, or (ii) the termination, expiration or transfer of Franchisee's interest in the Franchise Agreement, you will not, without our prior written consent or as permitted under other valid Franchise Agreements for Chuck Lager Restaurants between Franchisee and us:

a. Directly or indirectly divert, or attempt to divert any business opportunity or customer of Chuck Lager Restaurants to any competitor; and

b. Directly or indirectly, for yourself or through, on behalf of, or in conjunction with any other person, persons, partnership, corporation, limited liability company, or other association or entity, own, maintain, operate, engage in or have any financial or beneficial interest in, advise, assist or make loans to, any business which is the same as or similar to a Chuck Lager Restaurant (i.e. any restaurant business offering draft beer and hamburgers or sandwiches) and which is, or is intended to be, located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks; provided that during the two year-period following termination, expiration or transfer of the Franchise Agreement, the non-compete restrictions shall be limited to operations: (i) at the Franchise Location, (ii) within the Protected Area, (iii) within a twenty-five (25)-mile radius of the Franchise Location, and (iv) within a twenty-five (25)-mile radius of any Chuck Lager Restaurant then in existence or under construction.

Franchisee's Undertaking

Franchisee agrees to make all commercially reasonable efforts to ensure that you act as required by this Agreement.

Miscellaneous

1. You agree that:

a. Each of the covenants herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill of the System or our other business interests.

b. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we is a party, you agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

c. In the event of a breach of this Agreement, we and the Franchisee would be irreparably injured and without an adequate remedy at law and, therefore, upon any such breach or attempted breach of any

provision hereof, you agree that we and/or the Franchisee shall be entitled, in addition to any other remedies which we or it may have at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

2. You agree to pay all expenses (including court costs and reasonable attorneys' fees and costs) incurred by us and/or the Franchisee in enforcing this Agreement.

3. Any failure by us or Franchisee to object to or take action with respect to any breach of any provision of this Agreement by you shall not operate or be construed as a waiver of or consent to that breach of any subsequent breach by you.

4. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW JERSEY, WITHOUT REFERENCE TO NEW JERSEY CONFLICT OF LAW PRINCIPLES. YOU HEREBY IRREVOCABLY SUBMIT YOURSELF TO THE JURISDICTION OF THE STATE AND FEDERAL DISTRICT COURTS LOCATED IN THE STATE, COUNTY OR JUDICIAL DISTRICT IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED. YOU HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. YOU HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON YOU IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY NEW JERSEY OR FEDERAL LAW. YOU FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE THE COUNTY OR JUDICIAL DISTRICT IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, WE OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

5. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

6. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by overnight delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

Chuck Lager's Franchising, LLC
26 Easton Way
Hainesport, New Jersey 08036
Attention: President
Telephone: (844) 426-5297
e-mail: franchisor@chucklager.com

If directed to Franchisee, the notice shall be addressed to:

Attention: _____
Telephone: _____
e-mail: _____
Facsimile: (____) _____

If directed to Covenantor, the notice shall be addressed to:

Attention: _____
Telephone: _____
e-mail: _____
Facsimile: (____) _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of overnight delivery service on the next Business Day, or, in the case of registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by overnight delivery service or registered or certified mail).

7. Our rights and remedies under this Agreement are fully assignable and transferable and shall inure to the benefit of our Affiliates, successors and assigns. Your obligations and those of the Franchisee may not be assigned without our prior written consent.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:

Chuck Lager's Franchising, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

COVENANTOR:

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT C

**SELECTED TERMS:
DESIGNATED SEARCH AREA, FRANCHISE LOCATION, PROTECTED AREA,
AND OPENING DATE**

1. DESIGNATED SEARCH AREA:

The Designated Search Area in which your Chuck Lager Restaurant may be located is:

2. FRANCHISE LOCATION:

The “Franchise Location” shall be the following address: _____

3. PROTECTED AREA:

The Protected Area shall be the circular geographic area having a radius of one (1) mile and its center point located at the front door of the Franchise Location (as described above in Section 2 of this Exhibit C).

4. OPENING DATE: The Opening Date of the Chuck Lager Restaurant is _____, 20__.

EXHIBIT D

OWNERSHIP AND MANAGEMENT INFORMATION

1. The following is a list of all shareholders, partners, members or other investors owning a direct or indirect interest in you, and a description of the nature of their interest:

NAME	OWNERSHIP INTEREST IN YOU	NATURE OF INTEREST

2. Your Operating Partner is: _____
3. Your initial General Manager is: _____
4. Your initial Assistant Manager is: _____

EXHIBIT E

**ELECTRONIC FUNDS TRANSFER
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO**

CHUCK LAGER'S FRANCHISING, LLC/PAYEE

BANK NAME

ACCOUNT #

ABA#

FEIN

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository: _____

Name of Depositor: _____

Designated Bank Acct.: _____

(Please attach one voided check for the above account.)

Chuck Lager Restaurant Location: _____

For information call: _____

Address: _____

Phone #: _____

Fax #: _____

Name of you/Depositor (please print)

By: _____
Signature and Title of Authorized Representative

Date: _____

EXHIBIT F

DISCLOSURE QUESTIONNAIRE

Franchisee Name: _____

Permanent Address (**If an individual**)
(Physical address only, no P.O. boxes): _____

State of Organization:
(**If a corporation, LLC or partnership**): _____

Address of Franchisee's
Principal Place of Business: _____

As you know, Chuck Lager's Franchising, LLC (the "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a Chuck Lager Restaurant (the "Franchise"). The purpose of this Questionnaire is to determine whether any unauthorized statements or representations have been made and to ensure that applicable laws have been complied with. Please review each of the following questions carefully and provide honest responses to each question. Please place your **INITIALS in the appropriate column indicating your response.**

This Disclosure Questionnaire does not waive any liability the Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

QUESTION	YES	NO
1. Are you a resident or domiciliary of any state other than the state listed above?		
2. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document (the "Disclosure Document") provided to you?		
3. Do you understand all of the information contained in the Disclosure Document?		
4. For franchise prospects domiciled in, opening a Chuck Lager Restaurant in, or accepting the franchise offer in Connecticut, Michigan or Oregon, did you receive the Disclosure Document at least 10 business days before execution of the Franchise Agreement and related agreements or at least 10 business days before making any payment for the franchise, whichever event first occurred? For franchise prospects domiciled in, opening a Chuck Lager Restaurant in, or accepting the franchise offer in Iowa, Maine, New York, Oklahoma or Rhode Island, did you receive the Disclosure Document by the earlier of: (a) your first personal meeting with the franchisor (i.e. a representative of Chuck Lager's Franchising, LLC) held for the purpose of discussing the sale or possible sale of a Chuck Lager franchise, or (b) at least 10 business days before execution of the Franchise Agreement and related agreements or at least 10 business days before making any payment for the franchise, whichever event first occurred? For all other franchise prospects, did you receive the Disclosure Document at least 14 days before execution of the Franchise Agreement and related agreements or at least 14 days before making any payment for the franchise, whichever event first occurred?		

QUESTION	YES	NO
5. Did you sign a receipt for the Disclosure Document indicating the date you received it?		
6. Does the execution copy of the Franchise Agreement contain any changes (other than fill-in-the-blank terms like names, dates and addresses) from the form of franchise agreement attached to the Disclosure Document which were made unilaterally by us separate and apart from negotiations initiated by you?		
7. Have you had ample opportunity to consult with your attorney(s), accountants, and other advisors concerning these documents?		
8. Do you understand that the business Franchisee will conduct under the Franchise Agreement involves risk and that any success or failure will be substantially influenced by Franchisee's abilities and efforts?		
9. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchise?		
10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchise will generate?		
11. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs involved in operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		
12. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating the Franchise?		
13. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance relating to the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		

If you answered "Yes" to question six (6) or any of questions nine (9) through thirteen (13), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of the foregoing questions, please leave the following lines blank.

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 responded truthfully to the above questions.

FRANCHISE APPLICANT

FRANCHISE APPLICANT

Dated: _____, 20____

Dated: _____, 20____

EXHIBIT G

LEASE ADDENDUM TERMS

(a) Landlord acknowledges that Tenant is a franchisee of Chuck Lager's Franchising, LLC, a Delaware limited liability company ("we," "us," or "our"), and that the Chuck Lager Restaurant located at the Premises ("Unit") is operated under the Chuck Lager franchise system, pursuant to a franchise agreement ("Franchise Agreement") between Tenant and us. Landlord consents to Tenant's use at the Premises of such marks and signs, decor items, color schemes and related components of the Chuck Lager system as we may prescribe for the Unit. During the term of the Franchise Agreement, the Premises may be used only for the operation of the Unit.

(b) Landlord agrees to furnish to us copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant. Without limiting the foregoing, in the event of any default by Tenant, Landlord shall give us written notice of such default. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give us further written notice of such failure ("Franchisor Notice"). Following our receipt of the Franchisor Notice, we shall have the right (but not the obligation) to cure Tenant's default before Landlord shall exercise any of Landlord's remedies arising as a consequence of Tenant's default. Any such cure shall be effected within fifteen (15) days following our receipt of the Franchisor Notice. Any cure by us shall not be deemed to be an election to assume the terms, covenants, obligations and conditions of the Lease.

(c) If we cure Tenant's default, or if we notify Landlord that the Franchise Agreement has been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord's receipt of our notice thereof), Landlord agrees, upon our written request, to assign to us any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises and shall cooperate with us in order to pursue such action to a conclusion.

(d) If we cure Tenant's default or notify Landlord of the termination of the Franchise Agreement, we shall have the right and option, upon written notice to Landlord, to do the following:

1. Undertake to perform the terms, covenants, obligations and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six (6) months from the first (1st) date of any cure by us; or

2. At any time within or at the conclusion of such six (6) month period, assume the terms, covenants, obligations and conditions of the Lease for the remainder of the term, together with any applicable renewal options. In such event, Landlord and we shall enter into an agreement to document such assumption. We are not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, us as herein provided.

(e) If, during the six (6) month period set forth in section (d)(1) above or at any time after the assignment contemplated in section (d)(2), we shall notify Landlord that the franchise for the Unit is being granted to another Chuck Lager Restaurant franchisee, Landlord shall permit the assignment of the Lease to said franchisee without the payment of any fee or other cost requirement, provided that said franchisee meets Landlord's reasonable financial qualifications. Landlord shall not unreasonably withhold consent to such assignment. Thereafter, we shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

(f) Tenant will not assign the Lease or renew or extend the term thereof without the prior written consent of us, nor shall Landlord and Tenant amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without our prior written consent.

(g) We shall have the right to enter the Premises to make any modification or alteration necessary to protect the Chuck Lager system and marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or

damages arising from any such action by us. Tenant hereby releases, acquits and discharges us and Landlord, and our and Landlord's respective subsidiaries, Affiliates, successors and assigns and the officers, directors, shareholders, partners, employees, agents and representatives of each of them, from any and all claims, demands, accounts, actions and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction or circumstance arising out of or relating to the exercise of our rights pursuant to this Addendum.

(h) All notices sent pursuant to this Addendum shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, our mailing address shall be Chuck Lager's Franchising, LLC, 26 Easton Way, Hainesport, New Jersey 08036, Attn: President, which address may be changed by written notice to Landlord in the manner provided in the Lease.

EXHIBIT H

STATE SPECIFIC ADDENDA

ILLINOIS

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Illinois:

1. Illinois law governs the Franchise Agreement.
2. Payment of Initial Franchise Fees and any other amounts due to Franchisor prior to opening will be deferred until Franchisor has met its initial obligations to Franchisee and Franchisee has commenced doing business. This financial assurance requirement was imposed by the Illinois Attorney General's Office due to Franchisor's financial condition.
3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
4. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
5. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

The undersigned does hereby acknowledge receipt of this addendum dated _____.

FRANCHISOR:

Chuck Lager's Franchising, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

NEW YORK

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of New York:

1. No release language set forth in the Franchise Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of New York.
2. Section XV.A is amended by the addition of the following sentence immediately after the first sentence of that section:

Notwithstanding the foregoing, no assignment will be made by us except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement (to the extent assigned).

FRANCHISOR:

Chuck Lager's Franchising, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

WASHINGTON

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Washington.

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

3. A release or waiver of rights signed by a franchisee will not include rights under the Washington Franchise Investment Protection Act or any order or rule thereunder except when signed 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, rights or remedies under the Act such as the right to a jury trial may not be enforceable.

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

5. 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.

6. 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.

7. 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.

8. Pursuant to RCW 19.100.050 and WAC 460-80-400, the Securities Division of the Washington Department of Financial Institutions requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees until we have completed our pre-opening obligations under the franchise agreement and other documents and you have commenced operation of your franchised business pursuant to the franchise agreement.

[SIGNATURES ON FOLLOWING PAGE]

The undersigned does hereby acknowledge receipt of this addendum dated _____.

FRANCHISOR:

Chuck Lager's Franchising, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT C TO THE FRANCHISE DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

CHUCK LAGER
AREA DEVELOPMENT AGREEMENT

DEVELOPER

DATE OF AGREEMENT

Exhibit C to Franchise Disclosure Document issued as of: April 28, 2023

CHUCK LAGER
AREA DEVELOPMENT AGREEMENT

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**CHUCK LAGER
AREA DEVELOPMENT AGREEMENT**

This Area Development Agreement (this “Agreement”) is made and entered into this ____ day of _____, 20____, between Chuck Lager’s Franchising, LLC, a Delaware limited liability company having its principal business address at 26 Easton Way, Hainesport, New Jersey 08036 (“Franchisor”) and _____, a _____ whose principal address is _____ (“Developer”) and shall be effective as of the date on which Franchisor executes this Agreement (“Effective Date”). Certain initially capitalized terms used frequently in this Agreement are defined in Section 14.

Recitals:

Franchisor has the right to use and license the use of a business system (the “System”, as further defined below) for the establishment and operation of upscale full service tavern restaurants offering a variety of menu items, with an emphasis on chef inspired American tavern food with a European influence featuring burgers, pizzas, and flatbreads (each a “Restaurant” or “Chuck Lager Restaurant”) under the Marks (defined below).

The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color scheme, and furnishings; special recipes and menu items; uniform standards, specifications, policies and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which may be changed, improved, and further developed by Franchisor from time to time.

Chuck Lager Restaurants operate under the System and are identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin (the “Marks,” as further defined below).

Franchisor licenses franchisees to use the Marks and the System to establish and operate Chuck Lager Restaurants under Franchise Agreements with Franchisor.

Developer wishes to obtain certain development rights hereunder and to establish and operate Chuck Lager Restaurants under Franchise Agreements with Franchisor in the Territory described in Attachment E to this Agreement;

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. GRANT

1.1 Grant of Rights

Franchisor hereby grants to Developer, and Developer hereby accepts, the right and obligation to develop Restaurants within the Territory described in Attachment E (the “Territory”), in accordance with the terms and conditions set forth in this Agreement. The development rights shall be exercised following satisfaction of the conditions set forth in Section 3.1 hereof and as provided in the Development Schedule.

1.2 Scope of Developer's Rights

Developer acknowledges and agrees that the rights granted hereunder pertain only to the development of Restaurants and that this Agreement does not confer upon Developer a right or franchise to establish or operate any Restaurant. This Agreement is intended by the parties to set forth the terms and conditions which, if fully satisfied by Developer, shall entitle Developer to obtain Franchise Agreements for the establishment and operation of Restaurants within the Territory. This Agreement is not a franchise agreement and does not grant to Developer any right or license to operate a Restaurant or distribute goods or services, or any right to use or interest in the Marks. Developer further acknowledges and agrees that the rights and duties set forth in this Agreement are personal to Developer and that Franchisor has granted such rights in reliance on the representations and warranties of Developer and its Principals. Developer and its Principals have represented to Franchisor that they have entered this Agreement for the purpose and with the intention to fully comply with the Restaurant development obligations hereunder.

1.3 Retained Rights

Subject to Developer's full compliance with this Agreement and the full compliance by Developer and its affiliates with any other agreement between Developer or any of its affiliates and Franchisor or any of its affiliates, neither Franchisor nor any affiliate of Franchisor shall establish, or authorize any person or entity other than Developer or any of its affiliates to establish, a Chuck Lager Restaurant in the Territory during the term of this Agreement. Notwithstanding the foregoing, Developer expressly acknowledges and agrees that Franchisor and its affiliates retain all other rights, including, without limitation, the right: (i) to operate, and license others to operate, Chuck Lager Restaurants in any Reserved Area and at any location outside the Territory, including locations that are adjacent to or surrounded by the Territory; (ii) within and outside the Territory to develop and establish other business systems (including restaurant systems that distribute products or services similar to those offered at Chuck Lager Restaurants) using other names or marks and to grant licenses to use those systems; (iii) to advertise and promote the System both within and outside the Territory; (iv) to conduct catering activities within the Territory in response to a customer request; (v) acquire, or be acquired by, any competing system or other third party, including a competing system that has one or more units located within your Territory; and (vi) except for the restriction in this Section 1.3 against the establishment of another Chuck Lager Restaurant in the Territory, to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license and sale of any and all food, beverages, or other services and products, under the Marks or under other names or marks, within and outside the Territory, through any other method of distribution, including, but not limited to, mail order catalogs, the Internet, and other permanent, temporary or seasonal food service facilities, vehicles, carts or kiosks, regardless of the competitive impact on your Chuck Lager Restaurants.

2. FEES

2.1 Development Fee

Upon the execution of this Agreement, Developer shall pay to Franchisor a development fee of [_____ Dollars (\$_____)]. The development fee shall equal the total of (a) \$50,000 (or 100%) of the initial franchise fee for the first Restaurant to be developed hereunder, plus (b) \$25,000 (or 50% of the initial franchise fee) for each additional Restaurant to be developed hereunder, determined as of the date this Agreement is executed, in accordance with Section 2.2 below. The pro rata portion of the development fee allocable to each Chuck Lager Restaurant will be credited against the initial franchise that must be paid under the Franchise Agreement for each Chuck Lager Restaurant. The remaining half (\$25,000) of the initial franchise fee due for the second and subsequent Chuck Lager Restaurants must be paid to us when you sign the Franchise Agreement for the applicable Chuck Lager Restaurant. The

development fee shall be deemed fully earned and nonrefundable by Franchisor for administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted to Developer herein.

2.2 Initial Franchise Fees

In accordance with Section 2.1 above, Developer will not be required to pay an initial franchise fee under the first Franchise Agreement entered into pursuant to this Agreement, but Developer will be required to pay an initial franchise fee in the amount of \$50,000 (minus a \$25,000 credit) immediately upon executing the second and subsequent Franchise Agreements entered into pursuant to this Agreement.

2.3 Past Due Amounts; Acceptance and Application of Payments

(1) Any payment not actually received by Franchisor on or before the due date shall be deemed overdue. Time is of the essence for all payments to be made by Developer to Franchisor. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of eighteen (18%) percent per annum or the maximum rate allowed by applicable law. No provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment to reduce any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder, then such excess shall be repaid to the party making the payment.

(2) Acceptance by Franchisor of any payments due subsequent to the due date shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer or the Principals of any terms, provisions, covenants or conditions of this Agreement.

(3) Franchisor shall have the right to apply any payment it receives from Developer to any amounts Developer owes Franchisor or its affiliates under this Agreement or any other agreement between them, even if Developer has designated the payment for another purpose or account. Franchisor may accept any check or payment in any amount from Developer without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be considered as an accord or satisfaction.

(4) Developer shall have no right to withhold any payments due Franchisor on account of Franchisor's breach or alleged breach of this Agreement, and no right to offset any amount due Franchisor against any obligation that Franchisor may owe to Developer.

3. SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

3.1 Franchise Agreement Execution; Compliance with Conditions

(1) Developer shall exercise the development rights granted hereunder only by entering into (or, with Franchisor's written consent, causing a majority-owned subsidiary of Developer to enter into) a separate Franchise Agreement with Franchisor for each Restaurant for which a development right is granted. The Franchise Agreement for the first Restaurant to be developed by Developer or its affiliate under this Agreement shall be in the form of the Franchise Agreement attached as Attachment C and shall be executed within ninety (90) days of the Effective Date of this Agreement. All subsequent Restaurants developed under this Agreement shall be established and operated pursuant to the then-

current form of Franchise Agreement then being used by Franchisor for new franchisees of Restaurants under the System, except that the initial franchise fee shall be determined as provided in Section 2.2 above, and the royalty and advertising expenditure percentages will be the same as those set forth in the Franchise Agreement attached as Attachment C to this Agreement. These franchise agreements shall also be included in the term “Franchise Agreement” as used in this Agreement and shall be executed by Developer or its affiliate in accordance with this Section 3.

(2) Prior to exercising any development right granted hereunder, Developer shall apply to Franchisor for a franchise to operate a Restaurant within the Territory. If Franchisor, in its sole discretion, determines that Developer has met each of the following operational, financial, and legal conditions, then Franchisor will grant Developer a franchise for a Restaurant in the Territory:

(a) Operational Conditions: Developer is in compliance with the Development Schedule and this Agreement, and Developer and its affiliates are in compliance with any other agreement between them and Franchisor or its affiliates. Developer is conducting the operation of its existing Restaurants, if any, and is capable of also conducting the operation of the proposed Restaurant in accordance with the terms and conditions of this Agreement, the respective Franchise Agreements, and the standards, specifications, and procedures set forth and described in the Manuals (defined in the Franchise Agreement).

(b) Financial Conditions: Developer and the Principals satisfy Franchisor’s then-current financial criteria for developers and principals of Chuck Lager Restaurants. Developer and the Principals have been and are faithfully performing all terms and conditions under each of the existing Franchise Agreements with Franchisor. Developer is not in default, and has not been in default during the twelve (12) months preceding Developer’s request for financial approval, of any monetary obligations owed to Franchisor or its affiliates under any Franchise Agreement or other agreement between Developer or its affiliates and Franchisor or its affiliates. Developer acknowledges and agrees that it is vital to Franchisor’s interest that each of its franchisees be financially sound to avoid failure of a Restaurant and that such failure would adversely affect the reputation and good name of Franchisor and the System.

(c) Legal Conditions: Developer has submitted to Franchisor, in a timely manner, all information and documents requested by Franchisor as a basis for the issuance of individual franchises or pursuant to any right granted to Franchisor by this Agreement or by any Franchise Agreement.

3.2 Development Schedule

Acknowledging that time is of the essence, Developer agrees to exercise its development rights according to Section 3.1 and in compliance with the Development Schedule set forth in this section. Developer may, subject to the terms and conditions of this Agreement and only with Franchisor’s prior written consent, which may be withheld in its sole discretion, develop more than the total minimum number of Restaurants which Developer is required to develop during any Development Period. Any Restaurants in excess of the minimum number of Restaurants required to be developed shall be applied to satisfy Developer’s development obligation during the next succeeding Development Period, if any. Notwithstanding the above, Developer shall not open or operate more than the cumulative total number of Restaurants Developer is obligated to develop under the Development Schedule.

DEVELOPMENT SCHEUDULE			
Development Period	Expiration Date of Development Period	Number of Restaurants that must be opened in the Territory during the Development Period	Cumulative Total Number of Restaurants that must be open and operating in the Territory at the end of the Development Period
1	One-year anniversary of the Effective Date		
2	Two-year anniversary of the Effective Date		
3	Three-year anniversary of the Effective Date		

(1) If during the term of this Agreement, Developer ceases to operate any Restaurant developed under this Agreement for any reason, Developer shall develop a replacement Restaurant. The replacement Restaurant shall be developed within a reasonable time (not to exceed two hundred ten (210) days) after Developer ceases to operate the original Restaurant. If, during the term of this Agreement, Developer transfers its interest in a Restaurant in accordance with the terms of the applicable Franchise Agreement for the Restaurant, the transferred Restaurant shall continue to be counted in determining whether Developer has complied with the Development Schedule so long as it continues to be operated as a Chuck Lager Restaurant. If the transferred Restaurant ceases to be operated as a Chuck Lager Restaurant during the term of this Agreement, Developer shall develop a replacement Restaurant within a reasonable time (not to exceed two hundred ten (210) days) thereafter.

(2) Failure by Developer to adhere to the Development Schedule (including any extensions thereof approved by Franchisor in writing) or to any time period for the development of replacement Restaurants shall constitute a material breach of this Agreement.

3.3 Projected Opening Dates

Developer acknowledges that the Projected Opening Date for each Restaurant as set forth below is reasonable. Subject to Developer's compliance with Section 3.1 hereof, Developer shall execute a Franchise Agreement for each Restaurant no later than one hundred twenty (120) days prior to the Projected Opening Date for the applicable Restaurant.

Restaurant	Projected Opening Date
1	
2	
3	

4. TERM

The term of this Agreement will begin on the Effective Date and, unless sooner terminated, will expire on the earlier of: (i) the date Developer has completed its development obligations under this

Agreement, or (ii) 12:00 midnight on the last day of the final development period specified in the Development Schedule in Section 3.2 of this Agreement.

5. DUTIES OF FRANCHISOR

Franchisor agrees to provide the services described below:

5.1 Site Selection Guidelines and Assistance

To assist Developer in its selection of sites for its Chuck Lager Restaurants, Franchisor will provide to Developer:

(1) Franchisor's written site selection guidelines and such site selection assistance as Franchisor deems advisable.

(2) Such on-site evaluation as Franchisor may deem necessary on its own initiative or in response to Developer's reasonable request for site selection assistance; provided, that Franchisor shall not provide an on-site evaluation for any proposed site prior to receiving all required information and materials prepared and submitted pursuant to Section 6.7, below and, in Franchisor's discretion, prior to receiving such information for multiple proposed sites. Franchisor will provide up to two (2) on-site evaluations for the first (1st) Chuck Lager Restaurant developed pursuant to this Agreement at no additional charge to Developer, except that Franchisor may require Developer to pay or reimburse Franchisor for the reasonable expenses incurred by Franchisor in conducting such on-site evaluation(s), including, without limitation, the cost of travel, lodging, meals and wages. If more than two (2) on-site evaluations are deemed appropriate by Franchisor, or are requested by Developer, for selecting a site for the first (1st) Chuck Lager Restaurant to be developed under this Agreement, then Franchisor may require Developer to pay Franchisor a reasonable fee for performing each such additional site evaluation and to pay or reimburse Franchisor for the amount of the reasonable expenses incurred by Franchisor in conducting such on-site evaluation. Franchisor may require Developer to pay Franchisor a reasonable fee for any on-site evaluation and to pay or reimburse Franchisor's reasonable expenses incurred in conducting any on-site evaluation with respect to Developer's second (2nd) and subsequent Chuck Lager Restaurants.

5.2 Training

Training of Developer's Principal Owner and any District Manager in accordance with Section 6.6 of this Agreement. With Franchisor's prior written consent and subject to its then-current certification procedures, Franchisor may authorize Developer to implement a training program for the employees of the Restaurants developed pursuant to this Agreement in accordance with Franchisor's then-current standards.

5.3 Manuals

Franchisor will provide Developer with access to one (1) set of Manuals for each Restaurant to be developed hereunder (which, at our option, may be provided in either hard copy or electronic format).

6. DEVELOPER'S OBLIGATIONS

6.1 Continuing Obligations

Developer and its Principals make the following representations, warranties and covenants and accept the following obligations. Such representations, warranties and covenants are continuing

obligations, and Developer and its Principals acknowledge and agree that any failure to comply with them shall constitute a material event of default under this Agreement. Developer will cooperate with Franchisor to verify compliance with the following representations, warranties and covenants.

6.2 Organization

If Developer is a corporation, partnership, limited liability company or other legal entity:

(1) Developer is duly organized and validly existing under the law of the state of its formation;

(2) Developer is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification;

(3) Developer's corporate charter or written partnership or limited liability company agreement shall at all times provide that the activities of Developer are confined exclusively to the development and operation of Chuck Lager Restaurants;

(4) The execution of this Agreement and the performance of the transactions contemplated hereby are within Developer's corporate power, if Developer is a corporation, or if Developer is a partnership or a limited liability company, are permitted under Developer's written partnership or limited liability company agreement and have been duly authorized by Developer; and

(5) If Developer is a corporation, copies of Developer's articles of incorporation, bylaws, other governing documents, any amendments thereto, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by Franchisor shall have been furnished to Franchisor prior to the execution of this Agreement; or, if Developer is a partnership or limited liability company, copies of Developer's written partnership or limited liability company agreement, other governing documents and any amendments thereto shall have been furnished to Franchisor prior to the execution of this Agreement, including evidence of consent or approval of the execution and performance of this Agreement by the requisite number or percentage of partners or members, as applicable, if such approval or consent is required by Developer's written partnership or limited liability company agreement.

6.3 Ownership

(1) If Developer is a corporation, partnership, limited liability company or other legal entity, the ownership interests in Developer are accurately and completely described in Attachment D. If Developer is a corporation, Developer shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in Developer or, if Developer is a partnership, limited liability company or other form of legal entity, Developer shall maintain at all times a current list of all owners of an interest in the partnership, limited liability company or other entity. Developer shall make its list of owners available to Franchisor upon request.

(2) If Developer is a corporation, Developer shall maintain stop-transfer instructions against the transfer on its records of any of its equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement. If Developer is a partnership or limited liability company, its written partnership or limited liability company agreement shall provide that ownership of an interest in the partnership or limited liability company is held subject to all restrictions imposed upon assignments by this Agreement.

(3) If required by Franchisor, Developer's Principals who do not sign the Principals' Guaranty and Assumption Agreement attached as Attachment A shall each execute the Confidentiality Agreement and Ancillary Covenants Not to Compete with Principal's Undertaking in the form of Attachment B to this Agreement.

(4) If, after the execution of this Agreement, any person ceases to qualify as one of the Developer's Principals or if any individual succeeds to or otherwise comes to occupy a position which, upon designation by Franchisor, would qualify him as one of Developer's Principals, Developer shall notify Franchisor within ten (10) days after any such change and, upon designation of such person by Franchisor as one of Developer's Principals or as a Principal such person shall execute all documents and instruments (including, as applicable, this Agreement) as Franchisor may require others in such positions to execute.

6.4 Financial Matters

(1) Developer and, at Franchisor's request, each of the Principals have provided Franchisor with the most recent financial statements of Developer and such Principals. Such financial statements present fairly the financial position of Developer and each of the Principals, as applicable, at the dates indicated therein and, with respect to Developer, the results of its operations and its cash flow for the years then ended. Each of the financial statements are certified as true and correct and have been prepared in conformity with generally accepted accounting principles and, except as expressly described in the applicable notes, applied on a consistent basis. There are no material liabilities, adverse claims, commitments or obligations of any nature, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on the financial statements.

(2) The Principals that Franchisor designates shall jointly and severally guarantee the performance of Developer's obligations under this Agreement pursuant to the terms and conditions of the Principal's Guaranty and Assumption Agreement at Attachment A hereto, and shall otherwise bind themselves to the terms of this Agreement as stated herein.

(3) Developer shall provide Franchisor with any and all loan or other documents regarding the financing of the business contemplated hereby that Franchisor may request.

(4) Developer shall maintain at all times during the term of this Agreement sufficient working capital to fulfill its obligations under this Agreement.

6.5 Principal Owner; District Manager

Upon the execution of this Agreement, Developer shall designate, and shall retain at all times during the term of this Agreement, an individual to serve as Developer's Principal Owner. If Developer is an individual, Developer shall perform all obligations of the Principal Owner. The Principal Owner under this Agreement and under each Franchise Agreement executed pursuant hereto shall be the same individual. The Principal Owner shall, during the entire period he serves as such, meet the following qualifications and such other standards as may be set forth by Franchisor in the Manuals or otherwise in writing:

(1) The Principal Owner shall maintain a direct or indirect ownership interest of not less than ten percent (10%) in Developer. Except as may otherwise be provided in this Agreement, the Principal Owner's interest in Developer shall be and remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options. The Principal Owner shall execute the Principals' Guaranty and Assumption Agreement attached hereto as

Attachment A, and shall be individually, jointly and severally, bound by all obligations of Developer, the Principal Owner and a Principal hereunder.

(2) Notwithstanding Section 6.5(1), Developer may, at its option and subject to Franchisor's written consent, designate a District Manager to supervise the operation of the business contemplated by this Agreement; provided, that the District Manager under this Agreement and under each Franchise Agreement executed pursuant hereto is the same individual; and provided further, that Developer and its Principal Owner shall remain fully responsible for District Manager's performance. The District Manager shall execute the Confidentiality Agreement and Ancillary Covenants Not to Compete attached as Attachment B to this Agreement.

(3) Unless a District Manager is designated pursuant to Section 6.5(2), Developer's Principal Owner shall devote full time and best efforts to the supervision of the business contemplated by this Agreement, and, without Franchisor's written consent, shall not engage in any other business. The foregoing provision shall not apply if a District Manager is designated, provided, the District Manager shall devote his or her full time and best efforts to the supervision and operation of the business contemplated by this Agreement.

(4) The Principal Owner and any District Manager shall meet Franchisor's qualifications, as set forth in this Agreement, the Manuals, or otherwise in writing and, without limitation, shall be empowered with full authority to act for and on behalf of Developer.

Developer must promptly notify Franchisor if the Principal Owner cannot continue to serve in that capacity or no longer qualifies as such, and must take corrective action within thirty (30) days thereafter. During such thirty (30) day period, Developer must provide for interim management of its operations in accordance with this Agreement. Any failure to comply with this Section 6.5 will be a material breach of this Agreement.

6.6 Training

Developer's Principal Owner and any District Manager shall successfully complete Franchisor's management training program within a reasonable period of time after the execution of this Agreement. Any successor or replacement Principal Owner or District Manager shall successfully complete Franchisor's management training program within a reasonable time after such persons are designated. Such persons, and any other personnel of Developer whom Franchisor may designate, shall attend and complete any additional training that Franchisor may from time to time require. Training shall be conducted at locations designated by Franchisor.

(1) Initial management training for Developer's Principal Owner and District Manager is provided at no additional charge; however, Franchisor reserves the right to charge a reasonable fee for training successor or replacement personnel and for any additional training programs. Developer shall be responsible for any and all expenses incurred in connection with any initial or additional training, including, without limitation, the costs of travel, lodging, meals and wages incurred by Developer, its Principal Owner or District Manager.

(2) If Developer's Principal Owner or District Manager fails, in Franchisor's sole judgment, to satisfactorily complete Franchisor's management training program, and Developer fails to cure such default within ninety (90) days following written notice from Franchisor, Franchisor may terminate this Agreement.

6.7 Site Selection

Developer assumes all cost, liability, expense and responsibility for selecting, obtaining and developing a site within the Territory for each Restaurant to be developed pursuant to this Agreement.

(1) Before acquiring a site for a Restaurant, Developer shall submit to Franchisor, in the form specified by Franchisor, a description of the site, evidence satisfactory to Franchisor demonstrating that the site satisfies Franchisor's site selection guidelines, and such other information and materials as Franchisor may reasonably require, including, but not limited to, copies of a proposed lease (which incorporates a lease rider in substantially the form attached to Franchisor's then-current form of franchise agreement) or contract of sale for the site. Recognizing that time is of the essence, Developer agrees that it will submit such site information to Franchisor no later than sixty (60) days after the execution of the Franchise Agreement. Any proposed lease must be approved by Franchisor prior to its execution. Franchisor shall have thirty (30) days after receiving a copy of the proposed lease to accept or not accept it, in its sole discretion. If requested by Franchisor, Developer shall promptly pay, or reimburse Franchisor for, Franchisor's reasonable attorneys' fees and other reasonable costs and expenses incurred by Franchisor in connection with reviewing and/or modifying the lease.

(2) Franchisor shall have thirty (30) days after receiving Developer's site information to accept or not accept, in its sole discretion, the proposed site as the location for the Restaurant. No site may be used for a Restaurant unless it is first accepted in writing by Franchisor, and Developer shall not make any binding commitment with respect to a site for a Restaurant unless the site is first accepted in writing by Franchisor. If Franchisor accepts multiple sites for a Restaurant, Developer shall notify Franchisor in writing within ten (10) days of the date of such acceptance of the site that Developer intends to acquire for the Restaurant. Developer acknowledges that Franchisor's acceptance of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by Franchisor that the Restaurant operated at that site will be profitable or otherwise successful.

(3) Promptly following Franchisor's acceptance of the site for each Restaurant, but in no event no later than ninety (90) days after the execution of the Franchise Agreement, Developer shall acquire the site by purchase or lease, at Developer's expense.

(4) Developer shall furnish to Franchisor a copy of the executed lease or contract of sale within ten (10) days after execution.

(5) After a site for a Restaurant is accepted by Franchisor and acquired by Developer, the address of the site shall be entered on Attachment C to the Franchise Agreement as the Location of the Restaurant.

6.8 Internet Website

Developer shall not establish any website or other listing on the Internet except as provided herein.

(1) Franchisor has established, or may establish, an Internet Website that provides information about the System and the products and services offered by Chuck Lager Restaurants. Franchisor has sole discretion and control over the Website (including timing, design, contents and continuation). Franchisor may use part of the creative fund monies it collects under the Franchise Agreement to pay or reimburse the costs associated with the development, maintenance and update of the Website.

(2) Franchisor may (but is not required to) include at the Website an interior page containing information about the Restaurants developed under this Agreement. If Franchisor includes such information on the Website, Franchisor may require Developer to prepare all or a portion of the page, at Developer's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting. Developer acknowledges and understands that it shall not establish its own Website using the Marks or referring in any way to the Chuck Lager Restaurant without Franchisor's prior written consent, which Franchisor is not obligated to provide. If Developer is in default of this Agreement at any time, Franchisor reserves the right to suspend Developer's web page or Restaurant listing until such time as Developer is in full compliance with the terms of this Agreement.

(3) Franchisor also shall have the sole right (but no obligation) to develop an Intranet through which Franchisor and its developers and franchisees can communicate by e-mail or similar electronic means. If Franchisor develops such an Intranet, Developer agrees to use the facilities of the Intranet in strict compliance with the standards, protocols and restrictions that Franchisor includes in the Manual (including, without limitation, standards, protocols and restrictions relating to the encryption of Confidential Information and prohibitions against the transmission of libelous, derogatory or defamatory statements).

6.9 Legal Compliance

In addition to complying with its obligations under this Agreement, Developer shall comply with all requirements of federal, state and local laws, rules, regulations, ordinances and orders at all times during the term of this Agreement.

7. DEFAULT AND TERMINATION; POST TERMINATION OBLIGATIONS

7.1 Automatic Termination

Developer shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Developer, if Developer (including any of Developer's partners, if Developer is a partnership, or any of its officers, directors, shareholders, or members, if Developer is a corporation or limited liability company) shall become insolvent or makes a general assignment for the benefit of creditors; or if Developer files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Developer is adjudicated as bankrupt or insolvent in proceedings filed against Developer under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Developer is dissolved; or if execution is levied against Developer's business or property; or if suit to foreclose any lien or mortgage against the Developer's business or property is instituted against Developer and not dismissed within thirty (30) days; or if the real or personal property of any business operated by Developer hereunder shall be sold after levy thereupon by any sheriff, marshal or constable.

7.2 Termination on Notice; No Right to Cure

Developer shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure the default, effective immediately upon written notice to Developer, upon the occurrence of any of the following events of default:

- (1) If Developer fails to comply with the Development Schedule under this Agreement or otherwise fails to satisfy its obligations set forth in Section 3.
- (2) If Developer or any of the Principals is convicted of, or enters a plea of guilty or nolo contendere to, a felony, a crime involving moral turpitude or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or Franchisor's interests therein.
- (3) If a threat or danger to public health or safety results from the construction, maintenance or operation of any Restaurant developed under this Agreement.
- (4) If Developer or any of the Principals breach in any material respect any of the representations, warranties and covenants in Section 4.
- (5) If Developer or any of the Principals transfers or attempts to transfer any rights or obligations under this Agreement, or any interest in Developer or the business contemplated hereby contrary to the terms of this Agreement, or if an approved transfer upon death or permanent disability is not effected within the time period and in the manner prescribed by Section 8.6.
- (6) If Developer or any of the Principals fails to comply with the covenants in Section 9.
- (7) If Developer, or any of the Principals, repeatedly commits a material event of default under this Agreement, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured after notice by Franchisor.

7.3 Termination After Notice and Opportunity to Cure

Upon the occurrence of any event set forth below, Developer shall be deemed to be in material default, and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, by giving Developer written notice stating the nature of the default and the applicable cure period (defined below). Developer may avoid termination by curing such default to Franchisor's satisfaction within the time period set forth below or such longer period as applicable law may require ("cure period"). If a default is not cured within the cure period, Developer's rights under this Agreement shall terminate without further notice to Developer effective immediately upon the expiration of the cure period.

- (1) If Developer or any of its affiliates fails, refuses or neglects promptly to pay when due any monetary obligation owing to Franchisor or any of its affiliates and fails to cure such default within five (5) days following notice from Franchisor, or if Developer or any of its affiliates are otherwise in default under any Franchise Agreement and fails to cure such default within the applicable cure period, if any, contained in such Franchise Agreement.
- (2) If Developer fails to designate a qualified replacement Principal Owner or District Manager within thirty (30) days after any initial or successor Principal Owner or District Manager ceases to serve.

(3) If Developer fails to obtain the execution of the covenants required under Section 9.6 within thirty (30) days following Franchisor's request that Developer do so.

(4) If Developer misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or with the System or Franchisor's rights therein and fails to cure such default within twenty-four (24) hours following notice from Franchisor.

(5) If Developer fails to comply with any other term or condition imposed by this Agreement and fails to cure within thirty (30) days following notice from Franchisor.

7.4 Additional Remedies

Upon default by Developer under Section 7.2 or 7.3, Franchisor may, in its sole discretion, elect to exercise any one or more of the following remedies in lieu of terminating this Agreement: (i) terminate or modify any territorial protections granted to Developer in Section 1, (ii) reduce the size of the Territory, or (iii) reduce the number of Restaurants which Developer may establish pursuant to the Development Schedule.

(1) If Franchisor elects to exercise one or more of the additional remedies set forth above, Developer shall continue to develop Restaurants in accordance with its rights and obligations hereunder, as so modified. To the extent such rights are modified pursuant to this Section 7.4, Developer acknowledges that Franchisor shall be entitled to establish, and to license others to establish, Chuck Lager Restaurants in some or all of the Territory, except as may be otherwise provided under any Franchise Agreement which is then in effect between Franchisor and Developer.

(2) Franchisor's exercise of any of its remedies under this Section 7.4 shall not constitute a waiver by Franchisor to exercise its option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

7.5 Effect on Franchise Agreements; Remedies Non-Exclusive

(1) No default under this Agreement shall constitute a default under any Franchise Agreement, unless the default is also a default under the terms of such Franchise Agreement.

(2) No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or in equity.

7.6 Post-Termination Obligations

Upon the termination or expiration of this Agreement, Developer shall have no right to establish or operate any Restaurant for which a Franchise Agreement has not been executed by Franchisor and delivered to Developer at the time of termination or expiration (but may complete development of and/or operate Restaurants under then existing Franchise Agreements) and Franchisor may develop, or authorize others to develop, Chuck Lager Restaurants in the Territory. Upon the expiration or termination of this Agreement:

(1) Developer and the Principals shall comply with the restrictions on confidential information contained in Section 9.1 and the covenants against competition contained in Section 9.2. Any other person required to execute similar covenants pursuant to Section 9.6 shall also comply with such covenants.

(2) Developer and its Principals shall promptly pay all sums owing to Franchisor and its subsidiaries or affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Developer, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Developer and on the premises operated under any Franchise Agreement at the time of default.

(3) Developer and the Principals shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees and costs, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 7.6.

8. TRANSFER OF INTEREST

8.1 By Franchisor

Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity without Developer's consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all Franchisor's obligations arising hereunder subsequent to the transfer or assignment. Without limitation of the foregoing, Franchisor may sell its assets to a third party; may offer its securities privately or publicly; may merge with or, acquire other corporations, or may be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

8.2 By Developer and Principals

Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer, and that Franchisor has granted such rights in reliance on the business skill, financial capacity and personal character of Developer and its Principals. Accordingly, neither Developer nor any Principal, nor any successor or assign of Developer or any Principal, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement (including, without limitation, any or all of Developer's rights or obligations hereunder), the business operated under this Agreement, or in Developer (except as provided in Section 8.4 below) without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material breach of this Agreement.

(1) If Developer wishes to transfer all or part of its interest in this Agreement or in the business operated hereunder, or if Developer or a Principal wishes to transfer any interest in Developer (except as permitted in Section 8.4), transferor and the proposed transferee shall apply to Franchisor for its consent. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Developer, in this Agreement or in the business operated hereunder but Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval to any such transfer:

(a) All the accrued monetary obligations of Developer and its affiliates and all other outstanding obligations to Franchisor and its affiliates arising under this Agreement or any Franchise Agreement or other agreement shall have been satisfied in a timely manner and Developer shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner;

(b) Developer and its affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any Franchise Agreement or other agreement between Developer or any of its affiliates and Franchisor or any of its affiliates; and Developer shall have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

(c) The transferor and its principals (if applicable) shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims, against Franchisor, its affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement, any Franchise Agreement and any other agreement between Developer and Franchisor or any of its affiliates or under federal, state or local laws, rules, regulations and orders;

(d) The transferee shall enter into a written agreement, satisfactory to Franchisor, assuming full, unconditional, joint and several, liability for and agreeing to perform from the date of the transfer, all obligations, covenants and agreements of Developer in this Agreement; and, if transferee is a corporation, partnership or limited liability company, such of transferee's principals as Franchisor may designate as principals shall execute such agreement as transferee's principals, and guarantee the performance of all such obligations, covenants and agreements;

(e) The transferee shall execute the standard form development agreement then being offered to new System developers or a revised form of this Agreement, as Franchisor deems appropriate, and such other ancillary agreements as Franchisor may require, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this Agreement, and if the transferee is a corporation, partnership, or limited liability company, such of transferee's principals as Franchisor may designate shall execute such agreement and guarantee the performance thereof;

(f) The transferee shall demonstrate to Franchisor's satisfaction that transferee meets the criteria considered by Franchisor when reviewing a prospective developer's application for development rights, including, but not limited to, Franchisor's educational, managerial and business standards, transferee's good moral character, business reputation and credit rating, transferee's aptitude and ability to conduct the business contemplated hereunder (as may be evidenced by prior related business experience or otherwise), transferee's financial resources and capital for operation of the business, and the geographic proximity of other territories with respect to which transferee has been granted development rights or of other Restaurants operated by transferee, if any;

(g) The transferor shall remain liable for all of the obligations to Franchisor in connection with this Agreement incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

(h) Developer shall pay Franchisor a transfer fee in the amount of Ten Thousand Dollars (\$10,000) and shall reimburse Franchisor for its reasonable costs and expenses associated with the transfer, including, without limitation, training costs and legal and accounting fees and costs;

(i) If transferee is a corporation, partnership or limited liability company, transferee shall make and will be bound by any or all of the representations, warranties and covenants in Section 6 as Franchisor requests. Transferee shall provide to Franchisor evidence satisfactory to

Franchisor that the terms of Sections 6.2, 6.3 and 6.4 have been satisfied and are true and correct on the date of transfer.

(2) If the transfer relates to the grant of a security interest in any of Developer's assets, Franchisor may require the secured party to agree that, in the event of any default by Developer under any documents related to the security interest, Franchisor shall have the right and option (but no obligation) to be substituted as obligor to the secured party and to cure any default of Developer.

(3) Developer acknowledges and agrees that each condition which must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

8.3 Transfer for Convenience of Ownership

If the proposed transfer is to a corporation or other entity formed solely for the convenience of ownership, Franchisor's consent may be conditioned upon any of the requirements in Section 8.2(1), except that the requirements in Sections 8.2(1)(c), (e), and (f) shall not apply and the fee provided for in Section 8.2(1)(h) shall be equal to Franchisor's reasonable out-of-pocket costs and expenses (including legal and accounting fees and costs associated with reviewing the application to transfer). In any transfer for the convenience of ownership, Developer shall be the owner of all the voting stock or interest of the corporation or other business entity, as applicable, and if Developer is more than one individual, each individual shall have the same proportionate ownership interest in the corporation or other business entity, as applicable, as he had in Developer prior to the transfer.

8.4 Transfer of Non-Controlling Interest

If any person holding an interest in Developer (other than a Principal signing the Principals' Guaranty and Assumption Agreement) proposes to transfer such interest, then Developer shall promptly notify Franchisor of such proposed transfer in writing and shall provide such information relative thereto as Franchisor may reasonably request prior to the transfer. Franchisor may reject any such proposed transfer for any reason in its sole discretion. The transferee shall not be an owner or operator of any of Franchisor's competitors (i.e. any restaurant business offering draft beer and hamburgers or sandwiches) and may be required to execute a confidentiality agreement and ancillary covenants not to compete in the form then required by Franchisor, which form shall be in substantially the same as the form attached to this Agreement as Attachment B. Franchisor reserves the right to require such transferee to sign the Principals' Guaranty and Assumption Agreement.

8.5 Right of First Refusal

If Developer or a Principal wishes to transfer any interest in this Agreement, the business operated hereunder, or in Developer, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all required documentation describing the terms of such offer, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, closing shall occur on or before sixty (60) days from the later of the date of Franchisor's notice to seller of its election to purchase and the date Franchisor receives all necessary permits and approvals, or any other date agreed by the parties in writing. If the third party offer provides for payment of consideration other than cash, Franchisor may elect to purchase seller's interest for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent, then that amount shall be

determined by two (2) appraisers. Each party shall select one (1) appraiser and the average of the appraisers' determinations shall be binding. Each party shall bear its own legal and other costs and shall share the appraisal fees equally. If Franchisor exercises its right of first refusal, it shall have the right to set off all appraisal fees and other amounts due from Developer to Franchisor or any of its affiliates. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section 8.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 8 relating to a proposed transfer. Failure to comply with this Section 8.5 shall constitute a material event of default under this Agreement.

8.6 Death or Permanent Disability

Developer or its representative shall promptly notify Franchisor of any death or claim of permanent disability subject to this Section 8.6. Any transfer upon death or permanent disability shall be subject to the following conditions, as well as to the conditions described in Section 8.2 for any inter vivos transfer.

(1) Upon the death of Developer (if Developer is a natural person) or any Principal who is a natural person (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by Franchisor within six (6) months after the date of death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee shall transfer such interest to a third party approved by Franchisor within six (6) months after the death of the Deceased.

(2) Upon the permanent disability of Developer (if Developer is a natural person) or any Principal who is a natural person, Franchisor may, in its sole discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Section 8 within six (6) months after notice to Developer. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section 8.6. The costs of any examination required by this Section shall be paid by Franchisor.

8.7 Securities Offerings

Interests in Developer shall not be offered to the public by private or public offering without Franchisor's prior written consent, which shall not be unreasonably withheld. As a condition of its consent, Franchisor may, in its sole discretion, require that, Developer reimburse Franchisor for any expenses resulting from such offering (including, without limitation, legal and accounting fees and costs associated with reviewing the offering materials), and Franchisor may require that immediately after such offering, Developer and the Principals retain a Controlling Interest in Developer. Developer shall give Franchisor written notice at least thirty (30) days prior to the commencement of any offering covered by this Section 8.7. All offering materials shall be submitted to Franchisor for review prior to being filed with any governmental agency or distributed for use. Franchisor's review of the offering materials shall be limited solely to the subject of the relationship between Developer and Franchisor. No offering shall imply that Franchisor is participating in an underwriting, issuance or offering of securities. Franchisor

may require the offering materials to contain a written statement prescribed by Franchisor concerning the relationship of Developer and Franchisor. Developer, its Principals and the other participants in the offering must fully indemnify Franchisor, its affiliates, their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in connection with the offering.

8.8 No Waiver

Franchisor's consent to a transfer of any interest described herein shall not constitute a waiver of any claims which Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

9. COVENANTS

9.1 Confidentiality

Neither Developer nor any Principal shall, during the term of this Agreement and thereafter, communicate, divulge, or use for the benefit of, any other person, persons, partnership, limited liability company, corporation or other entity or association and, following the termination or expiration of this Agreement, they shall not use for their own benefit, any Confidential Information, knowledge or know-how which may be communicated to them or of which they may be apprised concerning the methods of conducting the business contemplated by this Agreement, including, without limitation, the methods of development and operation of the Restaurants and other information contained in the Manuals or otherwise disclosed. Developer and each of the Principals shall disclose such Confidential Information only to those employees of Developer who must have access to it in connection with their employment. Neither Developer nor the Principals shall at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such Confidential Information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenant in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Developer and each of the Principals.

9.2 Noncompetition Covenants

Developer and the Principals specifically acknowledge that, pursuant to this Agreement, they will receive access to valuable training, trade secrets and Confidential Information which are beyond their present skills and experience, including, without limitation, information regarding operational, sales, promotional and marketing methods and techniques of the System. Developer and the Principals further acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage, and that gaining access thereto is a primary reason for entering into this Agreement. In consideration therefor, Developer and the Principals covenant as follows:

(1) With respect to Developer, during the term of this Agreement (or with respect to each of the Principals, for so long as such individual or entity satisfies the definition of "Principal" under this Agreement) except as otherwise approved in writing by Franchisor, neither Developer nor any of the Principals shall, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, persons, partnership, limited liability company, corporation or other entity or association:

(a) Divert, or attempt to divert, any business or customer of the business described hereunder to any competitor (i.e. any restaurant business offering draft beer and hamburgers or

sandwiches), by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Restaurants operated under valid Franchise Agreements with Franchisor, own, maintain, operate, engage in, be employed by, or have any financial or beneficial interest in, advise, assist or make loans to, any business that is the same as or similar to a Chuck Lager Restaurant (i.e. any restaurant business offering draft beer and hamburgers or sandwiches) (a “Competitive Business”) and which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor has used, sought registration of or registered the Marks or similar marks or operates or licenses others to operate a business under the Marks or similar marks.

(2) With respect to Developer, and for a continuous uninterrupted period commencing upon the expiration, termination, or transfer of all of Developer’s interest in, this Agreement (or with respect to each of the Principals, commencing upon the earlier of (i) the expiration, termination, or transfer of all of Developer’s interest in this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of “Principal” under this Agreement), and continuing for two (2) years thereafter, except as otherwise approved in writing by Franchisor, neither Developer nor any of the Principals shall, directly or indirectly, for themselves or through, on behalf of or in conjunction with any person, persons, partnership, limited liability company, corporation or other entity or association:

(a) Divert, or attempt to divert, any business or customer of the business described hereunder to any competitor (i.e. any restaurant business offering draft beer and hamburgers or sandwiches), by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Chuck Lager Restaurants operated under valid Franchise Agreements with Franchisor, own, maintain, operate, engage in, be employed by, or have any financial or beneficial interest in, advise, assist or make loans to, a Competitive Business (i.e. any restaurant business offering draft beer and hamburgers or sandwiches) that is, or is intended to be, located (i) within the Territory, or (ii) within a twenty-five (25)-mile radius of the location of any Chuck Lager Restaurant then in existence or under construction.

9.3 Reasonable Restrictions

The parties acknowledge and agree that each of the covenants contained herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. Each such covenant shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 9 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

9.4 Reduction of Scope of Covenant

Developer and the Principals acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section 9 without their consent, effective immediately upon notice to Developer, and Developer and the Principals agree that they shall promptly comply with any covenant as so modified.

9.5 Enforcement

Developer and the Principals expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 9.

9.6 Execution of Covenants

Developer shall require and obtain execution of covenants similar to those set forth in Section 9 from all Principals not signing the Principals' Guaranty and Assumption Agreement, from all District Managers and, if requested by Franchisor, other personnel of Developer who have received or will have access to Confidential Information or training from Franchisor. Such covenants shall be substantially in the form set forth in Attachment B. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to decrease the scope of the noncompetition covenant set forth in Attachment B or eliminate such noncompetition covenant altogether for any person that is required to execute such agreement under this Section 9.6.

9.7 Injunctive Relief

Developer and the Principals acknowledge that any failure to comply with the requirements of this Section shall constitute a material breach of this Agreement. Developer and the Principals acknowledge that a violation of this Section would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Developer and the Principals accordingly consent to the issuance of an injunction prohibiting any conduct by Developer or the Principals in violation of the terms of this Section, without the requirement that Franchisor post a bond. Developer and the Principals agree to pay all court costs and reasonable attorneys' fees and costs incurred by Franchisor in connection with the enforcement of this Section, including payment of all costs and expenses for obtaining injunctive relief or any other remedy available to Franchisor for any violation of the requirements of this Section.

9.8 New Developments

If Developer, its employees, or Principals develop any new concept, process or improvement in the operation or promotion of the business contemplated by this Agreement or any Restaurant developed pursuant to this Agreement, Developer shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all patents, patent applications, and other intellectual property rights related thereto. Developer and its Principals hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Developer and its Principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights. Developer and its Principals hereby irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 9.8 are found to be invalid or otherwise unenforceable, Developer and its Principals hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe their rights therein.

9.9 Anti-Terrorism Laws

Developer and its owners agree to comply, and to assist Franchisor to the fullest extent possible in its efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, Developer and its owners certify, represent, and warrant that none of Developer's property or interests is subject to being blocked under, and that Developer and its owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Developer or its owners, or any blocking of Developer's or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

10. INDEPENDENT CONTRACTOR

10.1 Independent Contractor Relationship

Developer agrees that the relationship created by this Agreement is not a fiduciary, special, or any other similar relationship, but rather is an arm's-length business relationship, and Franchisor owes Developer no duties except as expressly provided in this Agreement. Developer shall be an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. During the term of this Agreement, Developer shall hold itself out to the public as an independent contractor conducting its operations pursuant to the rights granted by Franchisor.

10.2 No Authority

Nothing in this Agreement authorizes Developer or any of the Principals to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of Developer or any of the Principals or any claim or judgment arising therefrom.

11. INDEMNIFICATION

11.1 Indemnity

Developer and each of the Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor, its affiliates, successors and assigns, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them ("Indemnitees") from all Losses and Expenses, defined below, incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or relates to this Agreement in any way or which arises out of or is based upon any of the following:

(1) The infringement, alleged infringement, or any other violation or alleged violation by Developer or any of the Principals of any patent, mark, copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted to Developer under a Franchise Agreement);

(2) The violation, breach or asserted violation or breach by Developer or any of the Principals of any federal, state or local law, regulation, ruling, standard or directive, or any industry standard;

(3) Libel, slander or any other form of defamation of Franchisor, the System, or any developer or franchisee under the System, by Developer or by any of the Principals;

(4) The violation or breach by Developer or by any of the Principals of any warranty, representation, agreement or obligation in this Agreement or in any Franchise Agreement or other agreement between Developer or any of its affiliates and Franchisor or any of its affiliates; and

(5) Acts, errors or omissions of Developer, any of Developer's affiliates, any of the Principals and the respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of any of them in connection with the performance of the development activities contemplated under this Agreement or the establishment and operation of any Restaurant pursuant to a Franchise Agreement.

11.2 Defense of Claim

Developer and each of the Principals agree to give Franchisor immediate notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. At the expense and risk of Developer and each of the Principals, Franchisor may elect to assume (but under no circumstance is obligated to undertake), or associate counsel of its own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by Franchisor shall, in no manner or form, diminish the obligation of Developer and each of the Principals to indemnify the Indemnitees and to hold them harmless.

11.3 Remedial Action

In order to protect persons or property or its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it, in its judgment deems appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's sole judgment, there are reasonable grounds to believe that:

(1) any of the acts or circumstances enumerated in Section 11.1(1) - (4) above has occurred; or

(2) any act, error or omission as described in Section 11.1(5) may result directly or indirectly in damage, injury or harm to any person or any property.

11.4 Losses and Expenses

(1) All Losses and Expenses incurred under this Section 11 shall be chargeable to and paid by Developer or any of the Principals pursuant to its obligations of indemnity under this Section, regardless of any action, activity or defense undertaken by Franchisor or the subsequent success or failure of such action, activity or defense.

(2) As used in this Section 11, the phrase "Losses and Expenses" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys' fees and costs, court costs, settlement amounts, judgments, compensation for damages to Franchisor's reputation and goodwill, costs of or resulting from delays,

financing costs, costs of advertising material and media time/space and costs of changing, substituting or replacing the same, any and all expenses of recall, refunds, compensation and public notices and all other payments of money incurred in connection with the matters described.

11.5 Contributory Negligence

The Indemnitees do not assume any liability for acts, errors or omissions of those with whom Developer or the Principals may contract, regardless of the purpose. Developer and the Principals shall hold harmless and indemnify the Indemnitees as set forth herein without limitation and without regard to the cause or causes thereof or the negligence (whether such negligence be sole, joint or concurrent, or active or passive) or strict liability of Franchisor or any other party or parties arising in connection therewith.

11.6 No Duty to Mitigate; Survival of Obligations

Under no circumstances shall Franchisor be required or obligated to seek recovery from third parties or otherwise mitigate its losses in order to maintain a claim under the indemnity and against Developer, and the failure of Franchisor to pursue such recovery or mitigate such loss will no way reduce the amounts recoverable by Franchisor from Developer. Developer and the Principals expressly agree that the terms of this Section 11 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

12. MISCELLANEOUS

12.1 Notices

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:	Chuck Lager's Franchising, LLC 26 Easton Way, Hainesport, New Jersey 08036 Attention: President Telephone: (844) 426-5297 e-mail: franchisor@chucklager.com
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Notices to Developer and
the Principals:

Attention: _____
Telephone: _____
Facsimile: _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service, on the next Business Day, or, in the case of or registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail,

upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail).

12.2 Entire Agreement

This Agreement, the documents referred to herein and the Attachments hereto, constitute the entire, full and complete agreement between Franchisor and Developer and the Principals concerning the subject matter hereof and shall supersede all prior related agreements. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Developer to waive reliance on any representation that Franchisor made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Developer or its representative, subject to any agreed-upon changes to the contract terms and conditions described in that Franchise Disclosure Document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

12.3 No Waiver

No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising out of any breach or default by Developer or the Principals under this Agreement shall constitute a waiver by Franchisor to enforce any such right, option, duty or power against Developer or the Principals, or as to a subsequent breach or default by Developer or the Principals.

12.4 Approval or Consent

Whenever this Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor and such approval or consent shall be obtained in writing. No waiver, approval, consent, advice or suggestion given to Developer, and no neglect, delay or denial of any request therefor, shall constitute a warranty or guaranty by Franchisor, nor does Franchisor assume any liability or obligation to Developer or any third party as a result thereof.

12.5 Force Majeure

Upon the occurrence of an event of Force Majeure, the party affected thereby shall give prompt notice thereof to the other party, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected, and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused. If an event of Force Majeure shall occur, then, Developer shall continue to be obligated to pay to Franchisor any and all amounts that it shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of such event and the Indemnitees shall continue to be indemnified and held harmless by Developer in accordance with Section 11. Except as provided in the immediately preceding sentence, neither party shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure.

12.6 Mediation

THE PARTIES ACKNOWLEDGE THAT DURING THE TERM OF THIS AGREEMENT CERTAIN DISPUTES MAY ARISE THAT THE PARTIES ARE UNABLE TO RESOLVE, BUT THAT MAY BE RESOLVABLE THROUGH MEDIATION. TO FACILITATE SUCH RESOLUTION, THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE BETWEEN FRANCHISOR OR ITS AFFILIATES (AND ITS AND THEIR

RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) AND DEVELOPER (AND ITS OWNERS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) ARISING OUT OF OR RELATED TO (a) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND DEVELOPER, (b) THE RELATIONSHIP BETWEEN THE PARTIES, OR (c) THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND DEVELOPER, TO MEDIATION BEFORE BRINGING SUCH CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL.

(1) THE MEDIATION SHALL BE CONDUCTED BY A MEDIATOR AGREED UPON BY FRANCHISOR AND DEVELOPER AND, FAILING SUCH AGREEMENT WITHIN NOT MORE THAN FIFTEEN (15) DAYS AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION, BY THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR ORGANIZATION ("AAA") IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION. MEDIATION SHALL BE HELD AT THE OFFICES OF THE AAA NEAREST TO FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS (CURRENTLY BURLINGTON COUNTY, NEW JERSEY). THE COSTS AND EXPENSES OF MEDIATION, INCLUDING THE COMPENSATION AND EXPENSES OF THE MEDIATOR (BUT EXCLUDING ATTORNEYS' FEES INCURRED BY EITHER PARTY), SHALL BE BORNE BY THE PARTIES EQUALLY.

(2) IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN THIRTY (30) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN, UNLESS SUCH TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES, EITHER PARTY MAY BRING A LEGAL PROCEEDING PURSUANT TO SECTION 12.7. FRANCHISOR AND DEVELOPER AGREE THAT STATEMENTS MADE BY EITHER PARTY IN ANY MEDIATION PROCEEDING WILL NOT BE ADMISSIBLE FOR ANY PURPOSE IN ANY SUBSEQUENT LEGAL PROCEEDING.

(3) NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS SECTION 12.6, THE PARTIES' AGREEMENT TO MEDIATE SHALL NOT APPLY TO CONTROVERSIES, DISPUTES OR CLAIMS RELATED TO OR BASED ON THE MARKS OR THE CONFIDENTIAL INFORMATION. MOREOVER, REGARDLESS OF THE PARTIES' AGREEMENT TO MEDIATE, DEVELOPER AND FRANCHISOR EACH HAVE THE RIGHT IN A PROPER CASE TO SEEK TEMPORARY RESTRAINING ORDERS AND TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF.

12.7 Litigation, Jurisdiction and Venue

FOR ANY CLAIMS, CONTROVERSIES OR DISPUTES WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION AS PROVIDED ABOVE, DEVELOPER AND PRINCIPALS HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE AND FEDERAL DISTRICT COURTS LOCATED IN THE STATE, COUNTY OR JUDICIAL DISTRICT IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED. DEVELOPER AND PRINCIPALS HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION AND AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY BY ANY MEANS ALLOWED BY NEW JERSEY OR FEDERAL LAW. DEVELOPER AND PRINCIPALS FURTHER AGREE THAT VENUE FOR ANY SUCH PROCEEDING SHALL BE

THE COUNTY OR JUDICIAL DISTRICT IN WHICH FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY BURLINGTON COUNTY, NEW JERSEY); PROVIDED, THAT FRANCHISOR MAY BRING ANY ACTION (i) FOR MONIES OWED, (ii) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF OR (iii) INVOLVING POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, THE MARKS, OR THE CONFIDENTIAL INFORMATION, IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION.

12.8 Governing Law

THIS AGREEMENT AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN FRANCHISOR AND DEVELOPER SHALL BE GOVERNED BY AND INTERPRETED AND CONSTRUED UNDER NEW JERSEY LAW (EXCEPT FOR NEW JERSEY CONFLICT OF LAW RULES).

12.9 Mutual Acknowledgments

THE PARTIES ACKNOWLEDGE THAT THEIR AGREEMENT REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH ABOVE PROVIDE EACH OF THEM WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE PARTIES' RELATIONSHIP CREATED BY THIS AGREEMENT. EACH PARTY FURTHER ACKNOWLEDGES THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT. IN ADDITION, THE PARTIES ACKNOWLEDGE THAT THE EXECUTION OF THIS AGREEMENT AND ACCEPTANCE OF THE TERMS BY THE PARTIES OCCURRED IN BURLINGTON COUNTY, NEW JERSEY, AND FURTHER ACKNOWLEDGE THAT THE PERFORMANCE OF CERTAIN OBLIGATIONS OF DEVELOPER ARISING UNDER THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF MONIES DUE HEREUNDER AND THE SATISFACTION OF CERTAIN TRAINING REQUIREMENTS OF FRANCHISOR, SHALL OCCUR IN BURLINGTON COUNTY, NEW JERSEY.

12.10 Waiver of Jury Trial and Damages

(1) IN ANY LITIGATION BETWEEN THE PARTIES FOUNDED UPON OR ARISING FROM THIS AGREEMENT, THE PARTIES HEREBY WAIVE THEIR RIGHTS TO A JURY TRIAL, AND THE PARTIES HEREBY STIPULATE THAT ANY SUCH TRIAL SHALL OCCUR WITHOUT A JURY.

(2) DEVELOPER AND THE PRINCIPALS HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) AGAINST FRANCHISOR, ITS AFFILIATES, AND THE OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, MEMBERS, AGENTS, REPRESENTATIVES, INDEPENDENT CONTRACTORS, SERVANTS AND EMPLOYEES OF EACH OF THEM, IN THEIR CORPORATE AND INDIVIDUAL CAPACITIES, ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) AND AGREE THAT IN THE EVENT OF A DISPUTE, DEVELOPER AND THE PRINCIPALS SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY THEM. IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR

UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) SHALL CONTINUE IN FULL FORCE AND EFFECT.

12.11 Business Judgment

DEVELOPER, THE PRINCIPALS AND FRANCHISOR ACKNOWLEDGE THAT VARIOUS PROVISIONS OF THIS AGREEMENT SPECIFY CERTAIN MATTERS THAT ARE WITHIN THE DISCRETION OR JUDGMENT OF FRANCHISOR OR ARE OTHERWISE TO BE DETERMINED UNILATERALLY BY FRANCHISOR. IF THE EXERCISE OF FRANCHISOR'S DISCRETION OR JUDGMENT AS TO ANY SUCH MATTER IS SUBSEQUENTLY CHALLENGED, THE PARTIES TO THIS AGREEMENT EXPRESSLY DIRECT THE TRIER OF FACT THAT FRANCHISOR'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION OR JUDGMENT IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF SUCH DISCRETION OR JUDGMENT, WITHOUT REGARD TO WHETHER OTHER REASONS FOR ITS DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

12.12 Limitation of Claims

EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO (i) ANY MISREPRESENTATION OR OMISSION MADE BY DEVELOPER OR ITS PRINCIPALS UNDER THIS AGREEMENT OR IN ANY APPLICATION THEREFOR, (ii) DEVELOPER'S OBLIGATIONS TO PROTECT FRANCHISOR'S CONFIDENTIAL INFORMATION, OR (iii) DEVELOPER'S OBLIGATIONS TO INDEMNIFY FRANCHISOR PURSUANT TO SECTION 11, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP OF DEVELOPER AND FRANCHISOR PURSUANT TO THIS AGREEMENT WILL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN TWO (2) YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED, OR TWO (2) YEARS FROM THE DATE ON WHICH DEVELOPER OR FRANCHISOR KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST.

12.13 Counterpart Execution

This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

12.14 Headings

The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

12.15 Survival

Any obligation of Developer or the Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Developer or the Principals therein, shall be deemed to survive such termination, expiration or transfer. Without limitation

of the foregoing, the provisions of Sections 12.6, 12.7 and 12.8 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

12.16 Severability

Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

12.17 Gender

All references to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by Developer in this Agreement shall be deemed, jointly and severally, undertaken by all of the Principals.

12.18 Remedies Cumulative

All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Developer or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Section 7 of this Agreement shall not discharge or release Developer or any of the Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement. Additionally, Developer and the Principals shall pay all court costs and reasonable attorneys' fees and costs incurred by Franchisor in obtaining any remedy available to Franchisor for any violation of this Agreement.

12.19 No Third Party Beneficiary

Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Developer, Franchisor, and Franchisor's, officers, directors and personnel and such of Developer's and Franchisor's respective successors and assigns as may be contemplated (and, as to Developer, authorized by Section 8), any rights or remedies under or as a result of this Agreement.

12.20 Further Assurances

The parties will promptly execute and deliver such further documents and take such further action as may be necessary in order to effectively carry out the intent and purposes of this Agreement.

12.21 Agreement Effective Upon Execution by Franchisor

This Agreement shall not become effective until signed by an authorized representative of Franchisor.

13. ACKNOWLEDGMENTS

13.1 Independent Investigation

Developer acknowledges that it has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that the success of this business venture involves substantial business risks and will largely depend upon the ability of Developer. Franchisor expressly disclaims making, and Developer acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

13.2 Consultation with Advisors

Developer acknowledges that Developer has received, read and understands this Agreement and the related Attachments and agreements and that Franchisor has afforded Developer sufficient time and opportunity to consult with advisors selected by Developer about the potential benefits and risks of entering into this Agreement.

13.3 Disclosure

Developer acknowledges that it received a complete copy of Franchisor's Franchise Disclosure Document required by the Federal Trade Commission's Franchise Trade Regulation Rule (16 C.F.R. Part 436) within the time period required by applicable law. Developer further acknowledges that Franchisor and its representatives have not made any promises, representations or agreements, oral or written, except as expressly contained in this Agreement and the Franchise Disclosure Document.

13.4 Franchisor's Obligations

Developer acknowledges that it is relying solely on Franchisor, and not on any affiliated entities or parent companies related to Franchisor, with regard to Franchisor's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing, Franchisor has made any statement or promise to the effect that Franchisor's affiliated entities or parent companies guarantee Franchisor's performance or financially back Franchisor.

14. CERTAIN DEFINITIONS

14.1 An "affiliate" of a named person is any person or entity that is controlled by, controlling or under common control with such named person.

14.2 "Business Day" means any day other than Saturday, Sunday or the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

14.3 “Confidential Information” means any confidential information, knowledge or know-how concerning the methods of establishing and operating a Chuck Lager Restaurant which may be communicated to Developer or any of the Principals or of which they may be apprised under this Agreement. Any and all information, knowledge, know-how, techniques, Internet/Intranet passwords, and any materials used in or related to the System which Franchisor provides to Developer in connection with this Agreement shall be deemed confidential for the purposes of this Agreement.

14.4 “Controlling Interest” means (a) if Developer is a corporation, that the Principals, either individually or cumulatively, (i) directly or indirectly own at least fifty-one percent (51%) of the shares of each class of Developer’s issued and outstanding capital stock and (ii) be entitled, under its governing documents and under any agreements among the shareholders, to cast a sufficient number of votes to require such corporation to take or omit to take any action which such corporation is required to take or omit to take under this Agreement, or (b) if Developer is a partnership, that the Principals (i) own at least fifty-one percent (51%) interest in the operating profits and operating losses of the partnership as well as at least fifty-one percent (51%) ownership interest in the partnership (and at least fifty-one percent (51%) interest in the shares of each class of capital stock of any corporate general partner) and (ii) be entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement, or (c) if Developer is a limited liability company, that the Principals, either individually or cumulatively, (i) directly or indirectly own at least fifty-one percent (51%) of the membership interest in the limited liability company, and (ii) are entitled, under its governing documents and under any agreements among the members, to cast a sufficient number of votes to require such limited liability company to take or omit to take any action which such limited liability company is required to take or omit to take under this Agreement.

14.5 “Developer’s Principals” shall include, collectively and individually, Developer’s spouse all officers and directors of Developer (including the officers and directors of any general partner of Developer) whom Franchisor designates as Developer’s Principals and all holders of an ownership interest in Developer and of any entity directly or indirectly controlling Developer.

14.7 “Development Period(s)” means the discrete periods set forth in the Development Schedule within which Developer must establish and have in operation the designated number of Restaurants.

14.8 “Development Schedule” means, collectively, the schedule in Section 3.2 of this Agreement which designates the number of Chuck Lager Restaurants to be established and operated by Developer in the Territory upon the expiration of each designated Development Period and the schedule in Section 3.3 which establishes the Projected Opening Date for each such Restaurant.

14.7 “District Manager” means a qualified individual who meets the requirements in Section 6.5 of this Agreement but who is not required to own an interest in Developer, designated by Developer and approved by Franchisor to supervise the Developer’s operations under this Agreement.

14.8 “Force Majeure” means acts of God, strikes, lockouts or other industrial disturbances, war, terrorism, riot, epidemic, fire or other catastrophe or other forces beyond Developer’s control. Developer’s lack of financing is not considered to be a Force Majeure

14.9 “Franchise Agreements” means franchise agreements for Chuck Lager Restaurants executed pursuant to this Agreement, as described in Section 3.1(1).

14.11 “Projected Opening Date” means the date by which each Restaurant must be open for business, which shall be no later than the dates set forth in Section 3.3 hereof.

14.12 “Publicly held Corporation” is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of such Act.

14.13 “Reserved Area” means any amusement parks, zoos, parks, aquariums, museums, fairs, theme parks, sports stadiums and arenas, concert venues, convention centers, theaters, casinos, gasoline service stations, highway rest stops and travel plazas, supermarkets, convenience stores, department stores, enclosed shopping centers, airports, bus stations, train stations and other public transportation facilities, hospitals or other health care facilities, schools, colleges, universities and other education facilities, hotels, office buildings, business complexes, military bases and other limited access or captive audience facilities/events and other mass gathering locations.

14.14 “Territory” means the geographic area described in Attachment E to this Agreement, excluding any Reserved Area.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:

Chuck Lager’s Franchising, LLC

By: _____
Name: _____
Title: _____
Date: _____

DEVELOPER:

By: _____
Name: _____
Title: _____
Date: _____

ATTACHMENT A

PRINCIPALS' GUARANTY AND ASSUMPTION AGREEMENT

This Guaranty and Assumption Agreement (this "Guaranty") is given this ____ day of _____, 20__, by the undersigned.

In consideration of, and as an inducement to, the execution of the Area Development Agreement (the "Development Agreement") by Chuck Lager's Franchising, LLC, a Delaware limited liability company having its principal business address at 26 Easton Way, Hainesport, New Jersey 08036 ("Franchisor"), each of the undersigned and any other parties who sign counterparts of this Guaranty (referred to herein individually as a "Guarantor" and collectively as "Guarantors") hereby personally and unconditionally guarantees to Franchisor and Franchisor's successors and assigns, that Developer will punctually perform all of its obligations and pay all fees owed to Franchisor, including but not limited to, development fees, royalties, marketing and advertising fund contributions and purchases of equipment, materials, supplies and other amounts due under the Development Agreement and under all Franchise Agreements entered into pursuant to the development of Chuck Lager Restaurants under the Development Agreement.

Each Guarantor waives:

- (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and
- (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and
- (iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and
- (iv) any right he or she may have to require that an action be brought against Developer or any other person as a condition of liability; and
- (v) all rights to payments and claims for reimbursement or subrogation which he or she may have against Developer arising as a result of his or her execution of and performance under this guaranty by the undersigned (including by way of counterparts); and
- (vi) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

- (a) his or her direct and immediate liability under this Guaranty will be joint and several not only with Developer, but also among the Guarantors; and
- (b) he or she will render any payment or performance required under the Development Agreement upon demand if Developer fails or refuses punctually to do so; and
- (c) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; and

- (d) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Development Agreement or by any extension of time, credit or other indulgence that Franchisor may from time to time grant to Developer or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable throughout the term of the Development Agreement and for so long thereafter as there are any monies or obligations owing by Developer to Franchisor under the Development Agreement; and
- (e) Developer's written acknowledgment, accepted in writing by us, or the judgment of any court of competent jurisdiction establishing the amount due from Developer will be conclusive and binding on the undersigned as Guarantors.

Each Guarantor also makes all of the covenants, representations, warranties and agreements of the Principals set forth in the Development Agreement and is obligated to perform thereunder, including, without limitation, under Sections 7.6; 8; 9; 11; and 12.6, 12.7, 12.8, 12.9, and 12.10.

If Franchisor is required to enforce this Guaranty in an administrative or judicial proceeding, and prevail in such proceeding, Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, legal and accounting fees and costs, administrative, and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative or judicial proceeding and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantors will reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor.

IN WITNESS WHEREOF, each Guarantor has hereunto affixed his signature on the same day and year as the Development Agreement was executed.

GUARANTORS:

*Name: _____

Name: _____

Name: _____

* Denotes individual who is Developer's Principal Owner

ATTACHMENT B

CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE

This Agreement is made and entered into this ____ day of _____, 20__, between Chuck Lager's Franchising, LLC, a Delaware limited liability company having its principal business address at 26 Easton Way, Hainesport, New Jersey 08036 ("Franchisor"), _____, a _____ whose principal address is _____ ("Developer") and _____ ("Covenantor") in connection with a development agreement between Franchisor and Developer dated _____, 20__ ("Development Agreement"). Initially capitalized terms used, but not defined in this Agreement, have the meanings contained in the Development Agreement.

RECITALS

Franchisor has the right to use and license the use of a System for the establishment and operation of Chuck Lager Restaurants.

The System is identified by certain Marks, including the mark "Chuck Lager" and includes certain Confidential Information which provides economic advantages to Franchisor and licensed users of the System.

Franchisor has granted Developer the limited right to develop Restaurants using the System, the Marks and the Confidential Information under the Development Agreement.

In connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the Confidential Information.

Franchisor and Developer have agreed on the importance of restricting the use, access and dissemination of the Confidential Information, and Developer therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition.

Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement

1. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Developer in connection with the development and operation of Chuck Lager Restaurants under the Development Agreement or Franchise Agreements.

2. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.

3. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except to other employees of Developer and only to the limited extent necessary to train or assist other employees of Developer in the development or operation of a Restaurant using the System.

4. Covenantor shall surrender any material containing some or all of the Confidential Information to Developer or Franchisor, upon request, or upon termination of employment by Developer.

5. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System.

6. Covenantor acknowledges Franchisor provides access to the Manuals to Developer for limited purposes only and remains the property of Franchisor. Covenantor agrees that no Manuals may be reproduced, in whole or in part, without Franchisor's written consent.

Covenants Not to Compete¹

In order to protect the goodwill of the System, and in consideration for the disclosure of the Confidential Information to Covenantor, Covenantor agrees that, during the term of his or her association with or employment by Developer, and for a period of two (2) years following the earlier of (i) the termination thereof, or (ii) the termination, expiration or transfer of Developer's interest in the Development Agreement, Covenantor will not, without Franchisor's prior written consent or as permitted under valid Franchise Agreements for Chuck Lager Restaurants granted pursuant to the Development Agreement:

a. Directly or indirectly divert, or attempt to divert any business opportunity or customer of the business described hereunder to any competitor (i.e. any restaurant business offering draft beer and hamburgers or sandwiches); and

b. Directly or indirectly, for himself or through, on behalf of, or in conjunction with any other person, persons, partnership, corporation, limited liability company, or other association, or entity, own, maintain, operate, engage in or have any financial or beneficial interest in, advise, assist or make loans to, any business which is the same as or similar to a Chuck Lager Restaurant (i.e. any restaurant business offering draft beer and hamburgers or sandwiches), which is, or is intended to be, located (i) within the Territory, or (ii) within a twenty-five (25)-mile radius of any Chuck Lager Restaurant then in existence or under construction.

Principal's Undertaking

Covenantor also makes all of the covenants, representations, warranties and agreements of the Principals set forth in Sections 8; 9.1, 9.2, 9.3, 9.4, 9.5, 9.7, 9.8 and 9.9; and 12.6, 12.7, 12.8, 12.9, and 12.10 of the Development Agreement and is obligated to perform thereunder.

Miscellaneous

1. Developer shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

¹ If Covenantor is a Principal not signing the Principals' Guaranty and Assumption Agreement, delete the Covenants Not to Compete section and replace it with the Principals' Undertaking section.

2. Covenantor agrees that:

a. Each of the covenants herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

b. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Covenantor shall be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

c. In the event of a breach of this Agreement, Franchisor would be irreparably injured and without an adequate remedy at law and, therefore, upon any such breach or attempted breach of any provision hereof, Franchisor shall be entitled, in addition to any other remedies which it may have at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees and costs) incurred by Franchisor and Developer in enforcing this Agreement.

4. Any failure by Franchisor or the Developer to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach of any subsequent breach by Covenantor.

5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW JERSEY, WITHOUT REFERENCE TO NEW JERSEY CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE AND FEDERAL DISTRICT COURTS LOCATED IN THE STATE, COUNTY OR JUDICIAL DISTRICT IN WHICH THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY NEW JERSEY OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE THE COUNTY OR JUDICIAL DISTRICT IN WHICH THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR DEVELOPER MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

6. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

7. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

Chuck Lager's Franchising, LLC
26 Easton Way
Hainesport, New Jersey 08036
Attention: President
Telephone: (844) 426-5297
e-mail: franchisor@chucklager.com

If directed to Developer, the notice shall be addressed to:

Attention: _____
Facsimile: (____) _____

If directed to Covenantor, the notice shall be addressed to:

Attention: _____
Facsimile: (____) _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service on the next Business Day, or, in the case of or registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail).

8. Franchisor and its successors and assigns shall be third party beneficiaries of this Agreement, with the full and independent right, at their option and in their sole discretion, to enforce this Agreement.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall insure to the benefit of its respective affiliates, successors and assigns. The respective obligations of Developer and Covenantor hereunder may not be assigned by Developer or Covenantor, without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:

Chuck Lager's Franchising, LLC

By: _____
Name: _____
Title: _____
Date: _____

DEVELOPER:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

COVENANTOR:

By: _____
Name: _____
Title: _____
Date: _____

ATTACHMENT C

Franchise Agreement

(See Exhibit B of Disclosure Document)

ATTACHMENT D

STATEMENT OF OWNERSHIP INTERESTS AND DEVELOPER'S PRINCIPALS

- A. The following is a list of all shareholders, partners, members or other investors owning a direct or indirect interest in Developer, and a description of the nature of their interest:

NAME	OWNERSHIP INTEREST IN DEVELOPER	NATURE OF INTEREST

- B. The following is a list of all of Developer's Principals, as defined in and designated pursuant to Section 14.10 of the Development Agreement, each of whom shall (unless executing the Principals' Guaranty and Assumption Agreement) execute the Confidentiality Agreement and Ancillary Covenants Not to Compete substantially in the form set forth in Attachment B to the Development Agreement:

ATTACHMENT E
DESCRIPTION OF TERRITORY

TERRITORY:

The “Territory” granted under this Agreement is:

ATTACHMENT F

STATE SPECIFIC ADDENDA

ILLINOIS

Notwithstanding anything to the contrary set forth in the Area Development Agreement, the following provisions will supersede and apply to all area development franchises offered and sold in the State of Illinois:

1. Illinois law governs the Area Development Agreement.
2. Payment of the Development Fee and any other amounts due to Franchisor prior to opening a Chuck Lager Restaurant will be deferred until Franchisor has met its initial obligations to Developer and Developer has commenced doing business. This financial assurance requirement was imposed by the Illinois Attorney General's Office due to Franchisor's financial condition.
3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Area Development Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Area Development Agreement may provide for arbitration to take place outside of Illinois.
4. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
5. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

The undersigned does hereby acknowledge receipt of this addendum dated _____.

FRANCHISOR:

Chuck Lager's Franchising, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

Date: _____

DEVELOPER:

By: _____

Name: _____

Title: _____

Date: _____

NEW YORK

Notwithstanding anything to the contrary set forth in the Area Development Agreement (“Development Agreement”), the following provision will supersede and apply to all franchises offered and sold in the State of New York:

1. No release language set forth in the Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of New York.
2. Section 8.1 is amended by the addition of the following sentence immediately after the first sentence of that section:

Notwithstanding the foregoing, no assignment will be made by us except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement (to the extent assigned).

FRANCHISOR:

Chuck Lager’s Franchising, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

DEVELOPER:

By: _____
Name: _____
Title: _____
Date: _____

WASHINGTON

Notwithstanding anything to the contrary set forth in the Area Development Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Washington.

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the Area Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Area Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

3. A release or waiver of rights signed by a franchisee will not include rights under the Washington Franchise Investment Protection Act or any order or rule thereunder except when signed 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, rights or remedies under the Act such as the right to a jury trial may not be enforceable.

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

5. 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 Area Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

6. 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 Area Development Agreement or elsewhere are void and unenforceable in Washington.

7. 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 Area Development 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.

8. Pursuant to RCW 19.100.050 and WAC 460-80-400, the Securities Division of the Washington Department of Financial Institutions requires us to defer payment of the development fee and other initial payments owed by franchisees until we have completed our pre-opening

obligations under the Area Development Agreement and other documents and you have commenced operation of your franchised business. As a result, the development fee payment owed to us under the Area Development Agreement will be prorated, with a portion of the development fee being collected after each unit opens.

The undersigned does hereby acknowledge receipt of this addendum dated _____.

FRANCHISOR:

Chuck Lager's Franchising, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

Date: _____

DEVELOPER:

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT D TO THE FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISED CHUCK LAGER RESTAURANTS AND AREA DEVELOPERS

FRANCHISED RESTAURANTS OPEN AS OF 12/31/2022

CL Wiregrass, LLC
1936 Bruce B Downs Blvd., Suite 329
Wesley Chapel, Florida 33543
(302) 547-6054
Attn: Brandon Baffone, Brian Henry and Anthony Sandstrom

FRANCHISES SIGNED BUT NOT OPEN AS OF 12/31/2022

CL Oldsmar, LLC (**OPENED IN FEBRUARY OF 2023**)
4016 Tampa Road
Oldsmar, Florida 34667
(302) 547-6054
Attn: Brandon Baffone, Brian Henry and Anthony Sandstrom

CL Marina, LLC (Marina Landings) (**SCHEDULED TO OPEN IN SUMMER OF 2023**)
5224 S. Bridge Street
Tampa, Florida 33611
(302) 547-6054
Attn: Brandon Baffone, Brian Henry and Anthony Sandstrom

AREA DEVELOPERS

JLT Hospitality, LLC (Naples, Sarasota and Orlando, Florida)
3266 Quilcene Lane
Naples, Florida 34114
Telephone: (617) 448-3524
Attn: James L. Tovey

BE Restaurants, LLC (Southeast Florida)
9327 Piperhill Drive SE
Olympia, Washington 98513
Telephone: (303) 501-9272 or (720) 320-8812
Attn: Bradley Clawson and Eric C. Houseman

EXHIBIT E TO THE FRANCHISE DISCLOSURE DOCUMENT

**LIST OF FRANCHISEES AND AREA DEVELOPERS WHO
HAVE LEFT THE SYSTEM IN THE LAST YEAR**

NONE

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

EXHIBIT F TO THE FRANCHISE DISCLOSURE DOCUMENT

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EXHIBIT G TO THE FRANCHISE DISCLOSURE DOCUMENT

AGENTS FOR SERVICE OF PROCESS AND LIST OF STATE ADMINISTRATORS

1. State Franchise Administrators

We intend to register this disclosure document in some or all of the following states, in accordance with the applicable state law. The following are the state administrators responsible for the review, registration, and oversight of registrations in that state:

<u>CALIFORNIA</u> Commissioner of Business Oversight Department of Business Oversight 2101 Arena Blvd. Sacramento, California 95834 (415) 972-8559 or toll-free at (866) 275-2677	<u>MARYLAND</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
<u>HAWAII</u> Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	<u>MICHIGAN</u> Consumer Protection Division Franchise Section Attn: Marilyn McEwen 670 Law Building Lansing, Michigan 48913 (517) 373-7117
<u>ILLINOIS</u> Illinois Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	<u>MINNESOTA</u> Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (612) 296-6328
<u>INDIANA</u> Indiana Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	<u>NEW YORK</u> New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21 st floor New York, New York 10005 (212) 416-8222

<u>NORTH DAKOTA</u> Securities Commissioner State Capitol 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 224-4712	<u>VIRGINIA</u> Securities and Retail Franchising Division State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051
<u>RHODE ISLAND</u> Department of Business Regulation John O. Pastore Complex, Bldg 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 277-3048	<u>WASHINGTON</u> Dept. of Financial Institutions Securities Administrator 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760
<u>SOUTH DAKOTA</u> Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	<u>WISCONSIN</u> Office of the Commissioner of Securities Fourth Floor 101 East Wilson Street Madison, Wisconsin 53702 (608) 266-8559

2. Agents For Service Of Process

We intend to register this disclosure document as a “franchise” in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in those states:

<u>CALIFORNIA</u> Commissioner of Business Oversight Department of Business Oversight 2101 Arena Blvd. Sacramento, California 95834 (415) 972-8559 or toll-free at (866) 275-2677	<u>MARYLAND</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
<u>DELAWARE</u> Corporation Service Company 251 Little Falls Drive Wilmington, Delaware 19808 (302) 636-5401	

<u>HAWAII</u> Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	<u>MICHIGAN</u> Consumer Protection Division Franchise Section 670 Law Building Lansing, Michigan 48913 (517) 373-7117
<u>ILLINOIS</u> Illinois Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	<u>MINNESOTA</u> Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (612) 296-6328
<u>INDIANA</u> Indiana Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	<u>NEW YORK</u> New York Secretary of State 99 Washington Ave. Albany, New York 12231 (212) 417-5800
<u>NORTH DAKOTA</u> Securities Commissioner 600 East Boulevard Avenue State Capitol Bismarck, North Dakota 58505 (701) 224-4712	<u>NEW JERSEY</u> Michael Colby 26 Easton Way Hainesport, New Jersey 08036
<u>RHODE ISLAND</u> Director of Department of Business Regulation John O. Pastore Complex, Bldg 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 277-3048	<u>WASHINGTON</u> Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, Washington 98501 (360) 902-8760
<u>SOUTH DAKOTA</u> Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	<u>WISCONSIN</u> Commissioner of Securities Fourth Floor 101 East Wilson Street Madison, Wisconsin 53702 (608) 266-8559

<u>VIRGINIA</u> Clerk of State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051	
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EXHIBIT H TO THE FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE

THIS GENERAL RELEASE (“Release”) is signed on _____, 20____ by _____ (“Franchisee”) and _____ (“Guarantors”) as a condition of (1) the transfer of the Chuck Lager Franchise Agreement dated _____, 20____ between Chuck Lager’s Franchising, LLC (“we”, “us” or “our”) and Franchisee (“Franchise Agreement”); or (2) the signing of a successor Franchise Agreement between Franchisee and us.

1. Release by Franchisee and Guarantors. Franchisee (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities) and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, the “Releasers”) freely and without any influence forever release (i) us, (ii) our past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities, and (iii) our parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities, (collectively, the “Released Parties”) from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “Claims”), which any Releaser ever owned or held, now own or hold, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, the Franchise Agreement and all other agreements between any Releaser and us or our parent, subsidiaries, or affiliates, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law. **Notwithstanding any contrary provisions herein, this Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.**

2. Risk of Changed Facts. Franchisee and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 will nevertheless be effective in all respects and not subject to termination or rescission by virtue of any difference in facts.

3. Covenant Not to Sue. Franchisee and Guarantors (on behalf of all Releasers) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

4. No Prior Assignment and Competency. Franchisee and Guarantors represent and warrant that: (i) Releasers are the sole owners of all Claims and rights released in Section 1 and that Releasers have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; (ii) each Releaser has full and complete power and authority to sign this Release, and that the signing of this Release will not violate the terms of any contract or agreement between them or any court order; and (iii) this Release has been voluntarily and knowingly signed after each of them has had the opportunity to consult with counsel of their own choice.

5. **California Release.** California Civil Code §1542 provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which, if known by him must have materially affected his settlement with the debtor.

CIVIL CODE §1542 IS WAIVED BY THE PARTIES, EXCEPT AS OTHERWISE PROVIDED IN THIS GENERAL RELEASE.

6. **Complete Defense.** Franchisee and Guarantors: (i) acknowledge that the release in Section 1 is a complete defense to any Claim released under Section 1; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any Claim.

7. **Successors and Assigns.** This Release inures to the benefit of and binds the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor.

8. **Counterparts.** This Release may be signed in 2 or more counterparts (including by facsimile), each of which will be deemed an original, and all of which constitute one and the same instrument.

9. **Capitalized Terms.** Any capitalized terms that are not defined in this Release have the meaning given them in the Franchise Agreement.

IN WITNESS WHEREOF, Franchisee and Guarantors have signed this Release as of the date shown above.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

GUARANTORS:

a _____ resident

Date: _____

EXHIBIT I TO THE FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT

ILLINOIS

Illinois law governs the agreements between the parties to this franchise:

Item 5 of the FDD is hereby amended to include the following language:

Payment of Initial Franchise Fees, Development Fees and any other amounts due to the Franchisor prior to opening will be deferred until Franchisor has met its initial obligations to Franchisee and Franchisee has commenced doing business. This financial assurance requirement was imposed by the Illinois Attorney General's Office due to Franchisor's financial condition.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside Illinois.

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

The conditions under which your franchise can be terminated, and your rights upon non-renewal of a franchise agreement, are found in sections 19 and 20 of the Illinois Franchise Disclosure Act.

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D 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 THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. 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:

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 the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), 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.

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

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

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), 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.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

WASHINGTON

The following provisions supersede any inconsistent provisions in the disclosure document and apply to all franchises offered and sold in the State of Washington:

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. The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. If any of the provisions in this disclosure document or Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the disclosure document and Franchise Agreement, as applicable, with regard to any franchise sold in the State of Washington.
3. A release or waiver of rights signed by a franchisee will not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when signed 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, rights or remedies under the Act such as the right to a jury trial may not be enforceable. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by the Washington Franchise Investment Protection Act will be void to the extent that the provision violates the Act.
4. Transfer fees are collectable to the extent they reflect the franchisor's reasonable estimated or actual cost in effecting a transfer.
5. The following statements are added to Item 5:

Pursuant to RCW 19.100.050 and WAC 460-80-400, the Securities Division of the Washington Department of Financial Institutions requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees until we have completed our pre-opening obligations under the applicable franchise agreement and other documents and you have commenced operation of your franchised business pursuant to the franchise agreement.

6. 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.
7. 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.

8. 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.

STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

ITEM 23

RECEIPTS

RECEIPT

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

If Chuck Lager's Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Applicable state laws in (a) Connecticut, Michigan and Oregon require us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale and (b) Iowa, Maine, New York, Oklahoma and Rhode Island require us to provide you the disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Chuck Lager's Franchising, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in **Exhibit G** to this disclosure document).

The name, principal business address and phone number of the franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Craig Colby	26 Easton Way, Hainesport, New Jersey 08036	(844) 426-5297

Issuance Date: April 28, 2023

I received a Disclosure Document dated April 28, 2023. The Disclosure Document included the following Exhibits:

- A FINANCIAL STATEMENTS
- B FORM OF FRANCHISE AGREEMENT
- C FORM OF AREA DEVELOPMENT AGREEMENT
- D LIST OF FRANCHISED RESTAURANTS
- E LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM IN LAST YEAR
- F MANUAL TABLE OF CONTENTS
- G AGENTS FOR SERVICE OF PROCESS AND LIST OF STATE ADMINISTRATORS
- H GENERAL RELEASE
- I STATE SPECIFIC ADDENDA

Dated: _____

Individually and as an Officer

Printed Name

of _____
(a _____ Corporation)
(a _____ Partnership)
(a _____ Limited
Liability Company)

[Keep this page for your records]

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Dated: _____

Individually and as an Officer

Printed Name

of _____

(a _____ Corporation)

(a _____ Partnership)

(a _____ Limited

Liability Company)

[Sign and return this page to Chuck Lager's Franchising, LLC]