FRANCHISE DISCLOSURE DOCUMENT

RECEIVED
MAR 28 2014
Dept of Business Oversight

Costa Vida Management, LLC
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A Costa Vida franchise permits you to promote and operate a Costa Vida Fresh Mexican Grill restaurant, which will specialize in the retail sale of burritos, salads, enchiladas, tacos, quesadillas, tropical beverages, desserts, and other menu items and merchandise related to the Costa Vida concept, as we may periodically authorize

The total investment necessary to begin operation of a Costa Vida Restaurant is from $$518,000 to $955,500 This includes from $295,500 to $355,500 that must be paid to the Franchisor or our Affiliate for the initial franchise fee, initial equipment, decor and furniture package, initial supplies and initial marketing collateral These sums do not include real estate, land or property acquisition or lease costs or deposits, or related costs These sums are not your total investment in your franchise For a detailed explanation of your total investment, you should consult **Items 5**, **6**, and **7** of this Disclosure Document If you sign an area development agreement to develop a number of Costa Vida Fresh Mexican Grill Restaurants, you will have to pay a development fee, the amount of which will vary, depending on the factors described in **Item 5** of this Disclosure Document

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

~~If you are viewing this disclosure document on a computer, or it is an electronic version, you will need a PC, Windows version 2000 or higher, Word version 2000 or higher, and Adobe Acrobat version 6 0 or higher~~ You may wish to receive your disclosure document in another format, including paper, which may be more convenient for you To discuss the availability of disclosures in different formats, contact us at the address and telephone number listed above

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

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

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

Date of Issuance March ~~8~~27, ~~2013~~2014

STATE COVER PAGE

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

Call the state administrators listed in Exhibit A for information about the franchisor, or about franchising in your state

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

PLEASE CONSIDER THE FOLLOWING RISK FACTORS BEFORE YOU BUY THIS FRANCHISE

RISK FACTORS

THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT UTAH LAW GOVERNS THE AGREEMENT, EXCEPT FOR APPLICABLE FRANCHISE LAWS OF OTHER STATES UTAH LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

FRANCHISES ARE GRANTED FOR A SPECIFIC LOCATION AND ARE ONLY EXCLUSIVE TO THE EXTENT OF THE PRE-DEFINED PROTECTED AREA THE FRANCHISOR RETAINS THE RIGHT, AND GRANTS OTHERS THE RIGHT, TO SELL PRODUCTS AND SERVICES AND RETAINS THE RIGHT, AND GRANTS OTHERS THE RIGHT, TO OWN AND OPERATE RESTAURANTS OR OTHER CONCEPTS UNDER ITS TRADEMARKS AND SERVICE MARKS ON ANY TERMS AND CONDITIONS AND AT ANY LOCATION WHICH IT DEEMS APPROPRIATE THESE ACTIVITIES MAY COMPETE WITH YOU

BY ENTERING INTO THE FRANCHISE AGREEMENT AND THE AREA DEVELOPMENT AGREEMENT, YOU MAY BE HELD IN BREACH OF THE FRANCHISE AGREEMENT FOR ACTS OR FAILURES TO ACT OF THIRD PARTIES OVER WHOM YOU EXERCISE NO LEGAL CONTROL

FRANCHISE OWNERS MUST SIGN A PERSONAL GUARANTY MAKING SUCH INDIVIDUALS JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

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

Effective Date March ~~8~~27, ~~2013~~2014
~~Amended April 26, 2013~~

Effective Dates for Registration States

California	~~March 28, 2013, Amendment May 17, 2013~~________
Hawaii	____________
Minnesota	~~May 1, 2013~~________
~~New York~~	~~Pending~~
North Dakota	~~May 20, 2013~~________
South Dakota	~~April 5, 2013~~________
Virginia	____________
Washington	~~May 6, 2013, Amendment Pending~~__________

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EXHIBITS

ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Description of the Franchisor and its Predecessors and Affiliates

To simplify the language in this Disclosure Document, **"Costa Vida," "CVM,"** "**we**," "**us**" and similar words, refer to the franchisor, **Costa Vida Management, LLC**, a Utah limited liability company ("Costa Vida") "**You**," and similar words, means the person or persons, including a corporate or other legal entity, individually and collectively, buying a franchise from us, and "**your Restaurant**" means the Costa Vida Restaurant that you will operate if we enter into a Costa Vida Franchise Agreement with you We have also attached as Exhibit H a list of additional defined terms used in this Disclosure Document If a capitalized term is not defined in the body of this Disclosure Document, please refer to Exhibit H for the definition

Franchisor

Costa Vida is a Utah limited liability company that was formed on September 28, 2009 Costa Vida does business under the names "Costa Vida," "CVM" and "Costa Vida Management" We previously did business under the name of "Costa Vida Management, Inc" The assets of Costa Vida Management, Inc and Costa Vida Holdings, LLC were transferred to Costa Vida on November 13, 2009 under an Asset Purchase Agreement dated November 13, 2009 (the "Asset Purchase Transaction") On March 12, 2012, Costa Vida amended its Articles of Organization to change its name from CVM, LLC to Costa Vida Management, LLC Costa Vida is a single member limited liability company that is wholly owned by CV Holdings, LC Our principal business address is 2989 West Maple Loop Drive, Suite #100, Lehi, Utah 84043 Our agents for service of process in the states where we do business or plan on doing business are listed on Exhibit A to this Disclosure Document

Parent, Predecessor and Affiliates

Our Parent, CV Holdings, LC, is a Utah limited liability company that was formed on March 31, 2008 ("CV Holdings") Its principal business address is 2989 Maple Loop Drive, Suite 100, Lehi, Utah 84043 CV Holdings does not offer and has never offered franchises in any line of business and does not provide products or services to our franchisees CV Holdings, through its subsidiaries, owns and operates several Costa Vida franchises

Costa Vida has no other affiliates

Franchisor's Business

Costa Vida is in the business of granting licenses and franchises for the operation of Costa Vida Restaurants under the "Costa Vida" name and Marks Please see Exhibit C for a copy of the current form of the Costa Vida Franchise Agreement (and its related appendices) that Costa Vida uses to offer, award and service Costa Vida's Franchises

Costa Vida, through its predecessor, has been in the business of the type to be operated by you since June 2004 We, also through our predecessor, began offering franchises for this business in June 2004 From June 2004 to December 2004, our predecessor, Costa Vida Management, Inc , was in the business of granting licenses and franchises for the operation of restaurants under the marks Costa Azul™ and Costa Azul, Fresh Mexican Grill™ In December 2004, it decided that it was in the best interest of the system and business to change the Marks offered to you from "**Costa Azul**" to "**Costa Vida**" ~~The Mesa, Arizona Costa Azul location immediately converted to the Costa Vida marks, while the Provo Utah and Layton, Utah Costa Azul restaurants converted to the Costa Vida marks by the end of 2005 In June 2005, Costa Azul Management, Inc and Costa Azul Holdings LLC each officially changed their names to Costa Vida Management Inc and Costa Vida~~

~~Holdings LLC, respectively~~ We no longer offer franchises or licenses for new Costa Azul Restaurants From June 2005 to November 2009, Costa Vida Management was in the business of granting licenses and franchises for the operation of Costa Vida Restaurants under the Costa Vida names and Marks

CV Holdings is an asset management and holding company that also owns and operates several subsidiary entities that operate Costa Vida franchises

Costa Vida and our current and future Affiliates may develop additional Costa Vida Restaurants, all of which may compete with you

These are the only franchised businesses that have been offered by us and our Affiliates

Since approximately September 2005, we have also been engaged in providing training for employees of, and management and supervision services for, Costa Vida Restaurants owned and operated by our Affiliates, and we may continue to provide similar services for our franchisees and for our Affiliates that own Costa Vida Restaurants

We or one of our Affiliates may establish a new business or franchise system or acquire an existing business or franchise system (which may be one of our or your competitors) operating under trademarks, service marks and trade names other than the Marks Additionally, we or one of our Affiliates, may sell any products or services under any tradenames, trademarks, service marks or trade dress, including the Marks directly or by certain means and through other channels of distribution (including wholesale distribution of food products, apparel, gift certificates and other items using the Marks to restaurants, supermarkets, grocery stores, Internet, catalogs, catering and other outlets), and may also grant other licenses or franchises for the sale of various products under the Marks The new or existing sales activities, licenses, businesses or franchise systems may compete with you

We or one of our Affiliates may enter into co-branding arrangements with other restaurant or fast-food companies In these cases, we or our Affiliates may allow you to offer co-branded products from your Restaurant, depending on factors such as the terms of the co-branding arrangement, the terms of your Costa Vida Franchise Agreement, applicable geographic restrictions and our Affiliates' other rights and obligations These activities may compete with you

Description of the Franchises Offered

We offer franchises for Costa Vida Restaurants in accordance with the terms of our Costa Vida Franchise Agreement (the "**Costa Vida Franchise Agreement**" or "**Franchise Agreement**") A copy of the most recent Costa Vida Franchise Agreement is attached to this Disclosure Document as Exhibit C If you enter into a Costa Vida Franchise Agreement, you will be trained and authorized to operate a Costa Vida fast casual restaurant using the Marks according to our System Standards, featuring Mexican fare with a custom-made and prepared-to-order food service counter You will operate your Restaurant at, and only at, a location approved by us, and you will not receive any guaranteed territory outside of the standard, pre-defined Protected Area, or any exclusive rights for operation of a Costa Vida Restaurant at any other location or within any other territory

Our preferred method of offering franchises is by means of an area development agreement, through which we allow qualified persons or entities the right to develop one or more Costa Vida Fresh Mexican Grill Restaurants within a specific geographic area (the "**Development Area**") under our standard area development agreement (the "**Area Development Agreement**" or "**ADA**") A copy of the ADA is attached as Exhibit D In addition, you must also enter into a separate then-current form of the Franchise Agreement for each Restaurant you open under the terms and conditions of an area development schedule (the "**Development Schedule,**" attached to the Area Development Agreement)

Although our preferred method of offering franchises is by means of our ADA, we may in some instances enter into an agreement with a franchisee who wishes to develop one restaurant The Restaurant built at the site must follow the standards and schedule defined by the Franchise Agreement Before you will have the right to sign the Franchise Agreement for the Restaurant, you must meet all of our requirements for new franchises which include personal financial and business criteria

The Franchise

A Costa Vida franchisee will specialize in the retail sale of burritos, salads, enchiladas, tacos, quesadillas, tropical beverages, desserts and other menu items and merchandise related to the Costa Vida concept and according to our proprietary systems and operation, as we may periodically authorize (the "System" or the "Costa Vida System") The Costa Vida Restaurants normally will provide take-out service and dine-in seating, emphasizing a coastal ambience, and a dining experience that is superior to that offered by traditional fast food You must offer for sale all products and services Costa Vida designates, and no others, unless you obtain our prior written approval not to carry certain items or provide certain services (see, Item 8)

If you do business as an Entity, each of your Entity Owners must sign a Guaranty in the form found in Exhibit C to the Franchise Agreement, guaranteeing your obligations under the Franchise Agreement and in the form found in Exhibit C to the Area Development Agreement, guaranteeing your obligations under the Area Development Agreement

Occasionally, we may sell and franchise one or more of our company-owned or company-affiliated Costa Vida Restaurants In these transactions, we negotiate with the prospective franchisee to reach mutually acceptable terms of a sale agreement and any lease or sublease of the real estate If you purchase a company-owned Costa Vida Restaurant you must sign a Franchise Agreement and, possibly, also an Area Development Agreement for the further development of Costa Vida Restaurants in the geographic area where the purchased Costa Vida Restaurant(s) is located Depending on the circumstances, the financial and other terms may vary from the standard terms of our Franchise Agreement and ADA

We also may enter into minority interest ownership arrangements or other arrangements with existing franchisees or others to develop and/or operate Costa Vida Restaurants The parties will negotiate the terms of these arrangements Depending on the precise terms of these arrangements, this Costa Vida restaurant may be considered to be either company-owned or a franchised Costa Vida Restaurant for purposes of this Disclosure Document In **Item 20**, we indicate by way of a footnote, any Costa Vida Restaurant that is operated under these types of arrangements

We also may offer franchises or other arrangements for Costa Vida Restaurants to be located at non-traditional locations, such as transportation facilities (e g , airports, inter-MSA train and/or bus stations, turnpikes, or other limited access highway rest stops), colleges and universities, sports arenas and entertainment facilities, and retail outlets, grocery stores and supermarkets, as well as, mobile Costa Vida Restaurants that would be located in a motor vehicle such as a truck, van or similar motorized vehicle The terms and conditions of a franchise or other arrangements for a non-traditional location may vary considerably from the standard terms of our Franchise Agreement and ADA

We also may offer franchises for Costa Vida Restaurants in foreign countries In most instances, we anticipate the master franchise relationships will be established and that the financial terms and the nature and scope of the master franchise relationship will be negotiated This Disclosure Document does not describe the terms of any international master franchise relationship or any other international relationship, but we may deliver this Disclosure Document in connection with these transactions for general informational purposes

The Market

The products and services offered by a Costa Vida Restaurant are intended primarily for personal consumption by the general consumer public and are principally targeted at people who enjoy eating fresh Mexican food at a higher quality level yet at a similar convenience level to traditional fast food Costa Vida has geared its products to appeal to customers who enjoy high-quality Mexican fare served in a fun, coastal atmosphere

Your Restaurant will offer a variety of Costa Vida Products and other menu items to the general public, and you will have to compete with other fast-food restaurants, full-service restaurants, grocery stores, retail and apparel outlets, Internet, catalogs, and other outlets, including other Costa Vida Restaurants operated by us, our franchisees and Affiliates Some of these competitors may be more established or more widely known than Costa Vida

The restaurant industry is well developed and highly competitive It can be affected significantly by many factors, including local, regional, or national economic conditions, changes in consumer tastes, consumer concerns about the nutritional quality of quick-service food, dietary trends, and increases in the number of, and particular locations of, competing restaurants and Costa Vida Restaurants Various factors can adversely affect the restaurant industry, including weather conditions, inflation, increases in ingredient input, food, labor, and energy costs, the availability and cost of suitable real estate sites, fluctuating interest and insurance rates, state and local regulations and licensing requirements, the availability of ingredients, food items, real estate properties and an adequate number of hourly-paid employees, local and/or national disaster, terrorism, pandemic and other factors that may affect restaurants or retailers in general In addition, other restaurant chains with greater financial resources have similar concepts Major chains, which also have substantially greater financial resources and longer operating histories, dominate the general restaurant and fresh Mexican restaurant industries You must compete for potential customers for your Restaurant In addition, you will have to compete with other restaurants and businesses for a suitable location, managers, and employees

You should consider that certain aspects of any restaurant business are regulated by federal, state, and local laws, rules, and ordinances in addition to the laws, regulations, and ordinances applicable to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hourly Laws, and the Occupational Safety and Health Act The Environmental Protection Agency, the U S Food and Drug Administration, the U S Department of Agriculture, as well as state and local environmental and health departments and other agencies have laws and regulations concerning the preparation of food and sanitary conditions of restaurant facilities State and local agencies routinely conduct inspections for compliance with these requirements Under the Clean Air Act and state implementing laws, certain state and local areas are required to attain, by the applicable statutory guidelines, the national quality standards for ozone, carbon monoxide and particulate matter Certain provisions of these laws impose limits on emissions resulting from commercial food preparation In addition, some states may require you to obtain restaurant, business, occupational, food products, and miscellaneous licenses Some states also have laws regarding who may secure these licenses You may also have to obtain health licenses and comply with health laws and regulations that apply to restaurant and food product sales establishments We urge you to make inquiries about these laws and regulations

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer Sean Collins

Mr Collins became the Chairman of the Board of Costa Vida in November 2009 and his title was changed to Chief Executive Officer in 2012 Mr Collins is also the Chief Executive Officer of CV Holdings CV Holdings and its predecessor, DSI Enterprises, Inc , through subsidiary entities, have been a franchisee of Costa Vida in American Fork, Utah since August 2008, in Airdrie, Canada since December 2012, in Spanish Fork, Utah since ~~September 2012~~April 2013, in Cedar City, Utah since March 2009, in Ogden, Utah since

December 2004, in Orem, Utah, since June 2005, in Orem (South) Utah since December 2009, in Pleasant Grove, Utah since December 2009, in Provo, Utah since July 2004, in the Utah Valley University Marketing Area in Orem, Utah, since December 2009 Mr Collins owns a 50% interest in DSI Enterprises, Inc

President Dave Rutter

Mr Rutter became Costa Vida's Chief Executive Officer in November 2009, and his title was changed to President in 2012 Mr Rutter is also the President of CV Holdings, LC and its subsidiary entities which have been franchisees of Costa Vida since 2004 CV Holdings and its predecessor, DSI Enterprises, Inc , has been a franchisee of Costa Vida in American Fork, Utah since August 2008, in Airdrie, Canada since December 2012, in Spanish Fork, Utah since ~~September 2012~~April 2013, in Cedar City, Utah since March 2009, in Ogden, Utah since December 2004, in Orem, Utah, since June 2005, in Orem (South) Utah since December 2009, in Pleasant Grove, Utah since December 2009, in Provo, Utah since July 2004, in the Utah Valley University Marketing Area in Orem, Utah, since December 2009 Mr Rutter owns a 50% interest in DSI Enterprises, Inc

Chief Financial Officer Rich Jones

Mr Jones became Costa Vida's Chief Financial Officer in September 2011 From March 1989 until October 2010, Mr Jones served as Chief Financial Officer of Nature's Way Products located in Springville, Utah From October 2010 to September 2011, Mr Jones was ~~not employed~~self-employed as an accountant

Chief Operating Officer Jeff Jacobson

Mr Jacobson ~~is~~became the Chief Operating Officer of Costa Vida ~~and CV Holdings His title changed from~~in 2012 He has also served as President ~~to~~and current Chief Operating Officer ~~in 2012, which title he had held from November~~of CV Holdings since 2009 From March 2006 to November 2009, Mr Jacobson served as Director of Operations for ~~one of~~ Costa Vida's largest franchisees, DSI Enterprises, Inc , in Springville, Utah ~~Mr Jacobson served as the Director of Operations for Rumbi Island Grill from August 2004 until March 2006~~

~~Vice President~~Director of ~~Franchise~~ Development ~~Jason Stowe~~Terry Jennings

Mr ~~Stowe~~Jennings has been Costa Vida's ~~Vice President of Franchise~~Director of Development since ~~October 2010~~March 2014 From ~~October~~December 2009 to ~~October 2010~~November 2013, he was the ~~President of Bajio Mountain West, LLC in American Fork, Utah From July 2005 to October~~Director of Strategic Development for Five Star North America, dba, Five Guys, a Five Guys Burgers Franchisee Group From June 2008 to November 2009, Mr ~~Stowe was the Vice President of Franchise~~Jennings was the Director of Restaurant Development and Management for ~~Bajio~~BurgerMeister, LLC, ~~and from November, 2002 until July, 2005, he was the Chief Operations Officer and Partner of Muchos Bajio, LLC and Obregon, LLC in Provo, Utah~~dba, Five Guys, a Five Guys Burgers Franchisee Group

General Counsel ~~Carlton Clark~~J Simon Cantarero

Mr ~~Clark~~Cantarero became Costa Vida's General Counsel in ~~February 2012~~June 2013 Prior to joining Costa Vida, ~~Mr Clark was a shareholder at the law firm of Parr Brown Gee & Loveless, PC located in Salt Lake City, Utah He~~he was an attorney with the law firm ~~from July 2002 to February 2012~~of Pearson Butler & Carson, PLLC from June 2011 to June 2013 and with Holland & Hart LLP from June 2007 to June 2011

Executive Chef Geoff Alter

Mr Alter has been Costa Vida's Executive Chef since November 2012 From January 2004 to October 2012 he worked for Sysco as a regional sales manager and a district sales manager

Director of Training and Development/Communications Bonnie ElHalta

Ms ElHalta has been the Director of Training and Development/Communications since September 2012 From January 2012 to June 2012, she was the Director of Operations for Freebirds World Burrito located in Austin, TX From September 2011 to January 2012, Ms ElHalta was the Director of Non-Traditional Franchise for Pinkberry located in Los Angeles, California From 2009 to 2011, Ms ElHalta was Project Contractor for Pinkberry and Coffee Bean & Tea From 2005 to 2009, she was Director of Operations for Bajio Mexican Grill in American Fork, Utah

Director of ~~Brand~~ Marketing ~~Brian Dixon~~Ashley Moody

~~Mr Dixon has been the Director of Brand Marketing since March 2011 From May 2010 to March 2011, he directed his own consulting practice, Red Arrow Partnership located in Sandy, Utah From October 2008 to April 2010, he was the President and Owner of the Salt Lake City franchise for PrideStaff From 2003 to 2008, he was the Vice President of Marketing for Taco John's International~~

Ms Moody has been with Costa Vida since January 2014 Most recently, Ms Moody served as Director of Marketing for Kneaders Bakery & Cafe from April 2012 to January 2014 From May 2011 to December 2011, she was a Marketing Consultant with Jamba Juice She directed her own marketing consulting firm, Red Bike Productions, LLC, from February 2009 to March 2011

Franchise Sales Scott Jenkins

Mr Jenkins has been involved with Franchise Sales for Costa Vida since November 2012 From July 2011 to October 2012, he was responsible for business development for Vertel Marketing located in Pleasant Grove, Utah From January 2011 to July 2011, Mr Jenkins was an owner/operator truck driver From October 2009 to December 2010, Mr Jenkins was a sales representative for In The Paint in Springville, Utah Prior to joining In The Paint, Mr Jenkins was an owner/operator truck driver located in Alpine, Utah, from 2004 to 2009

ITEM 3 LITIGATION

Cafe Rio, Inc v Costa Azul Holdings, LLC, et al (Case No 050908012), filed May 2, 2005 in the Third Judicial District Court of Salt Lake County, State of Utah This was an action brought by Cafe Rio, Inc , a Utah corporation ("Cafe Rio"), against numerous defendants, including Costa Azul Holdings, LLC, the owner of the Marks, Costa Azul Management, Inc , the franchisor, Costa Azul Layton, Inc , the owner and operator of a Costa Vida Restaurant, and various franchisees of our predecessor, Costa Vida Management and/or its Affiliates (Collectively "Costa Vida Management and its Affiliates") The Complaint alleged that Costa Vida Management and some or all of its Affiliates misappropriated certain trade secrets of Cafe Rio, violated Utah's Uniform Trade Secrets Act, engaged in deceptive trade practices that created a likelihood of confusion or misunderstanding as to the source of Costa Vida Management and its Affiliates' products and services, engaged in unfair competition through alleged use of confidential trade secrets, converted certain trade secrets and made them available to unauthorized third parties, and violated the covenant of good faith and fair dealing and duty of loyalty arising out of an alleged agreement between Cafe Rio and one of the Costa Vida Management Affiliates, conferring unjust enrichment upon Costa Vida Management and its Affiliates The Complaint sought an accounting of Costa Vida Management and its Affiliates' alleged use and incorporation of Cafe Rio's trade secrets and other intellectual property, damages related to the alleged wrongdoing, and other relief to be determined by the court Costa Vida Management and its Affiliates denied each and every allegation in the Complaint and intended to vigorously defend against it

On February 8, 2007, the parties settled the lawsuit through mediation The specific terms of the settlement are confidential The lawsuit was fully dismissed as of August 8, 2007

Other than these actions, no litigation is required to be disclosed in this Disclosure Document

ITEM 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

ITEM 5 INITIAL FEES

Initial Franchise Agreement

You must pay an initial franchise fee of thirty thousand dollars ($30,000), which is due and payable when you sign a Franchise Agreement for your Restaurant (the "Franchise Fee") The franchise fee represents payment to us for the right to use the Costa Vida Marks, recipes and the Costa Vida System in the development and operation of your Restaurant The initial franchise fee also covers the cost of certain services that we and our Affiliates may provide to you before your Restaurant opens, such as prototypical plans, marketing materials and training This initial franchise fee is fully earned upon payment and is non-refundable, except in the limited instance described below You must pay the initial franchise fee in a lump sum upon your signing of the Franchise Agreement If you purchase a Costa Vida Restaurant and Franchise Agreement from another franchisee, you must pay us our then-current transfer fee, which at the time of this Disclosure Document, is $10,000

After a Franchise Agreement has been signed, the initial franchise fee is not refundable in whole or in part The thirty thousand dollar ($30,000) franchise fee is uniform to all franchisees currently purchasing a franchise

At Costa Vida, we take training and your role in the training process very seriously If at any time after full payment of the initial franchise fee and signing the franchise agreement, we determine that you, your Owner Operator, or your general manager did not or cannot satisfactorily complete our entire initial training program, we will refund the initial franchise fee less all reasonable expenses incurred by us in providing any training that you received, in preparing the Franchise Agreement and all related agreements, site review and approval, and any other services performed by us regarding the grant of the Franchise, or the establishment or development of your Restaurant However, the total refund will not exceed 50% of the initial franchise fee We will make this refund to you upon your signing all releases, waivers and other agreements necessary to terminate the franchise agreement and relationship between you and us We do not offer refunds of the initial franchise fee under any other circumstances

Area Development Agreement

Although our franchises are site-specific and we do not automatically or by default grant territories for development, we may in some instances enter into an Area Development Agreement with a qualified franchisee who wishes to develop multiple restaurants within a certain length of time after signing a Franchise Agreement

Under the Area Development Agreement you must pay, when you sign the ADA, a development fee of fifteen thousand dollars ($15,000) (the "**Development Fee**") for each Costa Vida Restaurant to be opened under the Development Schedule The number of Costa Vida Restaurants that you may develop under a particular ADA is determined by mutual agreement The number of Costa Vida Restaurants will vary depending upon a variety of factors, including (1) existing population and anticipated population growth within the Development Area, (2) competition within the Development Area, (3) the availability of acceptable locations, (4) the number of Costa Vida Restaurants we estimate can be developed within the Development Area, and (5) the number of then-operating Costa Vida restaurants within the Development Area

~~If you sign the~~The ADA ~~at the same time as~~and the Franchise Agreement~~, then~~ are signed simultaneously, and you must pay the ~~development fee~~Development Fee and the Franchise Fee at that time You will pay the then current franchise fee for each of your subsequent Restaurants at the time you sign the then-current form of the Franchise Agreement for those Restaurants

The franchise fee associated with each Costa Vida Restaurant you are required to develop under an ADA is based on the franchise fee described in the then-current Franchise Disclosure Document We will apply fifteen thousand dollars ($15,000) of the previously paid Development Fee under the ADA against the franchise fee payable under each subsequent Franchise Agreement entered into under the terms of the ADA However, no portion of the Development Fee is refundable under any circumstances

Other Initial Fees

Before opening your Restaurant, you must purchase certain products from us or our Affiliates, including initial inventories of mandatory branded clothing, uniforms, marketing materials and similar items We estimate that these initial fees will range from $21,500 to $26,500 As more fully described in **Item 7** below, you must also order and purchase or lease through us or our Affiliates, all required equipment, furnishings, fixtures and signs for your Restaurant Once you have executed the lease for your site, we will work with you to secure for you, from our approved vendors, the required equipment, furnishings, fixtures and signs for your Restaurant You must make payment in accordance with our instructions, including setting up an escrow or other account from which venders are to be paid, within 30 days of receiving bids from the various approved vendors, in the total amount necessary for the required equipment, furnishings, fixtures and signs We estimate that the total cost of this will range from $295,500 to $355,500 if we provide you with all of the decor and furniture, as well as the initial inventories of mandatory branded clothing, uniforms, marketing materials and similar items you need to open your Restaurant You must also pay all costs related to travel and accommodations for the mandatory introductory training for your Owner Operator, General Manager and Preparation Cook The cost of the actual training is included in the Franchise Fee

In addition, you will be required to pay to us a design fee, currently in the amount of $1,500, with respect to the design review and preparation for your site We may change the design fee at any time

As further described in **Item 7**, you will prepare and furnish to the Company an opening advertising and promotional plan and budget for the Restaurant which will contain a plan and budget for publicity, advertising, promotion, staffing, decoration and operation during the Opening Period ("Grand Opening Plan") You must submit a Grand Opening Plan (including the budget) to us for approval at least 90 days before your Restaurant's targeted opening date You must use the types of advertising media specified in the Grand Opening Plan and the Operations Manual You must spend not less than Ten Thousand Dollars ($10,000) for advertising and promotion of the opening of the Restaurant (the "Grand Opening Expenses") Those expenses will be for materials and marketing services expenses—such as media costs—and will not include staffing, discount or food costs You must submit proof of then current advertising and marketing expenditures to us 10 days before the opening of your restaurant and again 60 days after opening Your Grand Opening Plan must be implemented 60 days before your Restaurant's targeted opening date and for 60 days following the commencement of the Restaurant's operation In our sole and absolute discretion, we may require that you pay to us or to an account designated by us the amount of $10,000 any time after ninety (90) days prior to your scheduled opening date for the purpose of ensuring and verifying the implementation of the Grand Opening Plan and the proper use and payment of the Grand Opening Expenses in accordance with our then current policies and procedures

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ITEM 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks (See Note 1)
Royalty Fees	6% of monthly Gross Revenues (Note 2)	Payable weekly	Gross Revenues is defined in Note 2 below, Payment made by automatic withdrawal monthly (or as otherwise designated by us, but not more frequently than weekly) See Note 3
National Marketing Fund ('NMF)	Up to 2% of Gross Revenues	NMF (if collected by Costa Vida) payable same as Royalty Fees	"Gross Revenues is defined in Note 2 below, Payment made by automatic withdrawal monthly (or as otherwise designated by us but not more frequently than weekly) See Note 3 and Note 4
Local Marketing Fund (LMF')	2% of Gross Revenues to be spent by franchisee on local advertising and promotion	LMF (if collected by Costa Vida) payable same as Royalty Fees	See Note 3 and Note 4
Marketing Administration Fee (MAF)	5% of Gross Revenues	MAF payable same as Royalty Fees	See Note 3 and Note 4
Proprietary Ingredients	Price is established periodically by designated and approved suppliers for each type of Proprietary Ingredient	As ordered	See Note 5
Licensed Ingredients	Price is established periodically by designated and approved suppliers for each type of Licensed Ingredient	As ordered	See Note 5
Other Food Products and Supplies	Varies	As ordered	You may purchase other food products, paper supplies, and promotional material from approved suppliers and/or in accordance with our standards and specifications (See **Item 8**)
Quality Control Programs	Varies	Ongoing	Must contribute pro-rata share of costs of any program implemented, such as Interactive Voice Response (IVR'), Internet Surveys Customer Satisfaction Measurement, "customer intercept,' Mystery Shopping or other programs we may implement See Note 6
Late payments	$100 per delinquent payment	Immediately	See Note 7
Late reporting fee	$25 for each delinquent report	When the report becomes delinquent	See Note 7

Type of Fee	Amount	Due Date	Remarks (See Note 1)
Interest expenses	Will vary under circumstances	Immediately	See Note 8
Fee for insufficient funds in bank account	Reimburse bank charges plus pay $25 administration fee	Within 14 days notice from us of the insufficient funds	Applies to any insufficient fund payment made by electronic transfers or checks to us or our Affiliates
Alternative Supplier Evaluation & Approval Fee	Our reasonable costs and expenses, which currently are expected to range between $2 500 00 and $7 500 00, although cost could greatly exceed those amounts depending on the product and the proposed alternative supplier	Upon receipt of our bill	We may impose reasonable inspections and supervision fees to cover our costs in evaluating and maintaining alternative brands or suppliers you propose in accordance with the Franchise Agreement
Audit	Cost of audit plus interest at 1 5% per month or the highest legal rate on any underpayment	15 days after receipt of audit or inspection report	See Note 9
Site Selection Costs	Our reasonable expenses which are expected to range between $500 and $2,000	As incurred	Must reimburse us for our reasonable expenses, including the costs of travel, meals, and lodging incurred in site evaluation for each visit after the initial visit The expenses associated with site evaluation will not be refundable and will vary depending on various factors See Note 10
Lease Review Fee	Varies	As incurred	We may impose this fee for payment in an amount equal to the market rate for similar services
Information Systems Administration Fee (ISAF)	Up to 25% of Gross Revenues	If collected by Costa Vida, payable same as Royalty Fees	'Gross Revenues is defined in Note 2 below, Payment made by automatic withdrawal monthly (or as otherwise designated by us but not more frequently than weekly) See Note 3
Travel and accommodation expenses training materials fee for the mandatory introductory training	Will vary	As incurred	The cost for the mandatory introductory training is included in the Franchise Fee, but Franchisee must pay the attendant expenses See Note 11
Additional Training or Assistance and Refresher Training	Will vary under circumstances	As incurred	See Note 11
Interim management fees	10% of Gross Revenues	As incurred, at the end of each management period month	See Note 12
Insurance	Amounts imposed by insurance companies	As incurred	See Note 13
Maintenance Costs	Will vary under circumstances	As incurred	See Note 14
Attorneys fees and	Will vary under circumstances	Upon occurrence	See Note 15

Type of Fee	Amount	Due Date	Remarks (See Note 1)
other costs			
Indemnification	Will vary under circumstances	As incurred	See Note 16
Transfer Fee	Greater of $10,000 per restaurant transferred or the transfer fee stated in our then-current Franchise Agreement This is in addition to any other agreements with us or our Affiliates and payment of all of our costs associated with the transfer	Upon sale or transfer	Except in the case of a transfer to a corporation formed solely for the convenience of ownership you must pay us a transfer fee
Renewal	Will vary under circumstances	30 days before expiration of the original franchise term, concurrent with the signing of a new franchise agreement	Renewal fee is for an additional franchise term at the same site under a new Franchise Agreement See Note 17
Relocation Fee	$5,000, or more	Payable before relocation	See Note 18
Standard POS Hardware, Software, Support, and System Training	Will vary under circumstances	As incurred	See **Item 7**, See Note 3
Operations Manuals duplicate	$300	Upon receipt of duplicate copy	See Note 19
Digital Menu System	$150	Monthly	A digital menu system is being implemented for all Costa Vida locations
Muzak Subscription	$55	Monthly	Muzak has created customized Costa Vida music to be played in all Restaurants
Centralized Data System	$50 $150	Monthly	Once we approve a system, each Franchisee will need to pay a monthly fee to use the system

Explanatory Notes

You must pay these fees to us except as explained below If we do not actually receive your payments on the due date, they will be deemed delinquent During the course of developing and operating your Restaurant, you also must purchase various items from designated and approved suppliers or in accordance with our standards and specifications See **Item 8** of this Disclosure Document for an explanation of these requirements

Specific Notes

Note 1 Except as noted all fees listed in the above table are payable to Costa Vida and are non-refundable Costs of products and supplies are subject to change periodically except as otherwise provided in the Franchise Agreement

Note 2 Gross Revenues means the aggregate amount of all sales of Costa Vida Products, and any other items goods and services made and offered in the operation of the Costa Vida Restaurant whether or not these items are approved for sale from the Restaurant including sales made at or away from your Restaurant whether for cash credit check gift certificate services property or other means of exchange but excluding all federal state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority

Note 3 You must pay all Royalties Advertising fees Information System fees and other amounts owed to us or our Affiliates by pre-authorized electronic bank transfer from your general account You must sign and complete the form Authorization Agreement attached to the Franchise Agreement as Exhibit G or any other documentation we require to permit the electronic transfer The pre-authorized electronic bank transfer requirements are further described in Section 6 of the Franchise Agreement and Exhibit G to the Franchise Agreement These fees are currently payable weekly on or before the close of business on Wednesday of each week for the preceding week We expressly reserve the right in the Franchise Agreement to change the payment frequency and due dates of these fees provided that they will not be payable more often than weekly As described in the ***Explanatory Notes*** *above these fees must be paid to us at our request by pre-authorized electronic bank transfer from your general operating account*

Note 4 These items include amounts paid to a NMF LMF MAF and amounts generally expended by you for marketing and advertising each of your Costa Vida Restaurants As of the effective date of this Disclosure Document no amounts have been collected for the NMF but we expressly reserve the right to collect them at any time A ~~Marketing Administration~~Brand Development & Production Fee of 0 5% of Weekly Gross Revenues is collected from each franchisee along with the Royalty Fees Additionally, each franchisee is required to spend for locally advertising and promoting its restaurant those amounts we periodically establish not to exceed two percent (2%) of Gross Revenues during any period consisting of four consecutive fiscal quarters, with marketing material that must be pre-approved by Costa Vida Management You may at our determination be required to participate in a DMA Marketing Cooperative (co-op) Decisions of DMA Marketing Cooperatives are made by majority vote based on one vote per Costa Vida Restaurant Accordingly we may control the DMA Marketing Cooperative in certain areas where company-owned/company-affiliated Restaurants constitute the majority Funds for a DMA Marketing Cooperative are collected from each restaurant in the DMA area and spent at the direction of the DMA cooperative membership If we provide you or your DMA Marketing Cooperative 30 days notice of a special promotion you must participate and also pay any special promotion advertising fees we assess These fees will be in addition to your LMF requirements We may increase the NMF LMF or MAF contributions above two percent (2%) (NMF and LMF) and one-half percent (0 5%) (MAF) of Gross Revenues with an affirmative vote by 66% of all the then-existing company and franchised Costa Vida Restaurants or by an affirmative vote by 51% of the then-existing franchised Costa Vida Restaurants ~~see~~

Note 5 You must purchase Proprietary and Licensed Ingredients from Designated and Approved Suppliers ~~(See Item 8) Currently Costa Vida Management is the only Designated or Approved Supplier~~ (See ***Item 8****) We may cause the Designated Suppliers and Approved Suppliers to sell you reasonable quantities of spices and other products All other Proprietary Ingredients are sold at prices and on shipping terms established periodically by the supplier thereof*

Note 6 We may publish or disclose to other franchisees any information that is collected produced or maintained under any quality control programs in any manner or format that we deem appropriate We also reserve the right to publish or disclose to third parties in an aggregate anonymous format any information that we collect, produce or maintain in connection with such quality control programs

Note 7 You must pay us all fees and other amounts under the Franchise Agreement when due If you fail to do so we have the right to charge a $100 late fee per delinquent payment and at our request you *must pay it by way of direct debit as described in General Comments above Further you must submit all mandatory reports to us when due as required by the Franchise Agreement If you fail to do so we have the right to charge a $25 late fee per late report and an additional $25 late fee to each person that the report continues to be delinquent payable by direct debit at our request*

Note 8 You must pay all business debts financial obligations liens and taxes promptly when due If you fail to do so we have the right at our option to pay the same and then be entitled to immediate reimbursement from you Unpaid debts owed to us bear interest from the due date until paid at the lesser of one and one-half percent (1 5%) per month or the maximum contract rate permitted by the law of the state in which your Restaurant is located

Note 9 You must pay the costs of the audit or inspection only if you fail to furnish us with the records and reports that we request as part of the audit or if the audit results show an understatement of Gross Revenues of more than two percent (2%) or if the need for an audit was a result of your default under the Franchise Agreement in failing to provide records and reports in a timely manner

Note 10 You must obtain our approval for your location We ~~do not currently~~reserve the right to charge a fee for our site selection review and approval~~ but we reserve the right to do so~~ in the range stated After our approval we or our designated supplier must review the lease for the location and certify it as meeting our minimum qualifications

Note 11 No one may attend training before signing the Franchise Agreement We provide mandatory introductory training for the Owner Operator General Manager and Preparation Cook as part of the initial franchise fee described above at our training facility or company-affiliated Restaurant in Utah or at another facility that we designate We have the right to charge a tuition or training fee for each additional franchise owner or Owner Operator restaurant Manager or Preparation Cook that attends this introductory training program initially or in the future Also the initial restaurant General Manager and Preparation Cook must complete ~~two months of~~a rigorous corporate training at our training facility a corporate-owned or company-affiliated restaurant or another facility that we designate You will be responsible for all compensation of your employees and expenses (including training materials travel meals and lodging) incurred in connection with any training including the mandatory introductory training Neither you nor your employees will receive any compensation from us for services performed during training

Additional franchise owners general managers and preparation cooks wishing to attend this rigorous training program will pay $2 500 per person per month Each ~~initial~~ restaurant Manager and Preparation Cook must pass a Costa Vida certification test at the end of the two-month training period You must pay for all travel and living expenses for your trainees during these training programs

We have the right to require you and/or previously trained and experienced restaurant managers preparation cooks and employees to attend periodic refresher courses at the times and locations we designate ~~Currently we do not~~We reserve the right to charge for the actual training ~~but~~and you must pay for all compensation travel and living expenses for your trainees during these refresher training programs

Note 12 If we elect to manage your Restaurant before purchasing it as permitted by Section 15 of the Franchise Agreement or we assume management of your Restaurant in the case of your voluntary abandonment as permitted by Section 14 of the Franchise Agreement we have the right to charge a management fee of 10% of the Gross Revenues of your Restaurant during the period of management

Note 13 If you fail to maintain in effect any insurance required by us or to furnish to us satisfactory evidence of this coverage we have the right to obtain insurance coverage for you on your behalf You must *then immediately reimburse us for our costs and the cost of the insurance and sign any related documentation required by us*

Note 14 If you fail or refuse to maintain the Costa Vida Restaurant as required we have the right to do so on your behalf and at your expense You must then immediately reimburse us for our costs and the cost of the maintenance and you must facilitate any repair work required by us and carried out by us or a third party

Note 15 If we or our Affiliates prevail in any proceeding or litigation against you you must pay the costs and attorneys fees incurred

*Note 16 You and each of your Entity Owners also have certain indemnification obligations to us and our Affiliates as referenced in **Item 9** of this Disclosure Document You must reimburse us if we incur any expense including attorneys fees and other costs or are held liable for claims arising out of your franchise operations*

Note 17 Renewal Fee We retain the right to change your fee for any renewal of your Agreement at the end of its initial term equal to the greater of the then-current initial franchise fee being charged by us less the amount you paid to us as an initial fee when you purchased your franchise or $7 500 Currently the Franchise Agreement does not provide for you to obtain a successor franchise at the end of the renewal term Any successor franchise shall be obtained under our policies at the time your renewal term expires

Note 18 Should it become necessary on account of the condemnation of your Restaurant premises or the exercise of a relocation right by your landlord or for some other reason approved by us in writing to relocate your Restaurant we will consent to relocation at a site acceptable to us provided that you pay to us our then-current relocation fee (which is $5 000 as of the date of this Disclosure Document) and satisfy all of the other conditions in Section 3 of the Franchise Agreement You must pay for all costs and expenses for any approved relocation of your Restaurant

*Note 19 We will loan you one copy of each of the Operations Manuals free of charge as further described in **Item 11** You must keep this copy of the Operations Manual on the Premises of your Costa Vida Restaurant at all times If you lose your copy of the Operations Manuals you must obtain a replacement copy from us at our then-current charge for replacement copies As of the date of this Franchise Disclosure Document our current charge for a replacement Operations Manual is $300*

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ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment Is to Be Made**
~~Franchise Fee (See Note 1)~~	~~$30 000~~	~~Lump Sum~~	~~Upon signing of the Franchise Agreement~~	~~Costa Vida Management~~
Franchise Fee (See Note 1) Area Development Fee (See Note 2)	$30,000 $15,000 per Costa Vida Restaurant to be opened under the Development Schedule	Lump Sum Lump Sum	Upon signing of the Franchise Agreement Upon signing of the ADA, will be applied to Franchise Fee upon execution of each Franchise Agreement under the ADA	Costa Vida Management Costa Vida Management
Travel and Living Expenses while Training (See Note 3)	$5,000-$15,000	Lump Sum	As incurred during training	Employees airlines, hotels, and restaurants
Tenant Improvements and Build-out (See Note 4)	$140 000-$355,000	As Arranged	As arranged or incurred	Contractors, Vendors
Building and Design Permit and Professional Fees (See Note 5)	$14,000-$49,000	Lump Sum	As incurred before opening	Architect, Engineer, Municipalities Lawyers Consultants, etc
~~Design Review and Preparation~~	~~$1,500~~	~~Lump Sum~~	~~As incurred before opening~~	~~Costa Vida Management~~
Restaurant Equipment including POS & Computers (See Note 6)	$138,000 $166,000	Lump Sum	Upon delivery before opening	Vendors~~Costa Vida~~
Trade Dress, Woodwork, Furniture Design Package & Fixtures (See Note 6)	$97 000-$143,000	Lump Sum	Upon delivery before opening	Vendors~~Costa Vida~~
Opening Supplies & Inventory (See Note 7)	$10 000-$15,000	Lump Sum	Upon delivery before opening	Suppliers~~Costa Vida~~
Small wares	$14,000-$16,000	Lump Sum	Upon delivery	Suppliers~~Costa Vida~~

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
			before opening	
Signage	$6 000-$22,000	Lump Sum	As incurred before opening	Approved Suppliers ~~Costa Vida~~
Grand opening promotion & special assistance (See Note 8)	$10,000-$20 000	As Arranged	Within 30 days of opening	Vendors ~~Costa Vida~~
Security & Utility Deposits (See Note 9)	$1 000-$18,000	As Arranged	As incurred	Vendors, Utility Companies Landlord
Insurance (See Note 10)	$1,500-$5,000	As incurred	Annually	Insurance Brokers, Insurance company
Additional Funds - 3 Months (See Note 11)	$50,000-$100,000	Lump Sum	As incurred	~~Costa Vida~~ Vendors, Employees, Utilities, Landlord, etc
Totals	$~~518,000~~518,00 $~~955 500~~955,000 (not including real estate lease costs)			

General Comments

We have based the estimates provided in the chart above upon our Affiliate's experience in developing and operating ~~seven~~ restaurants in ~~Cedar City, Provo, Orem, Bountiful, American Fork, Ogden,~~ Utah, ~~and Meridian,~~ Idaho, and Canada We do not guarantee that your costs will resemble the estimates given, and may be significantly higher than described above You should review these figures carefully with a business adviser before making any decision to purchase the Franchise

All payments you make to us or our Affiliates are non-refundable unless otherwise stated Payments you make to parties other than us or our Affiliates may or may not be refundable at the option of the other party ~~Because we do not know who these third parties are, we cannot state when or if payments made to these third parties will be refundable~~

The estimates in the above chart do not include Royalty Fees or marketing fees payable to us during the operation of your Franchise since these fees are payable out of the Gross Revenues of your Restaurant See the information in **Item 6** for an explanation of the Royalty fees and marketing fees The estimates also do not include real estate costs because land value or leasing cost vary widely depending on location and structure

Explanatory Notes

Note 1 $30 000 is the standard non-refundable initial franchise fee for a Costa Vida franchise

Note 2 $15 000 is the development fee paid to us per Restaurant contracted under the ADA This Fee will then be applied to the then current Franchise Fee upon the signing of a Franchise Agreement for each subsequent Restaurant developed under the ADA

Note 3 You must pay for any incidental expenses that you and your manager and any other trainees incur while attending our initial training program including car rental gas airline tickets meals hotel room and salaries You must also pay for any incidental expenses that Costa Vida trainers incur while assisting with your Restaurant Grand Opening as well as while assisting with restaurant site selection or site approval processes These expenses may include car rental gas airline tickets meals hotel room, and salaries

Note 4 These estimates include construction costs (labor and material) and construction management costs for typical tenant improvements and remodeling necessary to prepare a site for operation of a Costa Vida Restaurant The total estimated initial investment does not include real estate You must lease or purchase a location approved by Costa Vida Management ~~Company~~ (lease purchase and pre-opening occupancy costs are not included in the figures in ***Item*** *7) and construct remodel alter and improve it to Costa Vida s specifications The cost of purchasing or leasing and developing a site for a Costa Vida Restaurant will vary considerably depending on such factors as location size design configuration condition of the premises the condition and configuration of existing services and facilities such as air conditioning electrical and plumbing the terms of your lease duration of the building process (delays) union labor requirements contractors fees and availability of materials and labor and the local real estate market You will need to purchase or lease a building of approximately ~~two thousand eight hundred to three thousand six hundred~~2,600 to 3 600 square feet excluding patio area and pay for the cost of site work and/or leasehold improvements You must perform or have performed any construction remodeling or additions necessary to cause the premises to conform to applicable Federal State County and City laws ordinances codes and rules and regulations governing food services businesses and that meet Costa Vida s requirements for the layout design construction fixtures equipment installation, and trade dress appearance of a Costa Vida location If you do not currently own adequate space you must lease the space for your Restaurant Costa Vida Restaurants are typically located in malls strip centers and free standing locations*

Typical locations are stand-alone sites and shopping center outparcels The average Costa Vida Restaurant requires 2 600 to ~~3 200~~3,600 square feet depending upon projected volume We suggest a corner or end-cap location with at least thirty feet minimum frontage Additionally your Restaurant must have access to at least thirty dedicated parking spaces if it is not located in a high-pedestrian location Outside seating is highly recommended This is not an exhaustive list of site approval conditions and we may change our recommendations or approval conditions at any time We cannot estimate the amount of your monthly rental payments since rental amounts vary greatly from site to site and are affected by a number of factors including location size visibility accessibility and competitive market conditions In addition to rental payments your lease may obligate you to make other payments to the landlord such as payments for shopping center or building operating expenses common area maintenance expenses, food court expenses merchants association assessments assessment for shopping center promotion and advertising and the like Your lease may also require you to spend a certain amount on advertising and promotion for your particular Restaurant Again because these payments vary widely from lease to lease we cannot estimate the amount that you may have to pay for these or other similar items You will make rental payments to your landlord Leases may also require percentage rent If you or one of your Owners or one of your Affiliates at any time acquires the ownership of the premises for your Restaurant you must immediately notify us and we may require that you or such Owner or Affiliate (1) enter into an agreement with us in recordable form granting us the right and option in the event of a termination (for whatever reason) of the Franchise Agreement to lease the premises at fair market rental rates for a term ~~coterminus~~coterminous with the term of the Franchise Agreement for such premises or (2) enter into a prime lease with us at fair market rental rates for a term ~~coterminus~~coterminous with the term of the Franchise Agreement for such premises and a sublease with us on the same terms as the *prime lease The prime lease and sublease referenced in the preceding sentence shall be on the then-current lease and sublease forms used by us*

Note 5 Building and design permit and professional fees may vary depending on the consultants used and the fees charged by the municipalities The design and permit fees do not include any impact fees which may be imposed by the municipality The permits and licenses include for example business licenses and beer licenses Building permits are included in the total construction costs Beer or liquor license costs may be significant You are not required to sell beer in your stores However you must gain approval from Costa Vida before seeking a liquor license

You may find it necessary to retain an attorney to review the real estate lease the franchise documents or to assist in forming a corporation partnership or limited liability company You may also retain an accountant for advice in establishing and operating your franchise business and filing necessary tax forms and returns If you develop a new Restaurant you must also employ and pay an architect or engineer to prepare a site plan and other construction documents ~~Although we will provide you with prototypical plans~~ and specifications ~~at no additional cost to you you must pay an architect or engineer to adapt these plans and specifications to~~to comply with city state and local building codes and to the specific site chosen for your Restaurant

*Note 6 This estimate includes kitchen-typical furniture fixtures and equipment computer POS Systems and related software including a digital menu system big screen televisions or projection system including content/programming restaurant equipment prep service and display counters warmers stoves ovens disposal systems refrigerators beverage dispensers any other needed equipment including costs of installation, etc You must purchase the Costa Vida design package elements which may include but are not limited to custom woodwork custom drink station tables chairs water wall wall bench artwork and wall accessories as specified by us These costs vary widely ~~In some instances we may purchase and arrange for delivery of your initial equipment decor and furniture packages or some portion of these packages If this applies to you you must reimburse us for our costs of these equipment, decor and furniture packages upon delivery to you including any costs for credit card processing fees~~ See **Item 11** of this Disclosure Document for more information on the POS Systems and related software and hardware that meets our System Standards as of the effective date of this Disclosure Document*

You must prepare and sell all of the menu items as designated by Costa Vida as part of its standard menu and provide all standard services designated by Costa Vida If any special or additional equipment fixtures or furniture are required to provide those services or menu items, you must acquire the specified equipment or fixtures the cost of which may be significant to you

*You must have high-speed Internet access as well as a business subscription to Muzak or a similar system approved by us and these estimates include typical installation fees and service fees for three months See **Items 8 and 11** of this Disclosure Document for more information on our right to require you to purchase install and use computer hardware and software in the operation of your Restaurant*

Note 7 This estimate includes a supply of initial food and beverage products for use and sale at the Restaurant including spices flavorings produce meats dry goods small kitchenwares cleaning supplies paper and packaging supplies beverage cups report forms marketing and point of sale materials

*Proprietary ingredients must be purchased from our Designated Suppliers (See **Item 8**) Other items must be purchased from Approved Suppliers or other suppliers that we approve (See **Item 8**) All items purchased must meet our quality standards (See **Item 8**)*

*Note 8 As explained in more detail in **Item 5** of this Disclosure Document you must spend at least $10 000 on a grand opening advertising and promotional program approved by Costa Vida Management, and* *we suggest that you spend significantly more to facilitate a successful grand opening At least a portion of this amount must be paid to us or our Affiliates to cover the cost of the materials that we develop and provide to you for the grand opening programs You may also incur expenses from us ~~and~~or other vendors and suppliers in conducting your grand opening promotion (Costs involving the training of personnel in your grand opening or food that is served during the grand opening do not count against this $10 000 spending requirement)*

Note 9 You might need to pay deposits for utilities and your property Deposits for utility services and your property are typically required at the time the service is applied for and may or may not be refundable The amount for deposits can vary significantly in different areas and you should verify specific amounts with local utility companies and the landlord

*Note 10 As explained in more detail in the Franchise Agreement you must obtain and keep in force the appropriate insurance coverages as described in **Item 8** of this Disclosure Document with us named as an additional insured or loss payee on each policy, as applicable*

You must also maintain and keep in force all workers compensation insurance on your employees that is required under the applicable workers compensation laws of the state in which your Restaurant is located Your real estate lease may also impose requirements for insurance coverage in addition to the requirements that we impose The chart contains the estimated cost of required insurance coverage for a three-month start-up period however the cost of insurance varies depending upon the insurance company you select lease requirements variances in the cost of insurance from city to city and state to state and other factors

*Note 11 This estimate includes working capital for the first three months and includes general operating expenses such as lease payments inventory payroll expenses facility expenses insurance pest control security repairs and maintenance and complimentary sales store-level employee wages and benefits point-of-purchase collateral other marketing costs maintenance linens cleaning and office supplies leased equipment occupancy expenses credit card processing fees and other costs This estimate does not include salaries and expenses during training of your Operating Partner (described in **Item 15**) whose training is required by the Franchise Agreement and/or the Area Development Agreement Because you and/or your Operating Partner and your other personnel for your Restaurant as well as personnel in management positions and personnel that will work in more than one Restaurant are required to complete our training program before opening your first Restaurant (See **Item 11**) these expenses are included for your first Restaurant Consequently the additional funds necessary for your first Restaurant tend to be on the high end of the estimated range while the additional funds required for subsequent Restaurants that you open may fall on the lower end of the estimated range Your costs may depend upon factors such as how well you follow Costa Vida s methods and procedures the amount spent and effectiveness of your grand opening marketing activities your management skill experience and business acumen local economic conditions the time of the year your Restaurant is opened the demand for the Restaurant s food and services in your area the prevailing wage rates competition and the sales level reached during the initial period These estimates also do not take into account the finance charges interest and related costs you may incur if any portion of your investment is debt financed These figures are estimates and we cannot assure you that you will not have additional expenses in starting your Costa Vida Restaurant*

Except as otherwise noted none of these payments are refundable These payments are only estimates and your costs may be higher depending on your particular circumstances In geographical areas where we have no Costa Vida Restaurants or have no significant experience regarding openings of company-owned company-affiliated or franchised Restaurants the foregoing estimated initial investment may be less reliable and you may have to make a greater investment depending on the circumstances You should review these figures carefully with a business advisor accountant or attorney before making any decision to purchase a franchise We do not offer any financing for your initial investment or any other items The availability and *terms of financing with third-party lenders will depend on factors such as the availability of the financing generally your credit-worthiness and policies of lending institutions concerning the type of business to be operated*

If you purchase an existing company-owned Costa Vida Restaurant, you may have to make a greater or smaller investment, depending on the circumstances, than the estimated initial investment shown above The price and terms of payment for such Costa Vida Restaurant will be established by mutual agreement We do not have sufficient experience with non-traditional locations to be able to estimate the initial investment for those locations

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ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

The appearance, set-up, decor, recipes, preparation techniques, processes, formulations, and specifications for all Costa Vida Restaurants and Products are trade secrets belonging exclusively to us To ensure that high and uniform standards of quality and service are maintained, you must operate your Costa Vida Restaurant in strict conformity with our methods, standards and specifications as described below, you must purchase or lease those furnishings, fixtures, signs, equipment and development services, as well as, proprietary spices and other proprietary input ingredients, certain other branded products and ingredients, such as napkins, paper cups, boxes, similar packaging items, and certain other branded uniforms and apparel, merchandise, marketing collateral and other promotional products bearing the Marks, as may be specified in the Operations Manual, Owner's Tool Kit, fixtures, supplies, equipment, POS and inventory only from us or from our approved suppliers or distributors before and after you open your Restaurant ~~Currently, we or our Affiliates are the only approved supplier of these items and you must purchase them from us~~ To ensure these high and uniform standards, we require that 100% of your purchases in the establishment of your Costa Vida Restaurant be made from ~~us or from~~ our approved suppliers, vendors or distributors Once you are open for operations, approximately 90%-95% of your purchases will be required purchases

Additionally, we participate in a food distribution program with Sysco Corporation, or their Affiliates to provide streamlined ordering, delivery and operational benefits as well as scale pricing to Costa Vida Restaurants You must participate in this program and purchase at least 90% of your food and paper supplies and products and certain other products required under this Sysco program for use at your Restaurant

Additionally, we participate in a marketing program sponsored by Coca-Cola Fountain, Coca-Cola Bottling, or their Affiliates You must participate in the program and purchase Coca-Cola soft drink products and certain other beverages and products required under this Coca-Cola program for use at your Restaurant You may purchase Coca-Cola products from any authorized Coca-Cola distributor that we designate

We may require you to carry an inventory of branded clothing items, such as T-shirts, hats and other branded merchandise, for sale at your Restaurant You must purchase these items from us or our designated suppliers, and we may receive compensation for these purchases on the basis of the items purchased by our franchisees, either in the form of a per-item rebate or upcharge, or volume-based commission ~~Currently, we or our Affiliates are the only approved supplier of these items and you must purchase them from us At some future date, these~~These items may also be sold by us or our supplier(s) on-line~~,~~ or directly to consumers

In operating your Restaurant, you must use only the soft goods, small wares, utensils, cleaning supplies, novelty items and other miscellaneous items that we require and have been approved for Costa Vida Restaurants, as meeting our specifications and standards for quality, appearance, function and performance Except as stated in this **Item 8**, you may purchase these items from any supplier who can satisfy our standards and specifications We give these standards and specifications to our suppliers, and they are also contained in the Operations Manuals, Owner's Tool Kit, our corporate intranet (i e www cvfranchise com), and other written or electronically transmitted materials that we give to you

~~Other than the clothing items as described above in this **Item 8**, neither we nor our Affiliates are currently an approved supplier of any of the items you must purchase for the development or operation of your Restaurant, although we may require you to pay us for furniture, fixtures and equipment that we order on your behalf from an approved supplier as described below in this **Item 8**~~

We have the right, in addition to any amounts received from suppliers or distributors as described in this **Item 8**, to receive rebates, marketing fund contributions or other payments from suppliers, distributors and other service providers based (directly or indirectly) on sales to you and Company owned Restaurants (the "Rebates") These payments may range from less than one percent (1%) up to 15% or more of the amount of those purchases by you We do not negotiate purchase arrangements from suppliers or service providers for the benefit of franchisees In ~~2012~~2013, we received a total of $~~150,795 or four and sixty-eight tenths of one percent (4 68~~188,128 or 4 67%)~~]~~ of Costa Vida's ~~2012~~2013 total revenue from such Rebates Costa Vida's total revenue in ~~2012~~2013 was $~~3,225,119~~4,031,960

There are no suppliers in which an officer of the Franchisor owns an interest

Ingredients and Other Products

The food dishes and other products sold at Costa Vida Restaurants are distinctive as a result of being made with proprietary and/or uniquely specified and sourced ingredients (e g the spices, sauces, and other ingredients from which the distinctive Costa Vida dishes and other products are made for Costa Vida Restaurants), which are manufactured or produced according to proprietary processes or are sourced or stocked per our requirements The ingredients, food preparation methods, and the food dishes into which they are made, are all integral components of the Costa Vida Restaurant franchise and are inextricably interrelated with the Marks and the System The Costa Vida franchise could not be offered efficiently or effectively without the inclusion of the Proprietary Ingredients as an essential and integral component of the System You therefore shall be required to purchase your entire requirements of Proprietary Ingredients and products in accordance with the terms of Section 8 of the Franchise Agreement Specifically, you must purchase exclusively from Approved and Designated Suppliers as defined in the Franchise Agreement "Designated Supplier" shall mean any supplier, including us, any Affiliate of ours or an independent third party, whom we authorize to manufacture Proprietary Ingredients Further, you must purchase from Approved Suppliers those ingredients and products we authorize now or in the future to be provided and/or produced by Approved Suppliers, subject to your right to purchase from Alternative Approved Suppliers (as defined below) "Approved Supplier" shall mean any supplier, including us, an Affiliate of ours or an independent third party, whom we authorize to manufacture and/or provide licensed and/or non-proprietary ingredients and products "Alternative Approved Supplier" shall mean any supplier who has been proposed by you or by another franchisee and who has been approved by us to provide and/or produce licensed and/or non-proprietary ingredients and products in accordance with the terms of the Franchise Agreement We reserve the right to designate any ingredient as a Proprietary Ingredient Products not designated as Proprietary Ingredients are referred to as "Licensed Ingredients" Designated and Approved Suppliers have the right to profit from the sale of products and ingredients We do not act in any fiduciary capacity for you in our relationship with any Designated or Approved Suppliers, however, we do negotiate contracts for use by and binding upon all franchised, company-affiliated, and company-owned Costa Vida Restaurants

Provided you and your Affiliates are in compliance with the Franchise Agreement and all other agreements with us and our Affiliates, we will cause Designated and Approved Suppliers to sell reasonable quantities of products and ingredients to you in accordance with the terms of Section 8 of the Franchise Agreement We will use reasonable efforts to cause Designated Suppliers to sell to you reasonable quantities of Proprietary Ingredients All Proprietary Ingredients as well as all other ingredients and products are sold at prices and on shipping terms established and changed by the supplier Designated and Approved Suppliers may establish credit terms, if any, as deemed appropriate All Company-owned and Affiliate-owned Restaurants pay the same prices to vendors as franchised restaurants

Designated and Approved Suppliers shall not be liable for any delay in the delivery of products as a result of any cause beyond their reasonable control, except in accordance with our contracts with them

Designated and Approved Suppliers may establish policies and procedures for the allocation and distribution of ingredients and products among Costa Vida Restaurants

If you desire to procure authorized Licensed Ingredients from a supplier other than one previously approved or designated by us, you shall deliver written notice to us of your desire to seek approval of the supplier, which notice shall (i) identify the name and address of the supplier, (ii) contain the information requested by us or required to be provided according to the Operations Manual (which may include reasonable financial, operational and economic information regarding its business), and (iii) identify the authorized Licensed Ingredients desired to be purchased from the supplier We shall, upon your request, furnish specifications for the Licensed Ingredients if they are not contained in the Operations Manual We shall not be obligated to disclose the terms and conditions, including the pricing, to anyone as to Proprietary or Licensed Ingredients We may request that the proposed supplier furnish us, at no cost to us, product samples, specifications, and other information as we may require We or our representatives, including qualified third parties, shall also be permitted to inspect the proposed supplier's facilities and establish economic terms, delivery, service, and other requirements consistent with other distribution relationships for Costa Vida Restaurants

We will use our good faith efforts to notify you in writing of our decision within 120 days after our receipt of product samples from the proposed alternative supplier and other requested information However, if we have not notified you in writing within the one hundred twenty day time period, the proposed supplier will be deemed disapproved by us We are not required to approve any supplier, and without limiting our right to approve or disapprove a supplier in our sole discretion, you acknowledge that it is generally disadvantageous to the system from a cost and service basis to have more than one supplier in any given market area and that among the other factors we may consider in deciding whether to approve a proposed supplier, we may consider the effect that the approval may have on the ability of us and other franchisees to obtain the lowest distribution costs and on the quality and uniformity of products offered systemwide We may also determine that certain Licensed Ingredients (e g beverages) shall be limited to a designated brand or brands set by us We may revoke our approval upon the alternate supplier's failure to continue to meet any of our criteria If we approve the alternate supplier, said supplier shall be designated an "Alternative Approved Supplier" for purposes of this Agreement

As an additional condition of its approval, we may require a supplier to agree in writing (i) to provide, upon our request, free samples of any Licensed Ingredient it intends to supply to you, (ii) to faithfully comply with our specifications for applicable Licensed Ingredients sold by it, (iii) to sign any agreement in a form required by us, (iv) to provide to us duplicate purchase invoices for our records and inspection purposes, (v) to make the products available to all of our company-owned, company-affiliated, and franchised restaurants, and (vi) to otherwise comply with our reasonable requests

You or the proposed distributor or supplier shall pay to us in advance all of our reasonably anticipated costs in reviewing the application of the Alternate Approved Supplier and all current and future reasonable costs and expenses, including travel and living costs, related to inspecting, re-inspecting and auditing the Alternative Approved Suppliers' facilities, equipment, and food products, and all product testing costs paid by us to third parties You acknowledge and agree that we do not act in a fiduciary capacity for you in our relationship with Alternative Approved Suppliers We may impose limits on the number of Alternative Approved Suppliers We have the right to monitor the quality of services provided by Alternative Approved Suppliers in a manner we deem appropriate and may terminate any Alternative Approved Supplier who does not meet our quality standards and specifications, as may be in effect at the time If you purchase one or more types of other products from an Alternative Approved Supplier, no Approved Supplier will have any obligation to sell you any other product while you are purchasing from any Alternative Approved Supplier If, after commencing purchasing other products, you may be required to submit to us an application, in such form as we may periodically determine which we will normally process within 30 days The Approved Supplier has no obligation to resume supplying other products to you, and you may not place an order for such products with the Approved Supplier, until we have approved your application for resupply

Other Products

The reputation and goodwill of Costa Vida Restaurants are based on, and must be maintained by, the sale of distinctive high-quality products, merchandise, and services Therefore, your Costa Vida Restaurant must use and offer for sale only food products, beverages, beer, ingredients, uniforms, packaging materials, menus, forms, labels, and other supplies and other products and services that conform to our specifications and quality standards and/or are purchased from suppliers we have approved Where we have Proprietary Ingredients you must use the ingredients and products without exception The list of brands and suppliers is contained in our Costa Vida Operations Manual, and we may modify that list when we deem necessary in our discretion After notice of a modification, you may not reorder any brand or reorder from any supplier that is no longer approved

If you propose to use any brand and/or supplier that is not then approved by us, you must first notify us and submit sufficient information, specifications, and samples concerning the brand and/or supplier so that we can decided whether the brand complies with our specifications and standards and/or such supplier meets our approved supplier criteria We have the right to charge reasonable fees to cover our costs We will notify you of our decision within a reasonable period of time We may prescribe procedures for the submission of requests for approval and impose obligations on suppliers, which we may require to be incorporated in a written agreement We may impose limits on the number of suppliers and/or brands for any of the foregoing items Subject to the foregoing, you do not have to purchase or lease anything from us or any of our Affiliates, however, we, and our Affiliates, can be approved suppliers for any items We formulate and modify, at our discretion, specifications, and standards we impose on you and suppliers Specifications and standards are issued to you through Costa Vida's Operations Manual and to suppliers by written agreement

Purchase Arrangements/Cooperatives

We attempt to negotiate purchase arrangements with third-party suppliers (including price terms) In doing so, we seek to benefit and to promote the overall interests of all Costa Vida Restaurants, including those owned by franchisees, our franchise system and our interests as the franchisor We do not provide material benefits (e g renewal or additional franchises) to a franchisee based on its use of Designated or Approved Suppliers Additionally, all Affiliate and Company-owned Restaurants pay the same prices to vendors as franchised Restaurants

There are no franchisee purchasing or distribution cooperatives

Specifications, Standards, and Procedures

Each aspect of the interior and exterior appearance, layout, decor, trade dress, services, and operation of your Costa Vida Restaurants is subject to our specifications and standards You must comply with all mandatory specifications, standards, and operating procedures (whether contained in the Costa Vida Operations Manual or any other written communication) regarding the appearance, function, cleanliness, and operation of all Costa Vida Restaurants

Standardized Accounting Process and Reporting Requirements

You must establish and maintain a bookkeeping, accounting, record keeping and data processing system conforming to the requirements and formats that we prescribe~~;~~, including, a common chart of accounts and methodology, format, submission process and timeline, and you must use the ~~Restaurant Magic~~ operational data control system approved by Costa Vida Management, as further detailed in the Operations Manual You must furnish us periodic reports, which include and are not limited to, monthly gross revenue reports and monthly profit and loss statements You must provide such periodic reports in a timely manner as noted in Section 11 of the Franchise Agreement

Computer Hardware and Software

You must use a standard point-of-sale system and all POS modules approved by us and used by us and other franchisees to ensure System Standards We will appoint the supplier that meets our standards and specifications, and you must enter into the necessary contracts to procure and operate this POS System We can change our approved supplier at any time We will have full and independent access to any and all data generated from this POS System

At this time, you must record all sales on computer-based cash registers that are fully compatible with our computer systems and include seamless information interface capability of fully integrating electronically into our centralized computer system

We also require you to purchase a back office computer system with the appropriate hardware and software You must purchase the appropriate accounting, word processing, spreadsheet, internet browser, anti-virus, firewall, spyware protection and any other software we may choose to require The cost of purchasing or leasing the necessary computers and software programs ranges from $2,000 to $5,000

Insurance

You must maintain in force (a) Property Coverage that includes all-risk property insurance, including fire and extended coverage, vandalism, and malicious mischief insurance, for the replacement value of your Costa Vida Restaurant and its contents, including business interruption insurance, (b) Commercial General Liability and Product Liability insurance that includes food-borne illness coverage, (c) Commercial Auto Insurance, (d) Workers' Compensation insurance, and (e) Umbrella Liability All insurance policies must (1) be issued by carriers with an AM Best rating of A-, X, or better, (2) be written at the minimum amounts of coverage, (3) name Costa Vida Management, LLC, and our Affiliates as additional insureds under the General Liability, Products Liability and Commercial Auto Policies and loss payee under the Property Policy, and (4) Costa Vida Management, LLC, must be endorsed to all policies noted above to receive 30 days' notice of cancellation in the event of non-renewal and 10 days' notice in the event of nonpayment of premium You must also provide certificates of insurance evidencing your insurance coverage in compliance with these minimums no later than 10 days before your Restaurant opens and within 30 days each year when your policies renew

Listed below are types of minimum coverage amounts that we currently require for each franchised Costa Vida Restaurant per location

COMMERCIAL GENERAL LIABILITY

Occurrence Limit	$1,000,000
General Aggregate Limit	$2,000,000
Products/Completed Operations Aggregate Limit	$2,000,000
Personal and Advertising Injury Limit	$1,000,000
Damage to Premises Rented to You	$1,000,000

Food Borne Illness Limit	~~$ 100,000~~300,000
<u>AUTOMOBILE LIABILITY</u>	
Bodily Injury and Property Damage Combined Single Limit	$1,000,000
Hired and Non-Owned Liability Limit	$1,000,000
<u>WORKERS' COMPENSATION</u>	
Workers' Compensation	STATUTORY
Employer's Liability	$1,000,000 per employee, bodily injury by disease, $1,000,000 policy limit, bodily injury by disease, $1,000,000 per employee, bodily injury by accident
<u>UMBRELLA LIABILITY</u>	
1 to 10 Restaurants	$5,000,000 each occurrence (minimum) $5,000,000 aggregate (minimum)
11-25 Restaurants	$10,000,000 each occurrence (minimum) $10,000,000 aggregate (minimum)
26 or more Restaurants	$15,000,000 each occurrence (minimum) $15,000,000 aggregate (minimum)

Upon 30 days' prior notice to you, we may increase the minimum protection requirement as of the renewal date of any policy, and require different or additional kinds of insurance at any time, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances You shall submit to us, via your insurance agent or broker, before the Restaurant opens, and annually thereafter~~,~~ a copy of the certificate evidencing each required insurance policy If you at any time fail or refuse to maintain in effect any insurance coverage required by Company, or to furnish satisfactory evidence of it, Company, at its option and in addition to its other rights and remedies under this Agreement, may, but need not, obtain this insurance coverage on your behalf, and you shall promptly sign any application or other forms or instruments required to obtain any insurance and pay to Company, on demand, any costs and premiums incurred by Company At our request, you must furnish us with evidence of insurance coverage and payment of premiums as we require

Your obligation to maintain insurance coverage is not diminished in any manner by reason of any separate insurance we may choose to maintain, nor does it relieve you of your obligations under <u>Section 16B</u> of the Franchise Agreement

Real Estate Requirements

You must locate a site for your Restaurant that is approved by us, and you may not sign a lease for the site until we have given our approval in writing We approve locations on a case-by-case basis, considering items such as size, appearance, and other physical characteristics of the site, demographic characteristics, traffic patterns, competition from other businesses in the area (including other Costa Vida Restaurants) and other commercial characteristics, such as purchase price, rental obligations and other lease terms We will ~~provide~~assist you with a list of site criteria to help you locate a suitable site Our approval of the Site, however, does not and cannot provide any guarantee or representation that the site or your Restaurant will be successful You must pay for any incidental expenses that Costa Vida personnel incur while assisting with Restaurant site selection or site approval processes These expenses may include car rental, gas, airline tickets, meals, hotel room, and salaries

If you, one of your Owners, or one of your Affiliates at any time owns the premises for your Restaurant, you must immediately notify us, and we may require that you or such Owner or Affiliate (1) enter into an agreement with us in recordable form granting us the right and option, in the event of termination (for whatsoever reason) of the Franchise Agreement, to lease the premises at fair market rental rates for a term ~~coterminus~~coterminous with the term of the Franchise Agreement for such premises, or (2) enter into a prime lease with us at fair market rental rates for a term ~~coterminus~~coterminous with the term of the Franchise Agreement for such premises and a sublease with us on the same terms as the prime lease The prime lease and sublease referenced in the preceding sentence shall be on the then-current lease and sublease forms used by us

You must construct and develop your Restaurant ~~We will furnish you with prototypical plans and specifications for~~ at your own cost and expense You must develop your Restaurant~~, including requirements for~~ in accordance with such exterior and interior materials and finishes, dimensions, design, image, interior layout, decor, fixtures, furnishings, equipment, color schemes and signs ~~You must develop your Restaurant in accordance with these plans and specifications~~consistent with System products and Marks You must prepare all required construction plans and specifications to suit the shape and dimensions of your site and to ensure that the plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions ~~Your construction plans must be based on the prototypical plans and specifications~~ You must submit construction plans and specifications to us for our ~~approval~~review before you begin construction of your Restaurant, and you must submit all revised and "as built" plans and specifications to us during the course of construction

In developing and operating your Restaurant, you must use only the fixtures, furnishings, equipment (which includes computer hardware and software such as the POS System described above in this **Item 8**) and signs that we require and have approved as meeting our specifications and standards for quality, design, appearance, function and performance As of the effective date of this Disclosure Document, we have designated approved suppliers for fixtures, furnishings, equipment, and decor~~, and certain architectural and design services~~ for developing your Restaurant These approved suppliers are the only ones that meet our specifications and standards for these items, and you must purchase these items from these approved suppliers ~~We may require you to authorize us to order the initial furniture, fixtures, equipment, decor, and architectural and design services packages from these approved suppliers on your behalf If so, you must pay us or our Affiliates for these items and we will pay the suppliers We or our Affiliates may receive compensation on the basis of these items purchased by our franchisees, either in the form of a per item rebate or upcharge, or volume based commission~~

You may only display at your Restaurant the signs, emblems, lettering, logos and display materials that we approve in writing We have the right to install all required signs at the Restaurant premises at your expense, although our current practice is to ~~allow~~require you to install the signs

We estimate that the cost of required purchases of products, supplies, fixtures, furnishings, equipment, signs and leases from approved suppliers or designated suppliers, or otherwise will represent 90% or more of your overall purchases of these items in operating the Restaurant

Website

You may not promote, offer, or sell any products or services relating to your Restaurant, or use any of the Marks, through the Internet without our consent You must acknowledge that Costa Vida Holdings is the lawful, rightful, and sole owner of ~~www costavida net~~ www costavida net domain name and unconditionally disclaim any ownership interest in any similar phrase or any similar Internet domain name, including www costavida com, www costavida org and www costavida biz You and your Principal Owners agree not to register any Internet domain name in any class or category that contains the words Costa Vida or any abbreviation, acronym, combination, derivative, or variation of those words

You will use the Costa Vida Franchise website www cvfranchise com (the "Franchise Website") in strict compliance with the standards, protocols and restrictions we include in the Operations Manual You must implement all reasonable procedures we prescribe periodically to prevent unauthorized use and strict compliance with the standards, protocols and restrictions we include in the Operations Manual regarding the use of the Franchise Website among your Restaurant's Operating Partners, general managers, assistant managers, prep cooks, and the like You are to notify Costa Vida Management when any partner or employee ceases to be affiliated or employed with your Restaurant so we can remove their access to the Franchise Website

You recognize and understand the crucial importance of the Franchise Website users not transmitting Confidential Information, documents or data from or via the Intranet or Internet without first encrypting the transmission with the encryption program we may either require you to purchase or approve of your purchase You recognize and understand the crucial importance of ~~a~~ users refraining from making derogatory, defamatory, or libelous statements on or over an Intranet or Internet transmission

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ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise agreement and other agreements It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Disclosure Document Item
a Site selection and acquisition/lease	Section 3	Section 3	Items 1, 5, 6, 7, 8, 11 and 12
b Pre-opening purchases/leases	Section 3	Section 3	Items 5, 6, 7, and 8
c Site development and other pre-opening requirements	Section 3	Section 3	Items 6, 7, 8 and 11
d Initial and on-going training	Section 4	Section 4	Items 6, 7 and 11
e Opening	Section 3	Sections 3 and 4	Items 5, 7 and 11
f Fees	Sections 6 and 10	Section 2	Items 5, 6, 7, 11, and 17
g Compliance with System Standards and other standards and policies/Costa Vida Operations Manual	Sections 3, 4, 5, 7, 8 and 10	Sections 2, 4, 5 and 6	Items 6, 7, 8, 11, 13, 14, 15, and 16
h Trademarks and proprietary information	Sections 5, 9 and 15	Sections 5 and 6	Items 8, 13, 14, and 17
i Restrictions on products/services offered	Sections 8	Not Applicable	Items 1, 8, 14, and 16
j Warranty and customer service requirements	Section 8	Not Applicable	Item 11
k Territorial Development and Sales Quotas	Not Applicable	Sections 2 and 3	Item 12
l Ongoing product/service purchases	Section 8	Not Applicable	Items 8 and 11
m Maintenance, appearance and remodeling requirements	Sections 3, 8 and 10	Not Applicable	Items 11, 13, and 17
n Insurance	Section 8	Not Applicable	Items 6, 7 and 11
o Marketing & Advertising	Section 10	Not Applicable	Items 5, 6, 7, 11, and 13

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Disclosure Document Item
p Indemnification	Section 16	Section 5	Items 6, 13 and 14
q Owner's participation, management, staffing	Sections 3, 4, 7, 8 and 10	Sections 4 and 5	Items 11 and 15
r Records and reports	Section 11	Section 3	Item 8
s Inspections and audits	Section 12	Section 3	Item 6
t Transfer	Section 13	Sections 7 and 8	Item 17
u Renewal	Section 2	Section 2	Item 17
v Post-termination obligations	Section 15	Section 10	Item 17
w Non-competition covenants	Sections 9 and 15	Sections 6 and 10	Item 17
x Dispute resolution	Section 17	Section 11	Item 17

ITEM 10 FINANCING

We do not offer direct or indirect financing to you We do not guarantee any note, lease or other obligation which you may enter into or incur

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

Except as listed below, Costa Vida is not required to provide you with any assistance

Pre-Opening Obligations

Before you open your Restaurant

1 We will provide franchise owners general guidance in selecting sites (Franchise Agreement, Section 3, Area Development Agreement, Section 3),

2 We will provide you with ~~our~~the layout requirements for your Costa Vida Restaurants and we will provide ~~the prototypical~~evaluations of plan layouts of a Costa Vida Restaurant We will also provide guidance to you in developing your Costa Vida Restaurants as we determine is necessary (Franchise Agreement, Section 3),

3 We will provide training to you and/or your ~~first~~ Operating Partner and ~~a limited number of~~ your general managers, assistant general managers, and prep cook/kitchen managers However, as described in **Item 6** and Section 4 of the Franchise Agreement, you will be responsible for all compensation and expenses (including travel, meals, and lodging) incurred due to any training programs This training is described in detail later in this Item (Franchise Agreement, Section 4),

4 We will provide to you~~, if available,~~ the Costa Vida Operations Manual, Recipe Builds, and Owner's Tool Kit ~~by loaning you confidential hard copy materials~~which we may revise or providing you temporary access to proprietary intranet sites (including the Franchise Website), with respect to training, management, quality assurance, health, safety, recruitment, security, site selection, site approval processes, standards, customer services, general manager training materials, approved suppliers, operating system manuals, restaurant training manuals, management training manuals, franchise owner materials, and the menu (Franchise Agreement, Section 4) The Operations Manual contains a total of 170 pages, but may be revised periodically The table of contents of the Operations Manual is attached to this Disclosure Document as Exhibit E, and includes the total number of pages for each section The Operations Manual is revised periodically, you are solely responsible for any access license fees associated with use of the intranet and for obtaining all necessary hardware and software for such access, and

5 If you have not previously owned or managed a Costa Vida Restaurant, we will provide you with opening operational assistance for your first Costa Vida Restaurant (Franchise Agreement, Section 3),

6 We periodically hold an "Owner's Kickoff Meeting" and a "Marketing Kickoff Meeting " The "Owner's Kickoff Meeting" is to acquaint you and your Operating Partner with Costa Vida's System You and your Operating Partner are required to attend an "Owner's Kickoff Meeting" as soon as possible after entering into an Area Development Agreement or the first Franchise Agreement Your Marketing Director, Operating Partner, or other designated member of your organization must also attend at least one "Marketing Kickoff Meeting " These individuals should attend a 'Marketing Kickoff Meeting" as soon as possible following signing an Area Development Agreement or signing the first Franchise Agreement (Area Development Agreement, Section 4) or the next meeting after joining your organization

Training

Before opening your Costa Vida Restaurant, you and/or your Operating Partner (described in **Item 15**), general managers, and prep cooks for your Costa Vida Restaurant who have not previously graduated from our certified training programs must successfully complete the appropriate training program The cost for the training is included in your Franchise Fee, however, you are responsible for paying attendant costs for all expenses, including training materials, travel costs, lodging and meals, as well as, compensation to your employees attending the training Your personnel must also be trained using our approved training programs and materials, as stated in the Operations Manual, as amended All training must be completed to Costa Vida's satisfaction You must receive Costa Vida official training certification before opening your Costa Vida Restaurant

You and/or your Operating Partner must complete all Costa Vida training, which includes both classroom and hands-on training covering all phases of Costa Vida Restaurant operations, including food preparation, food safety, equipment operation and maintenance, cost control, inventory control, and basic techniques of management The training time periods and locations shall be listed by Costa Vida, as amended, in the Costa Vida Operations Manual and other materials as we deem appropriate Currently training typically occurs at a Costa Vida training restaurant determined by us This location will most likely be a Costa Vida Restaurant located in Utah The duration of the training is set forth in the Training Summary Training is currently scheduled based on a mutually agreed upon schedule between the Operating Partner and Costa Vida Training is, generally, conducted once per month

As of the date of this Disclosure Document, training will be conducted or supervised by Bonnie ElHalta (see Item 2), or various experienced members of our staff and Costa Vida Restaurant management personnel who have experience in the operation of Costa Vida Restaurants

You must replace any individual who fails to successfully complete the appropriate training program(s) or who otherwise is not qualified to manage or perform the required functions at a Costa Vida Restaurant We will not charge any fees for attending the training programs we are required to provide under the Franchise Agreement However, as described in **Item 6**, you will be responsible for all compensation and expenses (including travel, meals, lodging, and incidental expenses) incurred due to any training programs Neither you nor your employees will receive any compensation from us for services performed during training

Instructional materials for the training programs, the subjects covered in training and approximate hours of classroom and on-the-job training are described in the Operations Manual

In addition to the training program, we will require you and/or your Operating Partner and other personnel for your Costa Vida Restaurant to attend and successfully complete periodic refresher or additional topical training programs

We may at our sole discretion require or allow you to establish a certified training program (that must continue to meet our high standards) for some or all of your personnel If any of your personnel fail to perform their duties in accordance with the certified training program you establish under our standards, they must again complete the certified training program or be terminated

The Costa Vida training course outline is as follows

TRAINING PROGRAM			
Subject	**Hours of Classroom Training**	**Hours of Training On-The-Job**	**Location**
Orientation	10	0	Franchisor s Headquarters
Food Preparation & Safe Handling	10	190	Franchisor's Headquarters
Position Training	30	200	Franchisor's Headquarters
New Store Opening	2	50	Franchisor s Headquarters
Management Training	5	50	Franchisor s Headquarters

Bonnie ElHalta is the Director of Training and Development/Communications and has been in this position at Costa Vida (and its predecessor) since September 2012 ~~She has 10 years of experience in training Jorge Garcia has been with Costa Vida since 2008 and was a General Manager before becoming part of the in-store training team He currently serves as the Field Training Manager He has 4 years of experience in training~~

Site Selection

You select the site for your Costa Vida Restaurant, subject to our approval If we do not accept a site you propose, you may select another site subject to our acceptance If you enter into an Area Development

Agreement with us, you must select sites within your specified geographic area as listed in your Area Development Agreement We will provide you with our standard site selection criteria and/or on-site evaluations of sites, as we deem appropriate

Before you acquire, by lease or purchase, any site for a Costa Vida Restaurant, you must submit a complete site information package to us We will review each site information package and determine whether to accept or reject the site after considering factors we deem appropriate, including the general location and neighborhood, and demographic information, traffic patterns, access, visibility, location of other restaurants and food establishments, size, configuration, appearance, and other physical characteristics of the site If we do not accept the proposed site, you will be required to submit alternative sites that meet our requirements If none of the sites you submit meet our approval and all of our mutual efforts do not result in the identification and approval of a site, we will terminate the Franchise Agreement at issue and refund your Franchise Fee

If we accept the site, we will deliver to you a signed Site Acceptance Letter We will use reasonable efforts to make a site acceptance decision within 30 days after we acknowledge receipt of a complete Site Information Package and any other materials we have requested (Area Development Agreement, Section 3) If you, one of your Owners, or one of your Affiliates at any time owns the premises for your Restaurant, you must immediately notify us and we require that you or such Owner or Affiliate (1) enter into an agreement with us in recordable form granting us the right and option, in the event of a termination (for whatsoever reason) of the Franchise Agreement, to lease the premises at fair market rental rates for a term ~~coterminus~~coterminous with the term of the Franchise Agreement for such premises, or (2) enter into a prime lease with us at fair market rental rates for a term ~~coterminus~~coterminous with the term of the Franchise Agreement for such premises and a sublease with us on the same terms as the prime lease The prime lease and sublease referenced in the preceding sentence shall be on the then-current lease and sublease forms used by us

Neither our acceptance of the premises nor any information communicated to you regarding our standard site selection criteria for Costa Vida Restaurants or the specific location of the restaurants will constitute a warranty or representation of any kind, express, or implied, as to the suitability of the site for a Costa Vida Restaurant Our acceptance of the proposed site merely signifies that we are willing to grant a franchise for a Costa Vida Restaurant at the site Your Costa Vida Restaurant may not be relocated without first obtaining our written consent (Franchise Agreement, Section 3, Area Development Agreement, Section 3)

We estimate the time from the date you sign the Franchise Agreement to the date you open your Costa Vida restaurant to be between two and ten months However, this time estimate may vary depending on numerous factors including location, construction schedules, and financing You shall complete development of and have the Restaurant ready to open within 180 days after we give our approval of the Premises and all required construction permits and licenses Failure to timely open shall subject the Franchise Agreement to termination under Section 14 of the Franchise Agreement If you have not obtained legal possession of the Premises within 90 days of the date of Site Approval Letter (see Section 3 of the Franchise Agreement), we have the right to retract such approval You acknowledge and agree that your Costa Vida Restaurant must be open and operating within 300 days after you sign the Franchise Agreement You must start construction of your Restaurant within 60 days after you have leased, subleased or acquired the Premises You must employ a general contractor acceptable to us You must procure all applicable construction insurance in amounts and coverages acceptable to us You must open your Restaurant within 10 days after the date construction is completed and all necessary approvals have been obtained

Operations Manual

We will provide you, through the Operations Manuals and other materials to be furnished or made available to you after you sign the Franchise Agreement, the standards and specifications for the fixtures, furnishings, equipment (which may in the future include computer hardware and software) and signs that we require and have approved as meeting our specifications and standards for quality, design, appearance, function and performance and which you must use (Franchise Agreement, Sections 3 and 8 and also **Item 8** of this Disclosure Document) At our option, we will furnish or make available to you these items in the form of paper copies, electronic copies on computer diskette or CD Rom, or electronic copies accessed through the Internet, Costa Vida Intranet, or other communication systems We may require you to authorize us to order the initial furniture, fixtures, equipment and architectural and design services package from these approved suppliers on your behalf If so, you must pay us or our Affiliates for these items and we will pay the suppliers

Point of Sales System

In operating your Restaurant, you must purchase and use the number of electronic cash registers necessary for the size of your Restaurant Currently, we require all Costa Vida franchisees to use the same POS System to ensure accurate and accessible sales reporting and other information You are allowed to choose the number of POS terminals appropriate for their Restaurant operations, provided that they meet our minimum System Standards, which requires a 2-terminal baseline configuration as of the effective date of this Disclosure Document While the POS System is software-based, the required hardware equipment is bundled and sold as part of the system and includes a back-office server, CPU, touch-screen monitor, credit card reader, keyboard and mouse for each terminal purchased Technical support for the first year of ownership is included as part of the package price The POS System is a platform for order taking, inventory control, labor scheduling and tracking, and back-office reporting A variety of financial reports and restaurant metrics can be produced by the system and conveniently accessed by authorized users See **Item 8** of this Disclosure Document for more information In the future, you must make and pay for all upgrades to your electronic cash registers that we may require In addition, we have the right to independently access the information and data you collect and gather We currently require that you have access to the Internet to submit reports, including Profit and Loss statements and Gross Revenue reports, for your Restaurant to us electronically via the Internet We also have the right to require you, at your sole expense to upgrade any required computer hardware and software to meet our then-current standards and specifications There is no limitation on the frequency and cost of this requirement We also have the right to independently access the information and data you collect and gather using any required computer hardware and software

Obligations After Opening

We will provide the following assistance during the operation of your Costa Vida Restaurant

1 We will provide periodic guidance to you with regard to the System, including improvements and changes (Franchise Agreement, Section 4),

2 We will periodically modify the Costa Vida Operations Manual to reflect changes in standards, specifications, and operating procedures (Franchise Agreement, Section 4),

3 We will periodically issue specifications, standards, methods, and operating procedures for Costa Vida Restaurants (Franchise Agreement, Section 8),

4 We will sell (or cause our Affiliates, Designated Suppliers or Approved Suppliers, as applicable, to sell) to you Proprietary Ingredients, Licensed Ingredients, and other products and services as described in **Item 8** (Franchise Agreement, Section 8),

5 We, at our discretion, may administer marketing and advertising funds for the development of advertising and related programs and materials (Franchise Agreement, Section 10),

6 We will provide periodic and on-going training programs for you and/or your Operating Partner (described in **Item 15**) and a limited number of your general managers However, as described in **Item 6**, you

will be responsible for all compensation and expenses (including travel, meals, and lodging) incurred due to any training programs, and we may charge a fee for such additional training This training is described in detail in this **Item 11** (Franchise Agreement, Section 4), and

7 We, at your request or at our discretion, may provide you with guidance for establishing your own certified training programs for certain personnel, provided that you may not train any personnel until we have certified your training program as meeting our standards, which certification may be revoked if your training program does not continue to meet our standards (Franchise Agreement, Section 4)

Computer Disruptions

Computer systems are vulnerable to disruptions in varying degrees to computer viruses, spyware, bugs, Trojans, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date related problems, and attacks by hackers and other unauthorized intruders You must take reasonable steps so that these disruptions will not materially affect your business We are not obligated to provided such protection or support We do not guarantee that information or communication systems that we or others supply will not be vulnerable to disruptions It is your responsibility to protect yourself from these disruptions You should also take reasonable steps to verify that your lenders, landlords, customers, and government agencies on which you rely, have reasonable protection This may include taking reasonable steps to secure your systems (including firewalls, password protection, anti-virus, and spyware protection systems and software), and to provide backup systems

Marketing

Local Marketing Funds

You must spend the amount specified in **Item 6** for local advertising and promotion of each of your Costa Vida Restaurants These amounts spent on local advertising and promotion will be designated as Local Marketing Funds (**"LMF"**) At our request, you shall furnish us with copies of invoices and other documentation evidencing your expenditures for LMF If we determine, at some later date, that you spent less than the required amount during the then most recently completed four consecutive fiscal quarters for locally advertising and promoting your Restaurant, we may collect LMF contributions directly We also may collect LMF funds directly from each Restaurant in a DMA when a DMA Marketing Cooperative is formed, as explained below We will provide you with at least 30 days' notice if we change the amount of the LMF you must spend If we collect LMF contributions directly from you, LMF contributions will be payable on the first business day following the immediately preceding Reporting Period together with the Royalty Fees (At our discretion, the funds may be electronically drafted or transferred) The LMF monies will be used to pay for the cost of implementing local marketing plans developed by you and approved by us or, if we collect LMF contributions from you, to reimburse you (up to an amount not to exceed the LMF contributions so collected) for the costs you incur in implementing local marketing plans developed by you and approved by us For these purposes, qualifying LMF expenditures include, but are not limited to amounts spent for advertising media, such as television, radio, Internet, newspaper, billboards, posters, direct mail, collateral and promotional items, advertising on public vehicles (transit and aerial) and, if not provided by us, the cost of producing approved materials necessary to participate in these media Non-qualifying LMF expenditures include amounts spent for items such as on-premises signs and menu board hardware, lighting, administrative costs, Yellow Pages advertising, discounts/coupon offers, free offers and employee incentive programs The Operations Manual contains a current list of qualifying and non-qualifying LMF expenditures We reserve the right to periodically revise the list

Marketing Administration Fee

In addition to the advertising and promotion expenditures and/or contributions discussed above, you must pay the Marketing Administration Fee (**"MAF"**) described in **Item 6** (At our discretion, the funds may be electronically drafted) The MAF is our exclusive property and will be used by Costa Vida to cover the costs of supporting and conducting market research activities, concept development (food and customer experience, project development and testing), design and collateral development (design, store prototyping, promotions, and testing), and maintenance, administration and direction of the foregoing activities We do not have to separately account to you for the MAF or expenditures from it

National Marketing Fund

We may, in our sole discretion, establish and administer a National Marketing Fund ("NMF") for the creation and development of creative materials and programs to increase brand awareness, marketing, advertising, and related programs and materials, including electronic, print, radio, television, and outdoor media as well as the planning and purchasing of national and/or regional media, including electronic, print, radio, television, and outdoor advertising, or other media vehicles (**"Marketing"**) We will use national and regional advertising agencies as well as our in-house marketing personnel as we deem appropriate At our discretion, the NMF may also pay for consumer research and the production and deployment of Marketing materials We reserve the right to have our Affiliate or a related entity manage this fund If not covered by NMF, each restaurant, whether Franchise-owned, company-owned, or company-affiliated, shall be responsible for its pro rata share (or, if applicable, on a use basis), on a per restaurant basis, of the actual production costs and fees (such as print ad fees) of the Marketing materials, which can be paid by dollars contributed to LMF Costa Vida Restaurants owned by us and our Affiliates shall contribute to the NMF on the same basis as the then-current rate for franchisees You must contribute to the NMF amounts that we establish from time to time as described in **Item 6** We are not currently charging you a NMF, however, we ~~reserve the right~~plan to do so ~~in the future~~during 2014

We will have sole discretion over all aspects of programs financed by the NMF, including national or regional media, creative concepts, materials, endorsements, and agency relationships Although the NMF is intended to maximize general recognition and patronage of the brand and the Marks for the benefit of all Costa Vida Restaurants, we cannot assure you that any particular Costa Vida Restaurant will benefit directly or pro rata from the placement of advertising Additionally, we reserve the right to define, at any time, the measurement terms for any media coverage The NMF may be used to pay for the cost of preparing and producing creative materials and programs we select, including video, audio, electronic, and printed advertising materials, media planning, and buying services, and for the cost of employing advertising agencies, and supporting market research activities We may furnish you with marketing, advertising, and promoting materials at cost, plus any related administrative, shipping, handling, and storage charges

The NMF will be accounted for separately from our other funds While our intent is to balance the NMF on an annual basis, the NMF may periodically run at either a surplus or deficit We may spend in any fiscal year an amount greater or less than the aggregate contributions of all Costa Vida Restaurants to the NMF in that year, and the NMF may borrow from us or other lenders to cover deficits in the NMF or cause the NMF to invest any surplus for future use by the NMF We will prepare annually a statement of monies collected and costs incurred by the NMF and furnish you a copy upon your written request Except as otherwise expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation with respect to the maintenance, direction, or administration of the NMF We do not act as a trustee or in any other fiduciary capacity with respect to the NMF

We did not collect any funds in the NMF in fiscal years ~~2011 or~~ 2012 or 2013 We ~~will~~reserve the right to seek the advice of owners of Costa Vida Restaurants by formal or informal means with respect to the creative concepts and media used for programs financed by the NMF At our direction, we may establish a Marketing Advisory Council (**"MAC"**) Members of the MAC are elected by franchise owners from among signatory franchise owners who have at least one restaurant open and the MAC will serve only in an advisory capacity The final authority on all programs financed by the NMF will rest with us, and we will have sole discretion over all aspects of such programs, including national or regional media, creative concepts, materials, endorsements, agencies, and suppliers We will have the right to change or dissolve the MAC

We may increase the LMF, MAF, or NMF contributions above two percent (2%), one-half percent (0 5%) and two percent (2%) of Gross Revenues, respectively, with an affirmative vote by 66% of all the then existing Company and franchised Costa Vida Restaurants or by an affirmative vote of 51% of the then existing franchised Costa Vida Restaurants

Advertising Approvals and Initial Advertising Costs

You must submit to us for our prior approval, a marketing plan annually for your market(s) and a marketing plan for each new restaurant opening along with samples of all advertising and promotional materials by following the creative approval process, which occasionally may be updated You must spend a minimum of ten thousand dollars ($10,000 00) for grand opening advertising and promotional programs for your Restaurant Grand opening advertising and promotional programs costs will be applied toward the required LMF expenditures You must use the types of advertising media specified in the Operations Manual and you must conduct your grand opening program within 90 days after your Costa Vida Restaurant begins operation If you elect to work with a marketing firm (including an advertising agency, public relations firm, printing or production company) you must obtain our written approval of such marketing firm, and such marketing firm must sign a Costa Vida approved confidentiality agreement before you sign any contracts or share any Confidential Information, as defined in your Franchise Agreement, with such marketing firm Marketing, advertising, printing or production firms employed by you will not be permitted access to any limited access intranet sites (including the Franchise Website) or any other information regardless of a confidentiality agreement having been signed Marketing, advertising, printing or production firms may not have access to trademark or branded collateral, apparel or merchandise without our written approval

Creative Approval Process

Costa Vida will produce all advertising and promotion materials However, Costa Vida holds the right to authorize or oversee the production of creative or marketing collateral by outside or third party marketing or advertising firms Any advertising and promotion materials not prepared by Costa Vida must be approved before your use The complete creative approval process, as it occasionally may be updated, can be found in the Operations Manual We reserve the right to decline approval of any advertising or promotional materials if we believe it does not meet our brand standards In some cases, Costa Vida may charge an assessment or custom creative fee to cover the cost of custom marketing collateral or promotional development that may not apply or be implemented System-wide You may not use any advertising or promotional materials that we have not approved

DMA Marketing Cooperatives

We have the right to establish marketing cooperatives for Costa Vida Restaurants in a certain Designated Marketing Area ("DMA") covering the geographic areas we may periodically designate ("DMA Marketing Cooperatives" or a "Marketing Cooperative") We have the right to form, change, dissolve, or merge DMA Marketing Cooperatives We have the right to create and to enforce the DMA Marketing Cooperatives' programs and bylaws

If we have established a Marketing Cooperative in your market area, you must participate in the Marketing Cooperative and its programs and abide by its bylaws You must contribute the amounts to Marketing Cooperative as determined by vote of the cooperative members in accordance with their bylaws All Costa Vida Restaurants, including those owned by Costa Vida or an Affiliate, which are located in the designated local or regional area(s) will contribute to the Marketing Cooperative on the same basis Contributions to the local and regional Marketing Cooperatives are credited toward the two percent (2%) LMF expenditures required by the Franchise Agreement, however, if we provide you and your local and/or regional Marketing Cooperative 90 days' notice of a special promotion, including any regional promotions, you must participate in the promotion and also pay us any special promotion advertising fees assessed in connection with the program, beginning on the effective date of notice and continuing until the special promotion is concluded Any special promotion advertising fees will be in addition to, and not credited towards, the two percent (2%) LMF advertising expenditure required by the Franchise Agreement

We will administer each specific Marketing Cooperative (by geographic area) and collect your Marketing Cooperative contributions by automatic electronic withdrawal The financial statements of the Marketing Cooperative may be audited and the reports will be made available to you Each Costa Vida Restaurant located within the local or regional area of the Marketing Cooperative will be entitled to one vote Advertising conducted by the Marketing Cooperative may be in various media including television, radio, Internet, magazine, newspaper, billboards, transit, and aerial advertising

Computers

Description of Standard Hardware and Software System Components

The POS systems allows for the recording of restaurant orders and the capture of data for the possible use in other applications including inventory control, payroll, cash management, and production planning These systems may also allow for the seamless communication of daily financial and inventory information to a central processing facility To use this system, you must purchase and maintain a data-grade telephone line and subscribe to high-speed or broadband Internet services or access The information communicated to us, as described above, will also enable us to make automatic withdrawals of royalty and support center services fee payments from the designated account described in **Item 6** Internet connectivity is required to place orders to our product manufacturing and distribution centers so that you will be able to maintain your Restaurant product inventory at appropriate levels Even though we may not currently have independent access to information and data on your computer system, we intend to implement independent access in the future

None of us (Costa Vida, our Affiliates, or any Designated Supplier) are required to provide ongoing maintenance, repairs, upgrades or updates to the POS hardware systems However, the Designated Suppliers may offer various options for hardware repair, system modules, and software support plans, which you may be required to also purchase

The cost of the POS is approximately $12,000 to $15,000 The annual cost of the POS support is approximately $600 The annual cost of the gift and loyalty card program is also approximately $600 and the annual cost of the on-line ordering is about $1,000

Our IS department may produce and sell custom software applications and optional franchisee-owned restaurant systems support services to restaurants using a proprietary database system we have integrated with the POS system These goods and services may include the following

- Restaurant System Support – Help Desk
- Data Processing
- POS Database Setup
- System Training and Orientation

- Labor Schedulıng, Productıon Plannıng, and Cost Analytıcs Software
- Store Performance Analytıcs and Reportıng Capabılıty
- Customer Loyalty Management

Upon 60 days' wrıtten notıce, you must upgrade or replace financıal and ınventory data processıng and communıcatıons systems, ıncludıng the POS and back office computer system, whenever we requıre ıt, and we have no oblıgatıon to assıst you ın obtaınıng hardware, software, or related servıces There are no contractual lımıts on the frequency or cost of your oblıgatıon to obtaın such upgrades

We have the rıght to requıre you to modıfy or dıscontınue use of the POS system or any of ıts functıons ıf we determıne that ıt becomes advısable at any tıme In thıs case, you must comply wıth our dırectıons to modıfy or dıscontınue the use of the POS or any of ıts functıons or use a new POS or specıfic POS functıon wıthın a reasonable tıme after notıce from us You must bear all costs and expenses applıcable to your Costa Vıda Restaurant should we decıde to modıfy the POS or adopt a new POS We wıll have no lıabılıty or oblıgatıon whatsoever wıth respect to any such requıred modıficatıon or dıscontınuance of the POS or the ınstallatıon, traınıng, and use of a new POS Also, we are not oblıgated to reımburse you for any loss of goodwıll assocıated wıth any modıficatıon or dıscontınuance of the POS or the ınstallatıon and use of a new POS or for any expendıture made by you to traın your Restaurant staff on the new POS

Broadband Configuratıon

Your broadband network configuratıon must meet the followıng mınımum standards and crıterıa

- SDSL or Fractıonal T1(384K mınımum access speed)
- 5 Statıc IP Addresses Mınımum
- 4 ports on the SDSL/T1 Router
- SDSL/T1 must be configurable to brıdge model

To establısh a secure/firewall connectıon between the POS Server located ın your Restaurant and broadband servıce provıder, you may be requıred to purchase from Costa Vıda specıfic equıpment and devıces Also, we may requıre you to purchase addıtıonal equıpment and servıces to establısh Wı-Fı ınternet access ın your Restaurant We recommend that you hıre thırd-party vendors to ınstall the equıpment at an addıtıonal cost Also, ın the future, you may contract wıth us to perform the on-sıte ınstallatıon servıce at an addıtıonal cost

ITEM 12 TERRITORY

The Franchıse Agreement grants you the rıght to own and operate a Costa Vıda Restaurant at a specıfic locatıon You may not conduct the busıness of your Costa Vıda Restaurant at any sıte other than the Premıses, descrıbed ın your Franchıse Agreement, or relocate your Costa Vıda Restaurant wıthout our prıor wrıtten consent The Franchıse Agreement does not provıde you wıth any optıons, rıghts of first refusal, or sımılar rıghts to acquıre addıtıonal franchıses You are not granted the rıght to develop a Costa Vıda Restaurant wıthın one mıle of another Costa Vıda Restaurant (whıch ıs eıther open or operatıng or has been approved by us for development) ın a geographıc area not ıncluded ın your Area Development Agreement

Except as noted ın thıs **Item 12**, your rıght to own and operate a Costa Vıda Restaurant at a specıfic locatıon ıs exclusıve ın that we wıll not operate a Costa Vıda Restaurant or grant to a thırd party the rıght to operate a Costa Vida Restaurant within a geographic area consisting of a one mile radius from the center of the Premises (the **"Protected Area"**) Additionally, your territorial rights in the Protected Area are not dependent upon achievement of certain sales volume, market penetration or any other contingency We expressly reserve the right, however, in densely populated locales, to define the Protected Area based upon census population figures

We have the right to operate (directly or through an Affiliate) and grant to others the right to operate within the Protected Area

a) Costa Vida Restaurants or other retail food establishments (including non-Costa Vida restaurants) using any part or all of the System and Marks that are (i) located within retail outlets, restaurants, grocery stores, supermarkets, Internet, catalogs, and other channels of distribution (including wholesale distribution of products to restaurants, supermarkets, grocery stores, caterers, and other outlets), or (ii) located at transportation facilities (such as airport facilities, inter-MSA train and/or bus stations, turnpikes, or other limited access highway rest stops), colleges, universities, sports arenas, and entertainment facilities, where any of such locations or its food operations are controlled by a third party or in our judgment should be operated by a third party, and

b) Retail food establishments (including non-Costa Vida restaurants) that we purchase (or as to which we purchase the rights as franchisor) that are part of another franchise system or chain, regardless whether any or all of them are converted to use any or all of the Marks and the System or continue to be operated independently

Except for rights expressly granted to you under the Franchise Agreement, we retain all of our rights and discretion with respect to the Marks, the System, and Costa Vida Restaurants anywhere in the world, including the right to

a) Operate, and grant others the right to operate, Costa Vida Restaurants at locations and on terms and conditions we deem appropriate (you acknowledge that such Costa Vida Restaurants may be in direct competition with your Restaurant, without regard to any adverse effects of such activities on your Restaurants and without any obligation or liability to you),

b) Sell any products or services under any tradenames, trademarks, service marks or trade dress, including the Marks, through other channels of distribution (including wholesale distribution of baked goods to restaurants, supermarkets, grocery stores, caterers, Internet, catalogs, and other outlets),

c) Operate, and grant to others the right to operate, retail food establishments (including non-Costa Vida restaurants) identified by trademarks, service marks or trade dress, other than the Marks, under terms and conditions we deem appropriate

Area Development Agreement

The Area Development Agreement grants you the right to develop an agreed-upon number of Costa Vida Restaurants within a geographic area described in Exhibit A to the Area Development Agreement (the **"Development Area"**) The size of the Development Area will depend on the number of Costa Vida Restaurants suitable for the Development Area, as you and we determine in light of factors such as population density and the residential or commercial character of the Development Area The number of Costa Vida Restaurants and the dates they are to be open and operating will be set out in Exhibit A to the Area Development Agreement (the **"Development Schedule"**) The Area Development Agreement does not provide you with any options, rights of first refusal or similar rights to acquire or develop a Costa Vida Restaurant within one mile of another Costa Vida Restaurant (which is either open or operating or has been approved by us for development) in a geographic area not included in your Area Development Agreement

During the term of the Area Development Agreement and provided you, your Owners and your Affiliates are in compliance with the Area Development Agreement and all other agreements with us or any of our Affiliates (including Franchise Agreements signed under the Area Development Agreement), we will (a) grant to you, in accordance with Section 3 of the Area Development Agreement, that cumulative number of franchises for Costa Vida Restaurants in Exhibit A to the Area Development Agreement, all of which are to be located within the Development Area, and (b) not operate (directly or through an affiliate), nor grant others the right to operate, any Costa Vida Restaurant located within the Development Area, except for (1) franchises granted under the Area Development Agreement, (2) Costa Vida Restaurants open (or under commitment to open) as of the date of the Area Development Agreement, (3) Costa Vida Restaurants or other retail food establishments using any part or all of the System and/or Marks that are (i) located within retail outlets, restaurants, grocery stores, supermarkets, or other channels of distribution (including wholesale distribution of products to restaurants, supermarkets, grocery stores, caterers, Internet, catalogs, and other outlets), or (ii) located at transportation facilities (such as airport facilities, inter-MSA train, and/or bus stations, turnpikes, or other limited access highway rest stops), colleges, universities, sports arenas, and entertainment facilities, where any of such locations or its food operations are controlled by a third party or in our judgment should be operated by a third party, and (4) retail food establishments (including non-Costa Vida restaurants) that we purchase (or as to which we purchase the rights as franchisor) that are part of another franchise system or chain, regardless whether any or all of them are converted to use any or all of the Marks and the System or continue to be operated independently

Except as otherwise expressly provided in the Area Development Agreement, we retain all of our rights and discretion with respect to the Marks, the System, and Costa Vida Restaurants anywhere in the world, including the right to (a) operate, and grant to others the right to operate, Costa Vida Restaurants at the locations and on the terms and conditions we deem appropriate, (b) sell any products or services under any trademarks, service marks, or trade dress, including the Marks, through other channels of distribution, (including wholesale distribution of tortillas, marinated meats, sauces, merchandise, or other products to restaurants, grocery stores, caterers, Internet, catalogs, and other outlets), and (c) operate, and grant to others the right to operate, retail food establishments (including non-Costa Vida restaurants) identified by tradenames, trademarks, service marks or trade dress, other than the Marks, on the terms and conditions we deem appropriate

In the Development Area you must have open and operating, on the dates listed, the cumulative number of Costa Vida Restaurants stated in the Development Schedule We have no obligation under any circumstances to extend the Development Schedule Your failure to develop and operate Costa Vida Restaurants in accordance with the Development Schedule will be a material breach of the Area Development Agreement

Competing Businesses

Although we currently do not have plans to do so, we may, in the future engage in the wholesale distribution of tortillas, marinated meats, sauces, apparel, or other products to restaurants, grocery stores, caterers, and other outlets under the Marks or other names and marks Otherwise, we do not currently operate, or franchise the operation of, any other business selling under different trademarks any products or services similar to the products and services offered by Costa Vida Restaurants, and we presently do not have any plans to do so

ITEM 13 TRADEMARKS

Under the Franchise Agreement, we license you the right to use the Marks in the operation of your Restaurant As of the Effective Date of this Disclosure Document, the United States Patent and Trademark Office (the "USPTO") has issued Certificates of Registration for all of our applications There are no pending interference, opposition or cancellation proceedings or any pending material litigation, involving the Marks There are no agreements currently in effect which significantly limit our rights to use or franchise the use of the Marks

Costa Vida has registered the following marks on the principal Register of the United States Patent and Trademark Office ("USPTO")

Mark	Status	Registration Date	Registration No,
Costa Vida Fresh Mexican Grill and Design	Registered	July 25, 2006 August 15, 2006	3,121,960 3,131,054
Costa Vida	Registered	August 8, 2006 August 8, 2006	3,127,986 3,127,987

All required Affidavits have been filed and accepted by the USPTO

There are also two foreign registered trademarks, both in Canada The mark described as "Costa Vida Fresh Mexican Grill and Design" was registered on May 28, 2012 as Registration No TMA824898, and the mark "Costa Vida" was registered on May 28, 2012 as Registration No TMA824899

Your right to use the Marks is derived solely from the Franchise Agreement and is limited to your conduct of business in compliance with the Franchise Agreement and all applicable standards, specifications, operating procedures and rules that we require Your unauthorized use of the Marks will constitute a breach of the Franchise Agreement and an infringement of our rights in the Marks Your use of the Marks and any goodwill established by your use will benefit us exclusively The Franchise Agreement does not confer any goodwill or other interests in the Marks on you other than the right to operate your Restaurant in compliance with the Franchise Agreement All rights in and goodwill from the use of our trademarks, including the Marks, accrue solely to us All provisions of the Franchise Agreement applicable to the Marks will apply to any additional proprietary trade and service marks and commercial symbols that we authorize for use by you in the future

You must use the applicable Marks as the sole identification of your Restaurant, and you must identify yourself as the independent owner in the manner we require You may not use any Costa Vida Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos franchised to you under the Franchise Agreement), or in any modified form, nor may you use any of the Marks in performing or selling any unauthorized services or products or in any other manner not expressly authorized in writing by us You may not use any of the Marks as part of an electronic mail address or on any sites on the Internet or World Wide Web You may not use or register any of the Marks as any part of an Internet domain name You must display the applicable Marks prominently at your Restaurant, on supplies or materials designated by us, and on packaging materials, forms, labels and advertising and marketing materials You must display all applicable Marks in the manner we require, and you must use the appropriate signal, such as "®" for registered marks and "™" for non-registered marks or as we may otherwise designate in using any of the Marks You must refrain from any business or marketing practice which may be injurious to our business and the goodwill associated with the Marks

We have the right to require you to modify or discontinue use of any Costa Vida Mark or use one or more additional or substitute trade or service marks if we determine that it becomes advisable at any time In this case, you must comply with our directions to modify or discontinue the use of the Trademark or use one or more additional or substitute trade or service marks within a reasonable time after notice from us You must bear all costs and expenses applicable to your Costa Vida Restaurant should we decide to modify the Marks or adopt new marks We will have no liability or obligation whatsoever with respect to any such required modification or discontinuance of any Mark or the promotion of a substitute trademark, service mark or trade dress Also, we are not obligated to reimburse you for any loss of goodwill associated with any modified or discontinued Costa Vida Mark or for any expenditure made by you to promote a modified or substitute trademark or service mark

You must immediately notify us of any apparent infringement of or challenge to your use of any Costa Vida Mark or claim by any person of any rights in any Trademark, and you must not communicate with any person other than us or our counsel about the infringement, challenge or claim We have the right to take the action we deem appropriate and control exclusively any litigation, USPTO proceeding or any other administrative or court proceeding concerning any Costa Vida Mark You must sign any instruments and documents, render assistance and do those things as, in the opinion of our legal counsel, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO proceeding or other proceeding or otherwise to protect and maintain our interests in the Costa Vida Marks

We will indemnify you against and reimburse you for all damages for which you are held liable in any proceeding arising out of your authorized use of any Costa Vida Mark and for all costs you reasonably incur in defending any claim brought against you or any proceeding in which you are named as a party, if you have timely notified us of the claim or proceeding and have otherwise complied with the requirements of the Franchise Agreement and all other agreements entered into with us and our Affiliates At our option, we are entitled to defend and control the defense of any proceeding arising out of your authorized use of any Costa Vida Mark At Costa Vida's sole discretion, it will be entitled to prosecute, defend, or settle any proceeding out of your use of any Mark, and if Costa Vida decides to prosecute, defend, or settle any matter, it will have no obligation to indemnify or reimburse you for any fees or disbursements of counsel you retain In addition to all other rights we may have for unauthorized use of the Marks or the sale of unauthorized products or services, you must reimburse us for any damages, liability, or expenses incurred by us arising out of your sale of any unauthorized product or service or for any damages, liability, or expenses incurred by us arising out of your use of the Marks in an unauthorized manner

The Area Development Agreement does not grant you the right to use any of the Marks Your right to use the Marks is derived solely from the Franchise Agreements you enter into with us You may not use any Mark (or any abbreviation, modification, or colorable imitation) as part of a corporate or legal business name or in any other manner (including as an electronic media identifier, such as a website, web page, or domain name) not explicitly authorized in writing by us

To our actual knowledge, there are no rights or infringing uses which could materially affect your use of any Costa Vida Mark in any state

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Our rights to certain proprietary information have been challenged See **Item 3**

Except as noted below, we and our Affiliates do not own any patents or copyrights which are material to the Franchise

We consider certain information relating to the development and operations of Costa Vida Restaurants to be trade secrets and proprietary information This information includes

1 Operations Manuals and Materials,

2 Owner's Tool Kit,

3 Training Manual,

4 ingredients, recipes, and methods of preparation and presentation of authorized food products,

5 design binder consisting of Costa Vida design and decor elements, and custom furniture, decor and fixtures package,

6 sales, marketing, and advertising materials, programs and techniques for Costa Vida Restaurants,

7 identity of suppliers and knowledge of specifications, processes, procedures, and equipment, and pricing for authorized food products, materials, supplies, and equipment,

8 knowledge of operating results and financial performance of Costa Vida Restaurants, other than Costa Vida Restaurants you own,

9 methods of inventory control, storage, product handling, training, and management relating to Costa Vida Restaurants,

10 computer systems and software programs used or useful in Costa Vida Restaurants,

11 any and all other information that we provide you that is labeled proprietary or confidential,

12 methodology for assessing, selecting and approving restaurant locations, and

13 restaurant financial comparison, alerts, analytical software and tools, and methodologies

All ideas, recipes, concepts, methods, formulas, or techniques useful to Costa Vida Restaurants, whether or not constituting protectable intellectual property, and whether created by you or on your behalf, must be promptly disclosed to us and, if adopted as part of the System, will be considered our property and works made-for-hire for us You must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, methods, or techniques You must not, however, test, offer or sell any new products or methods or techniques without our written consent

You may not use our Confidential Information in an unauthorized manner and may not disclose our Confidential Information to others Your restrictions on disclosure and use of Confidential Information do not apply to information or techniques which are or become generally known in the restaurant industry (other than through your own disclosure), provided you obtain our prior written consent to such disclosure or use

We own the Confidential Information and claim copyrights in the Confidential Information The Confidential Information includes trade secrets and is our proprietary information You will have access to some of this Confidential Information required in the operation of your business However, you will not acquire any interest in any Confidential Information, other than the right to use Confidential Information disclosed to you in operating your Restaurant during the term of the Franchise Agreement The use or duplication of any Confidential Information in any other business will constitute an unfair method of competition and a violation of your Franchise Agreement We only disclose the Confidential Information to you on the condition that you agree

(i) Not to use Confidential Information in any other business or capacity,

(ii) To maintain the absolute confidentiality of Confidential Information during and after the term of the Franchise Agreement,

(iii) Not to make unauthorized copies of any portion of Confidential Information disclosed in written or other tangible form, and

(iv) To adopt and implement all reasonable procedures that we require to prevent unauthorized use or disclosure of Confidential Information, including restrictions on disclosure of Confidential Information to your employees and to comply with requirements that we may impose that certain key employees sign confidentiality agreements as a requirement and condition of employment

We have not registered any copyrights with the U S Registrar of Copyrights You may use the Operations Manuals and other materials during the term of the Franchise Agreement There are currently no effective determinations of the U S Copyright Office or any court regarding any of the copyrights There are no agreements currently in effect that significantly limit our rights to use or franchise the copyrighted materials Also, there are no other rights or infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state

Your right to use the copyrights is derived solely from the Franchise Agreement and is limited to your conduct of business in compliance with the Franchise Agreement and all applicable standards, specifications, operating procedures and rules that we require Your unauthorized use of the copyrights will constitute a breach of the Franchise Agreement and an infringement of our rights in the copyrights Your use of the copyrights and any goodwill established by your use will benefit us exclusively The Franchise Agreement does not confer any goodwill or other interests in the copyrights upon you other than the right to operate your Restaurant in compliance with the Franchise Agreement All rights in and goodwill from the use of the copyrights will accrue solely to us All provisions of the Franchise Agreement applicable to the copyrights will apply to any additional copyrighted materials that we authorize for use by you in the future

We have the right to require you to modify or discontinue use of any of the materials in which we claim copyrights if we determine that it becomes advisable at any time In this case, you must comply with our directions to modify or discontinue the use of those materials within a reasonable time after notice from us You must bear all costs and expenses applicable to your Costa Vida Restaurant should we decide to modify the Marks or adopt new marks We will have no liability or obligation whatsoever with respect to any such required modification or discontinuance of any Mark or the promotion of a substitute trademark, service mark or trade dress Also, we are not obligated to reimburse you for any loss of goodwill associated with the modification or discontinuation of any materials in which we claim copyrights or for any expenditure made by you in your use of those materials

You must immediately notify us if you learn that any person may be using our copyrighted materials without our consent or authorization You must also immediately notify us of any challenge to your use of any copyright or claim by any person of any rights in any copyright You must not communicate with any person other than us or our counsel about any challenge or claim to any copyright We have the right to take the action we deem appropriate and the right to exclusively control any litigation, U S Copyright Office proceeding or any other administrative proceeding concerning any copyright You must sign any instruments and documents, render assistance and do those things as, in the opinion of our legal counsel, may be necessary or advisable to protect and maintain our interests in any litigation or Copyright Office proceeding or other proceeding or otherwise to protect and maintain our interests in the copyrights

We are not obligated to indemnify you against, reimburse you for, or compensate you for any damages for which you are held liable in any proceeding arising out of your unauthorized use of any patent or copyright under the Franchise Agreement, neither are we obligated to reimburse or compensate you for any costs you incur in defending any claim brought against you, your Owners or Affiliates or any proceeding in which you are named as a party in connection with such unauthorized use of any patent or copyright In addition to all other rights we may have for unauthorized use of a patent or copyright, you must reimburse us for any damages, liability, or expenses incurred by us arising out of your use of a patent or copyright in an unauthorized manner At our option, we are entitled to defend and control the defense of any proceeding arising out of your use of any copyright

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

If you are, or at any time become, a business corporation, partnership, Limited Liability Company or other legal entity, you must designate in Exhibit B to the Franchise Agreement as the **"Operating Partner"** an individual approved by us who must

(a) own and control, or have the right to own and control (subject to conditions reasonably acceptable to us), not less than 10% of your equity,

(b) have the authority to bind you regarding all operational decisions with respect to your Restaurant, and

(c) have completed our training program to our satisfaction

You (and/or your Operating Partner) (a) shall exert your full-time and best efforts to the development and operation of your Costa Vida Restaurant and all other Costa Vida Restaurants you own, and (b) may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligation under the Franchise Agreement You must provide us with a copy of any proposed arrangement, agreement, or contract, and all amendments, with your Operating Partner for our prior review and approval, and upon approval thereof, signed copies thereof The agreement should include a provision that if the Operating Partner is terminated, for whatever reason, he/she shall not for a period of two years after such termination, recruit, or hire any person who is an employee of yours, ours, or of any Costa Vida Restaurant operated by us, our Affiliates or any franchisee of ours, without obtaining the employer's and our consent, which consent may be withheld for any reason We will have no responsibility, liability, or obligation to any party to any such arrangement, agreement, or contract, or any amendments, on account of our approval thereof or otherwise, and you must indemnify and hold us harmless with respect thereto Your Costa Vida Restaurant must, at all times, be managed by you (or your Operating Partner) or by a manager or shift supervisor who has completed our training program to our satisfaction Your manager need not have an equity interest in the franchise, but must not engage in any other business or activity that requires substantial commitment

As more fully stated in the Franchise Agreement and the Area Development Agreement, you must implement all reasonable procedures we occasionally prescribe to prevent unauthorized use or disclosure of Confidential Information Such procedures may include the use of nondisclosure agreements with your owners, officers, directors, Operating Partners, managers, assistant managers, prep cooks, and the like You and your owners must deliver such agreements to us At the end of the term of a Franchise Agreement or Area Development Agreement, you must deliver to us all Confidential Information We have the right to require your managers, assistant managers, prep cooks, and the like to sign a non-compete and confidentiality agreement in our favor as a condition of employment in the restaurant By signing the non-compete and confidentiality agreement, your managers, assistant managers, prep cooks and the like agree to the non-competition covenants described in **Item 17** of this Disclosure Document

You, your owners, officers, directors, Operating Partners, managers, assistant managers, prep cooks, and the like will be bound by the non-competition covenants described in **Item 17** of this Disclosure Document

If you are a partnership, corporation, limited liability company, or other legal entity, one, some, or all of your owners as we deem necessary must undertake to be personally bound, jointly and severally, by your obligations under the Franchise Agreement and Area Development Agreement, if any Copies of these guaranties are attached as Exhibit C to the Franchise Agreement and Exhibit C to the Area Development Agreement

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell all food, beverage, other products, merchandise, and services that we determine to be appropriate for your Costa Vida Restaurant We may, in our discretion, establish certain marketing programs, including limited time offers, with which you must participate We will not refund or compensate or exchange any unused products shipped to you in connection with these marketing programs You must offer all Costa Vida Products that we authorize you to sell However, we are not required to authorize you to sell all available Costa Vida Products

You are not restricted as to the customers whom you may serve at the Costa Vida Restaurant However, without our written consent, you may not offer Costa Vida Products approved for sale or services of your Restaurant or any materials, supplies, or inventory bearing the Costa Vida Trademarks at any site other than your Restaurant premises (other than catering events that you may book) or through any alternative channel of distribution (as further described in **Item 12**) In addition, you may not offer for sale any materials, supplies or inventory used in the preparation of any of the Costa Vida Products You may only sell finished Costa Vida Products that have been approved for sale at your Restaurant and only to retail customers, and you may not sell any Costa Vida Products to any person or entity purchasing the Costa Vida Products for resale In addition, you may not use the site of your Restaurant for any purpose other than the operation of a Costa Vida Restaurant in compliance with the Franchise Agreement

You may only use pamphlets, brochures, cards or other promotional materials offering free Costa Vida Products that we have prepared, unless otherwise approved by us in advance However, we will give favorable consideration to your use of promotional material or free or discounted product cards developed by you, if the cards clearly state that they may only be redeemed at Costa Vida Restaurants owned by you

Your Costa Vida Restaurant will not be permitted to offer any products or services (including promotional items) we have not authorized for Costa Vida Restaurants without prior written approval We have the right to change the types of authorized goods and services, and there are no limits on our right to make changes

Company-owned or company-affiliated Restaurants may participate in charitable endeavors You are also encouraged to participate in charitable, fundraising and community activities

You must at all times maintain an inventory of approved food products, beverages, ingredients, and other products sufficient in quantity, quality, and variety to realize your Costa Vida Restaurant's full potential

We may conduct market research to determine consumer trends and salability of new food products and services You must participate in our market research programs by test marketing new food products and services in your Costa Vida Restaurant and providing us with timely reports and other relevant information regardıng such market research You must purchase a reasonable quantıty of such test products and make a reasonable effort to sell them

Your lease may also ımpose other oblıgatıons or restrıctıons wıth respect to the types of products that you may offer from your premıses, and you must comply wıth those restrıctıons and oblıgatıons even ıf they would prevent you from offerıng certaın Costa Vıda Products that we have approved for you to offer In such case, you must seek wrıtten approval from us permıttıng you to comply wıth such restrıctıons and oblıgatıons

We and our Affilıates wıll have the perpetual rıght to own and use and authorıze other Costa Vıda Restaurants to use, and you wıll fully and promptly dısclose to us, all ıdeas, concepts, formulas, recıpes, methods and technıques about the development or operatıon of a restaurant servıng Mexıcan, southwestern, or sımılar cuısıne or products conceıved or developed by you or your employees durıng the term of your Franchıse Agreement You may not test, offer, or sell any new products wıthout our wrıtten consent

The Area Development Agreement contaıns no provısıon restrıctıng the goods and servıces you may offer However, wıth respect to each Costa Vıda Restaurant developed under the Area Development Agreement, you wıll be subject to the restrıctıons on goods and servıces contaıned ın our then-current standard Franchıse Agreement The restrıctıons ın our current Franchıse Agreement are set out above

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ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise or Other Agreement	Summary
a Length of the franchise term	Section 2	Initial term is 10 years
b Renewal or extension	Section 2	May be granted a renewal term of 10 years under terms of then-current Franchise Agreement This means that you may be asked to sign an agreement with terms and conditions that are materially different from those in your original agreements
c Requirement for franchisee to renew or extend	Section 2	You give us at least 180 days notice, you sign new Franchise Agreement (which may include different or additional fees and performance criteria) and our then-current Renewal Addendum (which will establish that you have no additional renewal rights and contain a general release) at our request, you have refurbished and remodeled the premises, you have complied with the Franchise Agreement and all other agreements with us or our Affiliates during the initial term, you have satisfied all monetary obligations, you retain the premises for the renewal term, and there is no adverse franchise legislation This means that you may be asked to sign an agreement with terms and conditions that are materially different from those in your original agreements
d Termination by franchisee	None	
e Termination by franchisor without cause	None	
f Termination by franchisor with cause	Section 14	We have the right to terminate if you are in default of Franchise Agreement or any other agreement with us or our Affiliates or if you fail to satisfactorily complete the required training or if you fail to begin your Restaurant operations within 180 days after signing of Franchise Agreement
g Cause defined – curable defaults	Section 14	You have 24 hours to cure health violations, 10 days to correct delinquent payments due us, 30 days to cure breaches of Franchise Agreement
h Cause' defined – non curable defaults	Section 14	Includes voluntary bankruptcy, insolvency, failure to open or abandonment of business, cancellation of lease, breach of obligations under the lease of the restaurant premises misrepresentations or omissions conviction or plea of no

Provision	Section in Franchise or Other Agreement	Summary
		contest a felony, violation of any anti-terrorism law, unauthorized transfer unauthorized disclosure of Confidential Information, repeated breaches of the agreements, unauthorized use of the Costa Vida Marks or Confidential Information, failure to pay uncontested taxes, repeated defaults even if cured, default on any financing obligations failure three or more times within a period of twelve months to submit reports and other data or to otherwise comply with the Franchise Agreement, whether or not such failure is corrected
i Franchisee's obligations on termination / non renewal	Section 15	Pay all amounts due, including any late charges and interest, continue to honor all guarantees releases and waivers retain records and permit audits, not disclose Confidential Information, discontinue use of Costa Vida Marks, Confidential Information, proprietary software, and any mode of Internet communications, de identify your business return the Operations Manual, Owner s Toolkit and Training Manual(s) deliver to us all signs, equipment, supplies and materials displaying the Costa Vida Marks, cancel any fictitious or assumed name certificates make required changes to premises, assign telephone listings, dispose of non-returnable supplies and materials, honor indemnification requirements, and continue to honor and be bound by general provisions, provide evidence of your compliance within 30 days of termination
j Assignment of contract by franchisor	Section 13	No restriction on our right to transfer or assign Franchise Agreement
k Transfer by franchisee – defined	Section 13	Includes sale, transfer, assignment, or other disposition of the Franchise Agreement's rights, or other ownership interest in franchisee, or ownership change
l Franchisor s approval of transfer by franchisee	Section 13	We have the right to approve all transfers but will not unreasonably withhold approval if certain conditions are satisfied
m Conditions for franchisor s approval of transfer	Section 13	Restaurant must have opened, you must be in compliance with agreement, Transferee must qualify, complete training, and sign new or existing Franchise Agreement and other related agreements, transferee cannot be a public company, all your Restaurants must be transferred, transfer fee must be paid, your obligations are paid and you are not in default, you must subordinate debts and sign a general release and non compete agreement, we must approve price and payment terms there must be no adverse franchise legislation, you subordinate any obligations of the transferee to you to the transferee's obligations to us, you obtain any required landlord consents, you agree not to use the Costa Vida Marks, you or your transferee agrees to any refurbishment we require and you must do other things we request

	Provision	Section in Franchise or Other Agreement	Summary
n	Franchisor s right of first refusal to acquire franchisee s business	Section 13	We can match any bona fide offer for your business or for a Controlling Interest in you within 30 days from delivery of a complete and accurate copy of offer
o	Franchisor's option to purchase franchisee s business assets	Section 15	Upon termination of the Franchise Agreement, we have the right to purchase any or all of your Restaurant s Assets by giving you notice within 10 days of termination/expiration, at fair market value Under the security agreement that may be provided for in the Franchise Agreement, we can foreclose and acquire the assets of your Restaurant if you default
p	Death or disability of franchisee	Section 13	All rights in the Franchise Agreement must be assigned to an approved buyer within a reasonable time period not to exceed six months of death/disability
q	Non competition covenants during the term of the franchise	Section 9	No involvement in any competing business, regardless of its location
r	Non-competition covenants after the franchise is terminated or expires	Section 15	You may not own, have direct or indirect interest in, or provide services/advice to any competing business or any entity which franchises or licenses a competing business for 2 years within your Protected Area or within five miles of any Costa Vida Restaurant
s	Modification of agreement	Sections 10 and 18	Generally, no modifications except by written agreement signed by both parties However, the Operations Manual and Materials, Owner's Toolkit, Training Manual, and the Franchise Website, cvfranchise com, are subject to change by us We may also increase the NMF, LMF, or MAF contributions with an affirmative vote by 66% of the then existing company owned, company-affiliated, and franchised restaurants or 51% of then existing franchised restaurants
t	Integration/merger clause	Section 18	Only the terms of Franchise Agreement, including Operations Manual, are binding (subject to state law) Any other oral or written promises may be unenforceable Nothing in the Franchise Agreement or any related agreement is intended to disclaim franchisor s representations made in this Disclosure Document
u	Dispute resolution by litigation	Section 17	Parties may resolve disputes through litigation
v	Choice of forum	Section 17	Utah state court, and federal district court in Salt Lake City, Utah
w	Choice of law	Section 18	Utah law applies generally, unless governed by applicable franchise laws of other states

Area Development Agreement

Provision	Section in Area Development Agreement	Summary
a Length of the Area Development Agreement term	Section 2	Date in Exhibit A or date upon which developer opens cumulative number of restaurants in Exhibit A
b Renewal or extension	Section 2	No right to renew or extend
c Requirements for franchisee to renew or extend	Section 2	No right to renew or extend
d Termination by franchisee	None	
e Termination by franchisor without cause	None	
f Termination by franchisor with cause	Section 9	We can terminate only for specified causes
g Cause defined – curable defaults	Section 9	30 days to cure a breach of Area Development Agreement 30 days to discharge any petition in bankruptcy, dissolution, reorganization, or appointment of receiver or custodian
h 'Cause' defined – non-curable defaults	Section 9	Failure to meet Development Schedule, misrepresentations or omissions, conviction or plea of no contest toa felony, violation of any anti-terrorism law, unauthorized transfer, unauthorized disclosure of Confidential Information, repeated breaches of the agreements, breach of any Franchise Agreement or any other agreement between you, your Owners, or any of your Affiliates (as defined in the Area Development Agreement) and us, adverse franchise legislation
i Franchisee s obligations on termination / non-renewal	Section 10	Comply with covenant not-to-compete
j Assignment of contract by franchisor	Sections 7 and 12	No restriction on our right to transfer or assign Franchise Agreement
k 'Transfer' by franchisee — defined	Section 1	Includes sale transfer, assignment, or other disposition of the agreement's rights, or other ownership interest in you
l Franchisor's approval of transfer by franchisee	Section 8	We have the right to approve all transfers but will not unreasonably withhold approval if certain conditions are satisfied
m Conditions for franchisor s approval of transfer	Section 8	You must be in compliance with agreement, Transferee must qualify, complete training, and sign existing agreement and other related agreements, all your Restaurants must be transferred, transfer fee must be paid, you must subordinate debts and sign a general release and non-compete agreement there must be no adverse franchise legislation, and you must do other things we request

Provision	Section in Area Development Agreement	Summary
n Franchisor s right of first refusal	Section 8	We can match any bona fide offer for your business or for a Controlling Interest in you within 30 days from delivery of a complete and accurate copy of offer
o Death or disability of franchisee	Section 8	All rights in the Area Development Agreement must be assigned to the approved buyer within a reasonable time period not to exceed six months of death/disability
p Non-competition covenants during the term of the Area Development Agreement	Section 6	No involvement in any competing business regardless of its location, may not divert or attempt to divert business or customers to competing business
q Non-competition covenants after the Area Development Agreement is terminated or expires	Section 10	You may not own, have direct or indirect interest in, or provide services/advice to any competing business or any entity which franchises or licenses a competing business for 2 years within your Protected Area or within five miles of any Costa Vida Restaurant
r Modification of the Area Development Agreement	Section 12	No modifications except by written agreement signed by both parties
s Integration/merger clause	Section 12	Only the terms of the Area Development Agreement are binding (subject to state law) Any other oral or written promises may be unenforceable
t Dispute resolution by litigation	Section 11	Parties may resolve disputes through litigation
u Choice of forum	Section 11	Utah state courts, and federal district court in Salt Lake City, Utah
v Choice of law	Section 12	Utah law applies generally unless governed by applicable franchise laws of other states

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote the sale of our franchises

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document Financial performance information that differs from that included in Item 19 maybe 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

This Item sets forth certain historical revenue and expense information for all ~~39~~46 of the Costa Vida restaurants in operation for the entire twelve months of ~~2012~~2013 (In addition to the ~~39~~46 locations, ~~10~~11 stores were opened during ~~2012~~2013) ~~7~~9 of the subject restaurants are owned by an Affiliate of the franchisor, and the remaining ~~32~~37 are franchise locations owned by non-Affiliates of the franchisor **The information related to the ~~32~~46 franchise locations is based on profit and loss statements provided to us by our franchisees and has not been audited or otherwise verified by us**

The information contained in this Item 19 should not be considered to be the actual or probable sales and expenses that you will realize Your results will likely differ from the results contained in this Item 19 Performance varies from restaurant to restaurant and the information below cannot be used to make estimates related to future performance of any particular restaurant Your performance will be significantly impacted by your personal business, marketing and management skills, your financial investment capabilities, and your willingness to work hard and follow the Costa Vida System Many factors that may significantly impact financial performance are unique to each restaurant, including location, physical size and layout, market penetration, local market conditions and other factors Costa Vida does not represent that you will attain these financial results If you are purchasing the assets of existing restaurants, you should not rely on the information set forth below, but should instead review the actual performance of the restaurants being purchased

Other than the information set forth below, Costa Vida does not furnish or authorize its employees or Affiliates to furnish spoken or written claims regarding financial performance, earnings, revenues or results that you are likely to obtain Costa Vida specifically instructs its employees and Affiliates that they are not permitted to make any such claims, other than the information set forth below, and you may not rely on any such claims if made

Written substantiation of the data presented in this financial performance representation will be made available to you upon reasonable request

Additionally, a caution regarding the financial performance information below appears at the end of the Table It is critical that you read and understand this caution

Table 1 Fiscal Year ~~2012~~2013 Financial Performance

The following table represents average ~~2012~~2013 financial performance for ~~39~~46 Restaurants that operated for the entire year ending December 31, ~~2012~~2013 While there were ~~49~~57 restaurants operating as of December 31, ~~2012~~2013, ~~10~~11 Restaurants have not been included since they did not operate for the entire year ending December 31, ~~2012~~2013 The data in Table 1 is grouped into four columns with the first three showing the highest one-third, mid-level one-third and lowest one-third based on average sales performance, and the fourth column showing an average for all locations

	High	Mid – Level	Low	Average
	$1,200,000 and above	$800,000-$1,200,000	$800,000 and below	
No of Stores	~~13~~15	~~13~~15	~~13~~16	~~39~~46
AUV	~~$1,460,802~~1,590,945 64	~~$1,003,360~~1,023,670 63	~~$637,258~~712,797 13	~~$1,033,807~~1,118,145 54
COGS	~~28 88~~28 73%	~~30 12~~29 97%	~~30 55~~31 69%	~~29 62~~29 72%
Labor	~~20 02~~21 17%	~~23 42~~24 77%	~~26 61~~27 07%	~~22 47~~23 49%
Advertising	~~2 5~~22 25%	~~2 5~~42 52%	~~3 4~~23 10%	~~2 7~~22 51%

Repair & Maintenance	~~1 04~~1 14%	~~1 37~~1 42%	~~1 31~~1 62%	~~1 21~~1 32%
Supplies/Uniforms	~~2 18~~2 31%	~~2 40~~2 53%	~~3 35~~3 46%	~~2 49~~2 61%
Utilities	~~2 38~~2 44%	~~3 34~~3 44%	~~4 58~~4 77%	~~3 14~~3 22%
EBITDAR	~~24 60~~24 88%	~~18 39~~18 31%	~~10 31~~8 56%	~~19 65~~19 52%

Explanatory Notes to Table 1

(1) All percentages given are a percentage of the AUV

(2) Variation in AUV

Variations in the sales levels of restaurants may occur due to the foot/vehicular traffic where the restaurants are located, the populations and income of the immediate market area, the retail maturity in the area, the amount of competition in the area and numerous other factors

(3) AUV

AUV is the average annual restaurant sales for the applicable stores in each category AUV include sales of all food, beverages, promotional items, net of sales taxes, discounts and coupons

(4) COGS

COGS include all food, paper and distribution costs less supplier rebates

(5) Labor

Labor includes wages paid to all hourly and management employees working in the restaurant Your labor costs could vary depending on the prevailing wage rates in the area of the country in which a restaurant is located and the specific labor laws

(6) Advertising

Advertising costs include the cost of developing and executing various marketing programs for the restaurants This includes development and placement of electronic media, print and outdoor advertising Advertising also includes the cost of in-restaurant point of purchase materials and local restaurant marketing Required advertising expenses may vary by DMA Please refer to Items 6 and 11 of this disclosure document for a description of a franchisee's advertising spending obligations

(7) Repair & Maintenance

Repair & Maintenance costs include the cost of repair and maintenance of your facility and equipment

(8) Supplies/Uniforms

Supplies/Uniforms costs include costs for operational supplies, uniforms

(9) Utilities

Utilities includes costs for telephone, water, gas and electricity for the restaurant

(10) Restaurant EBITDAR

Restaurant EBITDAR equals restaurant level earnings before interest, income taxes, depreciation, amortization, and rent

(11) Legal Expenses and Other Administrative Expenses and Taxes

No amounts have been included for expenses a franchisee will likely incur for owners' salaries, interest and debt service, legal fees and income taxes You will likely have such expenses, and to the extent a franchisee expects to incur such expenses, the franchisee's overall expenses will be higher than those reflected in the table

CAUTION

There is no assurance regarding the financial performance of your restaurant If you rely upon our figures, you must accept the risk of not doing as well Actual results vary from restaurant to restaurant, and we cannot estimate the result of a particular restaurant Revenues and expenses may vary depending on whether the restaurant is operated by an Affiliate of the franchisor or operated by a third party franchisee and whether located in a metropolitan market or a non-metropolitan market In particular, the revenues and expenses of your restaurant will be directly affected by many factors, such as (a) geographic location, (b) competition from other similar restaurants in the market, (c) advertising effectiveness based on market saturation, (d) whether you assume the position as or hire a manager, (e) your pricing, (f) vendor prices on materials, supplies and inventory, (g) salaries and benefits to employees and other personnel, (h) business personnel benefits (life and health insurance, etc), (i) weather conditions, and (j) employment conditions in the market Expenses and costs, as well as the actual accounting and operational methods employed by a franchisee, may significantly impact profits realized in any particular operation

Importantly, you should not consider the revenues or expenses presented above to be the actual potential revenues or expenses that you will realize We do not represent that you can or will attain these revenues or expenses, or any particular level of revenues or percentage of expenses We do not represent that you will generate income, which exceeds the initial payment of, or investment in, the franchise

Therefore, we recommend that you make your own independent investigation to determine whether or not the franchise may be profitable to you You should use the above information only as a reference in conducting your analysis and preparing your own projected income statements and cash flow statements We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a Restaurant

[The remainder of this page is intentionally left blank]

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No 1
System-Wide Outlet Summary
For Years ~~2010~~2011 to ~~2012~~2013

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	~~2010~~2011	~~9~~16	~~16~~32	+~~7~~16
	~~2011~~	~~16~~	~~32~~	~~+16~~
	2012	32	41	+9
~~Company/Affiliate~~	~~2010~~2013	~~13~~41	~~7~~49	~~-6~~+8
Company/Affiliate Owned	2011	7	8	+1
	2012	8	8	0
~~Total Outlets~~	~~2010~~2013	~~22~~8	~~23~~11	+~~1~~3
Total Outlets	**2011**	**23**	**40**	**+17**
	2012	**40**	**49**	**+9**
	2013	**49**	**57**	**+8**

Table No 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Company) For Years ~~2010~~2011 to ~~2012~~2013

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Idaho	~~2010~~2011	~~1~~0
	~~2011~~2012	~~0~~2
	~~2012~~2013	0
Oklahoma ~~Utah~~	~~2010~~2013	~~5~~2
Utah	2011	0
	2012	1
~~Total~~	~~2010~~2013	~~6~~0
Total	**2011**	**0**
	2012	**1**
	2013	**2**

Table No 3
Status of Franchised Outlets
For Years ~~2010~~2011 to ~~2012~~2013*

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 Re-acquired by Company	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
Arizona	~~2010~~2011	2	~~0~~1					~~2~~3
	~~2011~~2012	~~2~~3	~~1~~0					3
	~~2012~~2013	3	~~0~~1				1	3
California	~~2010~~2011	2	0					2
	~~2011~~2012	2	0					2
	~~2012~~2013	2	0					2
Colorado	~~2010~~2011	1	0					1
	~~2011~~2012	1	0					1
	~~2012~~2013	1	~~0~~1					~~1~~2
Idaho	~~2010~~2011	~~0~~1	~~1~~3[1]					~~1~~4
	~~2011~~2012	~~1~~4	~~3[1]~~1					45
	~~2012~~2013	45	1					5
Missouri	~~2010~~2011	0	~~0~~1					~~0~~1
	~~2011~~2012	~~0~~1	~~1~~0					1
	2013	1	0					1
Nevada	2011	0	0					0
	2012	~~1~~0	0					~~1~~0
	2013	0	1					1
New Mexico	~~2010~~2011	1	0					1
	~~2011~~2012	1	0					1
	~~2012~~2013	1	0					1

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 Re-acquired by Company	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
Oklahoma	~~2010~~2011	0	0					0
	~~2011~~	~~0~~	~~0~~					~~0~~
	2012	0	2					2
~~Texas~~	~~2010~~2013	~~1~~2	0				2	~~1~~0
Texas	2011	1	0					1
	2012	1	0					1
~~Utah~~	~~2010~~2013	~~2~~1	~~6[2]~~1					~~8~~2
Utah	2011	8	9					17
	2012	17	4					21
~~Washington~~	~~2010~~2013	~~0~~21	~~0~~4					~~0~~25
Washington	2011	0	2					2
	2012	2	1					3
~~Alberta Canada~~	~~2010~~2013	~~0~~3	~~0~~1					~~0~~4
Alberta Canada	2011	0	0					0
	2012	0	1					1
~~**Totals**~~	~~**2010**~~**2013**	~~**9**~~**1**	~~**7**~~**1**	~~**0**~~	~~**0**~~	~~**0**~~	~~**0**~~	~~**16[2]**~~**2**
Totals	**2011**	**16**	**16**	**0**	**0**	**0**	**0**	**32**
	2012	**32**	**9**	**0**	**0**	**0**	**0**	**41**
	2013	**41**	**11**	**0**	**0**	**0**	**3**	**48**

*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time

[1] Includes one franchise transferred from the company

~~[2] Includes 5 company owned franchises sold~~

Table No 4
Status of Company – [and affiliate-] Owned Outlets
For Years ~~2010~~2011 to ~~2012~~2013

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 the Year
Idaho	~~2010~~2011	1	0	0	0	~~0~~1	~~1~~0
	~~2011~~2012	~~1~~0	0	0	0	~~1~~0	0
	~~2012~~2013	0	0	0	0	0	0
Utah	~~2010~~2011	~~12~~6	~~0~~2	0	0	~~6~~0	~~6~~8
	2012	8	0	0	0	1	7
	~~2011~~2013	~~6~~7	2	0	0	0	~~8~~9
Alberta, Canada	2012	~~8~~0	1	~~0~~	~~0~~	~~1~~	~~8~~1
~~Totals~~	~~2010~~2013	~~13~~1	~~0~~1	~~0~~	~~0~~	~~6~~	~~7~~2
Totals	**2011**	**7**	**2**	**0**	**0**	**1**	**8**
	2012	**8**	**1**	**0**	**0**	**1**	**8**
	2013	**8**	**3**	**0**	**0**	**0**	**11**

Table No 5
Projected Openings as of December 31, ~~2012~~2013

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchise Outlets in the Next Fiscal Year	Column 4 Projected New Company/Affiliate-Owned Outlets in the Next Fiscal Year
Alberta, Canada	1	1	~~5~~1
~~Arizona~~Alabama	~~2~~1	~~2~~1	
Arizona	1	3	
California	~~1~~3	~~2~~4	
Colorado	~~2~~1	3	
~~Idaho~~Georgia	1	~~2~~1	
Idaho	0	1	
Minnesota	1	~~1~~0	
Missouri	1	1	
~~Nevada~~Montana	1	~~2~~1	
Nevada	2	2	

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchise Outlets in the Next Fiscal Year	Column 4 Projected New Company/Affiliate-Owned Outlets in the Next Fiscal Year
Oklahoma	0	0	
Texas	1	2	
Utah	~~4~~3	~~5~~4	~~2~~1
Washington	~~1~~2	~~2~~3	
Total	~~13~~19	~~22~~27	~~7~~2

Current Franchisee List

The name, addresses, and telephone numbers of our franchisees and their Costa Vida Restaurants as of December 31, ~~2012~~2013 are listed in Exhibit B

Past Franchisee List

The name, last known address and telephone number, if available, of every franchisee who has transferred a franchise, had a franchise business terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the last completed fiscal year or who has not communicated with Franchisor within 10 weeks of the date of this Disclosure Document are listed in Exhibit B If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

We currently do not have any Area Developers

No Franchisees have signed confidentiality clauses during the last three years that prevent them from speaking to prospective franchisees about their experience as a Costa Vida franchisee

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit F are ~~theaudited~~the audited financial statements of (1) CVM, LLC for the ~~years~~year ended ~~December 31, 2010, and~~ December 31, 2011, and (2) Costa Vida Management, LLC for the year ended December 31, 2012 and December 31, 2013

ITEM 22 CONTRACTS

Attached as Exhibits to this Disclosure Document are the following contracts and their attachments

Exhibit A Schedule of State Administrators and Agents For Service of Process
Exhibit B List of Franchisees and Former Franchisees
Exhibit C Costa Vida Franchise Agreement
- Acknowledgment Addendum
- Ownership Addendum
- Guaranty
- Lease Addendum
- Confirmation of Term Commencement Date
- Investor Personal Covenants Regarding Confidentiality and Non-Competition

Authorization Agreement for Prearranged Payments (Direct Debits)
Site Selection Addendum
Assignment of Telephone Number(s)
SBA Addendum
State Specific Addenda

Exhibit D	Costa Vida Area Development Agreement	
		Development Area and Schedule
		Development Area Map
		Area Developer and Its Owners Ownership Addendum
		Guaranty
		Investor Personal Covenant Regarding Confidentiality and Non-Competition
		State Specific Addenda
Exhibit E	Costa Vida Operations Manual Table Of Contents	
Exhibit F	Financial Statements	
Exhibit G	State Specific Addenda	
Exhibit H	Definitions	
Exhibit I	Receipts	

ITEM 23 RECEIPTS

Exhibit I of this Disclosure Document is a detachable document acknowledging your receipt of this Disclosure Document The Federal Trade Commission requires that you promptly sign and return one copy of the Receipt to us This does not obligate you to purchase a franchise and it does not obligate us to sell you a franchise

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EXHIBIT A

SCHEDULE OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT A
SCHEDULE OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
CALIFORNIA	California Commissioner of Corporations Los Angeles 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 or (866) 275-2677 Sacramento 1515 K Street, Suite 200 Sacramento, CA 95814-4052 (916) 445-7205or (866) 275-2677 San Diego 1350 Front Street, Suite 2034 San Diego, CA 92101-3697 (619) 525-4233or (866) 275-2677 San Francisco 71 Stevenson Street, Suite 2100 San Francisco, CA 94105-2980 (415) 972 8559or (866) 275-2677	Corporations Commissioner Department of Corporations 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505or (866) 275-2677
CONNECTICUT	Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230
FLORIDA	[Not Applicable]	Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services 2005 Apalachee Pkwy Tallahassee, Florida 32399-6500 (850)-922-2966 or (850) 488-2221
HAWAII	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 548-2021	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Chief, Franchise Bureau Illinois Attorney General 100 W Randolph Street Chicago, IL 60601 (312) 814-3892
INDIANA	Secretary of State Administrative Offices of the Secretary of State Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner Securities Division 200 St Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Securities Division 200 St Paul Place Baltimore, MD 21202 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W Ottowa 670 Law Building Lansing, MI 48913 (517) 373-7117	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W Ottowa 670 Law Building Lansing, MI 48913 (517) 373-7117
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St Paul, MN 55101-2198 (651) 296-6328	Minnesota Department of Commerce 85 7th Place East, Suite 500 St Paul, MN 55101-2198 (651) 296-6328

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance Commerce Court 1230 "O" Street, Suite 400 PO Box 95006 Lincoln, NE 68509-5006 (402) 471-3445
NEW YORK	Secretary of State of the State of New York 41 State Street Albany, NY 11231	Assistant Attorney General Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211
NORTH DAKOTA	North Dakota Securities Department Fifth Floor 600 East Boulevard Bismarck, ND 58505	Franchise Examiner North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
OREGON	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
RHODE ISLAND	Director of Rhode Island Department of Business Regulation Division of Securities 1511 Pontiac Avenue, John O Pastore Complex—Bldg 69-1 Cranston, RI 02920 (401) 462-9527	Associate Director and Superintendent of Securities Division of Securities 1511 Pontiac Avenue, John O Pastore Complex—Bldg 69-1 Cranston, RI 02920 (401) 462-9527
SOUTH DAKOTA	Director of South Dakota Division of Securities 445 East Capitol Pierre, SD 57501 (605) 773-4823	Franchise Administrator Division of Securities 445 East Capitol Pierre, SD 57501 (605) 773-~~4823~~4013

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P O Box 12887 Austin, TX 78711 (512) 475-1769
UTAH	[Not Applicable]	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P O Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601
VIRGINIA	Clerk of the State Corporation Commission 1300 E Main Street Richmond, VA 23219 (804) 371-9672	Chief Examiner/Investigator State Corporation Commission Division of Securities and Retail Franchising 1300 E Main Street Richmond, VA 23219 (804) 371-9051
WASHINGTON	Director of Department of Financial Institutions Securities Division P O Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Administrator Dept of Financial Institutions Securities Division 150 Israel Rd SW Olympia, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P O Box 1768 345 W Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555
FEDERAL TRADE COMMISSION		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6th Street, NW Washington, D C 20580 (202) 326-3128

EXHIBIT B

LIST OF FRANCHISEES AND FORMER FRANCHISEES

LIST OF COMPANY-AFFLIATED & FRANCHISE STORES (AS OF DECEMBER 31, ~~2012~~2013)

Arizona

Costa Vida Store #32
Ola Nueva Inc
Daniel Dayton, Dano Dayton, Brad Dayton
13233 W McDowell Rd
Goodyear, AZ 85395
P 623 385 1316

Costa Vida Store # 3
Ola Nueva Inc
Daniel Dayton, Dano Dayton, Brad Dayton
1744 South Val Vista, Suite 107
Mesa, AZ 85204
P 480 633 8226

Costa Vida Store #~~27~~31
Ola Nueva~~ Inc~~, LLC
~~Daniel Dayton, Dano Dayton, Brad Dayton~~
~~21152 E~~1324 S ~~Rittenhouse Rd~~ Rural Road
~~Queen Creek~~Tempe, AZ ~~85242~~85281
P ~~480 888 7230~~(408) 268-2111

California

Costa Vida Store #21
CV of Roseville LLC
Jonathan Roberts
1475 Eureka Road #100
Roseville, CA 95661
P 916 773 9283

Costa Vida Store # 17
CV of Yuba City
Jonathan Roberts
1074 Harter Rd , #101B
Yuba City, CA 95993
P 530 673 9283

Colorado

Costa Vida Store # 12
CV Lonetree LLC
Spencer Bowen
10005 Commons Street, Suite 280
Lone Tree, CO 80124
P 720 895 3663

Costa Vida Store #94
Disciple Foods, LLC
Spencer Bowen
101 West Hampden Avenue
Englewood, CO 80110
P (720) 457-0075

Idaho

Costa Vida Store #70
Ultimate Seven
801 W Main
Boise, ID 83702
P 208 429 4109

Costa Vida Store #54
Second Wind Idaho LC
3000 S 25th E
Idaho Falls, ID 83404
P 208 529 4188

Costa Vida Store # 14
Ultimate Seven, LLC
3340 North Eagle Rd
Meridian, ID 83642
P 208 887 3853

Costa Vida Store #28
Second Wind Idaho, LLC
231 W Quinn Road
Pocatello, ID 83202
P 208 237 5555

Costa Vida Store #55
Second Wind Idaho LC
485 N 2nd E #108
Rexburg, ID 83440
P 208 356 7733

Costa Vida Store #75
Theresa Schick
Ultimate Seven, LLC
1850 Caldwell Blvd
Nampa, ID 83651
P (208) 466-3005

Missouri

Costa Vida Store #69
BB Magical Fruit, LC
115 Highway 291
Lee's Summit, MO 64063
P 816 525 8432

Nevada

Costa Vida Store #93
Desert Rock Management, LLC
Gary Moore
1664 Thomas H Gallagher Way, Suite 100
Elko, NV 89801
(775) 777-3555

New Mexico

Costa Vida Store #23
La Vida Loca LLC
Russ Hatch
4009 East Main Street
Farmington, NM 87402
P 505 324 0248

~~Oklahoma~~
~~Costa Vida Store #62~~
~~Quail Springs~~
~~2300 W Memorial Road~~
~~Oklahoma City, OK 73134~~
~~P 405-242-4717~~
~~Costa Vida Store #80~~
~~Tulsa~~
~~6746 S Memorial, Suite A~~
~~Tulsa, OK 74133P 918-451-0336~~
Texas

Costa Vida Store #20
Texas CV LLC
Ted Price
5615 Colleyville Blvd Ste 390
Colleyville, TX 76034
P 817 656 1700

Costa Vida Store #92
CV Alliance, LLC
Ted Price
9530 Feather Grass Lane, Ste 180
Ft Worth, TX 76177
P (817) 750-1775

Utah

Costa Vida Store #26
CV Holdings, LC
599 W Main St
American Fork, UT 84003
P 801 492 6782

Costa Vida Store #25
Abundant Brands
501 West 2600 South
Bountiful, UT 84010
P 801 294 4370

Costa Vida Store # 6
CV Holdings, LC
1351 South Providence Center Drive
Cedar City, UT 84720
P 435 586 1616

Costa Vida Store #33
Abundant Brands
639 West Marketplace Drive
Centerville, UT 84014
P 801 298 0505

Costa Vida Store #30
Playa del Sol Restaurant Group Inc
Kip Cashmore
1952 North 2000 West
Clinton, UT 84015
P 801 825 7744

Costa Vida Store #40
Abundant Brands
213 East 12300 South
Draper, UT 84020
P 801 523 6000

Costa Vida Store #79
Desert Rock LLC
1060 South Hwy 99
Fillmore, UT 84631
P 435 743 5782

Costa Vida Store # 1
Playa del Sol Restaurant Group Inc
Kip Cashmore
768 West 1425 North

Layton, UT 84041
P 801 773 9935

Costa Vida Store # 7
Tim Christensen
1309 North Main Street
Logan, UT 84341
P 435 755 0077

Costa Vida Store #37
Abundant Brands
4361 South State Street
Murray, UT 84107
P 801-268-6200

Costa Vida Store #22
CV Holdings, LC
334 23rd Street
Ogden, UT 84403
P 801 393 8432

Costa Vida Store # 9
CV Holdings, LC
1623 N State Street
Orem, UT 84057
P 801 802 8432

Costa Vida Store #47
CV Holdings, LC
800 W University Parkway
Orem, UT 84058
P 801 717 2471

Costa Vida Store #48
CV Holdings, LC
881 West State Street, #120
Pleasant Grove, UT 84062
P 801 785 8180

Costa Vida Store # 2
CV Holdings, LC
1200 North University Avenue
Provo, UT 84604
P 801 373 1876

Costa Vida Store #71
Playa del Sol Restaurant Group Inc
Kip Cashmore
4189 Riverdale Road, Building B-5
Ogden, UT 84405
P 801 392 8432

Costa Vida Store #41
Abundant Brands
3728 West 13400 South , #105
Riverton, UT 84065
P 801 446 8000

Costa Vida Store #49
Abundant Brands
1091 N Bluff Street #103
St George, UT 84790
P 435 688 7070

Costa Vida Store #50
Abundant Brands
2376 Red Cliffs Drive #401
St George, UT 84790
P 435 986 1122

Costa Vida Store #34
Abundant Brands
169 Rio Grande Street
Salt Lake City, UT 84101
P 801 456 8432

Costa Vida Store #35
Abundant Brands
1336 S Foothill Blvd
Salt Lake City, UT 84108
P 801 582 7873

Costa Vida Store #36
Abundant Brands
1010 East 2100 South
Salt Lake City, UT 84106
P 801 474 2254

Costa Vida Store #81
Abundant Brands
2180 So 300 East
Salt Lake City, UT 84115
P 801 466 1552

Costa Vida Store #39
Abundant Brands
10360 South State Street
Sandy, UT 84070
P 801 542 7030

Costa Vida Store #38
Abundant Brands
1902 East 9400 South
Sandy, UT 84093
P 801 676 4321

Costa Vida Store # 5
Playa del Sol Restaurant Group Inc
Kip Cashmore
1675 Skyline Drive
South Ogden, UT 84403
P 801 475 8435

Costa Vida Store #29
Playa del Sol Restaurant Group Inc
Kip Cashmore
1197 N Main Street
Tooele, UT 84074
P 435 843 8432

Costa Vida Store #42
Abundant Brands
3812 West 7800 South
West Jordan, UT 84084
P 801 260 1400

Costa Vida Store # 44
Abundant Brands
3312 South Decker Lake Drive
West Valley City, UT 84119
P 801 908 8646

Costa Vida Store #68
CV Holdings, LC
597 East 1000 North
Spanish Fork, UT 84660
P (801) 798-6330

Costa Vida Store #90
Costa Vida Vernal, LLC
2085 West Highway 40, #D
Vernal, UT 84078
P (435) 781-4934

Costa Vida Store # 96
CV Holdings, LC
575 E University Parkway, Suite B-1
Orem, UT 84097
P (801) 225-5220

Costa Vida Store # 97

Playa del Sol Restaurant Group Inc
Kip Cashmore
310 N Central Avenue
Station Park Mall
Farmington, UT 84025
P (801) 451-2575

Washington

Costa Vida Store #67
Cazier Enterprises, Inc
Russ Cazier
4309 West 27th Place
Bldg C, Suite 102-103
Kennewick, WA 99336
P 509 572 2235

Costa Vida Store #66
T&T Grills, LLC
Gary Turnidge
4805 North Division St Suite 102
Spokane, WA 99207
P 509 482 7999

Costa Vida Store #73
T&T Grills, LLC
2915 E 29th Ave Ste D
Spokane, WA 99223
P 509 535 3080

Costa Vida Store #74
Cazier Enterprises, Inc
Russ Cazier
95 Gage Blvd
Richland, WA 99352
P (509) 572-2370

Canada

Costa Vida Store #88
CV Holdings, LLC
1900, 705 Main Street
Airedrie, Alberta T4B 3K3 Canada
P 403 948 0345

Costa Vida Store #82
CV Holdings, LC
640 – 9737 Macleod Trail SW
Calgary, AB T2J 0P6
P (587) 352-0706

LIST OF FORMER FRANCHISEES (AS OF DECEMBER 31, ~~2012~~2013)

The name, last known address and telephone number, if available, of every franchisee who has transferred a franchise, had a franchise business terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the last completed fiscal year or who has not communicated with Franchisor within 10 weeks of the date of this Disclosure Document are listed below If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

Costa Vida Store #27
Ola Nueva Inc
Daniel Dayton, Dano Dayton, Brad Dayton
21152 E Rittenhouse Rd
Queen Creek, AZ 85242
~~None~~P 480 888 7230

Costa Vida Store #62
Quail Springs
2300 W Memorial Road
Oklahoma City, OK 73134
P 405-242-4717

Costa Vida Store #80
Tulsa
6746 S Memorial, Suite A
Tulsa, OK 74133
P 918-451-0336

EXHIBIT C

COSTA VIDA FRANCHISE AGREEMENT

Costa Vida® Franchise Agreement

Costa Vida Management, LLC
2989 West Maple Loop Drive, Suite 100
Lehi, Utah 84043

Office - (801) 797-2374
Fax - (801) 931-2455

Email ~~info@costavida net~~scantarero@costavida net

www costavida net

Costa Vida® Franchise Agreement

____
Franchisee

____
Location

____
Date of Agreement

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COSTA VIDA ™ FRANCHISE AGREEMENT

This Franchise Agreement (the "Agreement") is made and entered into as of __________ ___, ~~2013~~2014, by and between Costa Vida Management, a Utah limited liability company, with its principal place of business at 2989 West Maple Loop Drive, Suite 100, Lehi, Utah 84043 ("we", "us", the "Company" or "Franchisor") and ______________, ("you" or "Franchisee") whose principal address is__________________________________[address] The Company and Franchisee are sometimes collectively referred to in this Agreement as the "Parties"

1 INTRODUCTION

A COSTA VIDA RESTAURANTS

We own, operate, and franchise Costa Vida Restaurants, specializing in the sale of Mexican food, desserts, beverages, and other menu items using distinctive Proprietary ingredients and methods of food preparation and merchandise related to the Costa Vida concept, as we may periodically authorize We, or our Affiliates, have developed and own a comprehensive system for developing and operating Costa Vida Restaurants, which includes trademarks, building designs and layouts, equipment, Ingredients, specifications, and recipes for authorized food products, methods of inventory control, training programs and certain operational and business standards and policies, all of which we may improve, further develop or otherwise modify

B YOUR ACKNOWLEDGEMENTS

You have read and understood this Agreement, our Franchise Disclosure Document, and agreements relating hereto, if any You acknowledge that you have had ample time and opportunity to consult advisors of your own choosing about the potential benefits and risks of entering into this Agreement By signing this Agreement, you understand that the Costa Vida concept offers a high-quality, quick casual dining experience You accept the proposition that to deliver that experience requires a different approach to the quality of food products, level of design, environment, and customer experience (impacted by the quality of people and training) not typically found in quick-service food establishments You understand the terms, conditions, and covenants of this Agreement and accept them as being reasonably necessary to maintain the uniformity of our high-quality standards at all Costa Vida Restaurants to protect and preserve the goodwill of the Marks and the integrity of the System You have conducted an independent investigation of the business contemplated by this Agreement and recognize that the restaurant industry is highly competitive, with constantly changing market conditions and consumer tastes You recognize that the nature of Costa Vida Restaurants may change over time, that an investment in Costa Vida Restaurant involves business risks and that the success of the venture is largely dependent on your own business abilities, efforts, and financial resources

Except as expressly set forth in Item 19 of the Franchise Disclosure Document provided to you prior to the execution of this Agreement, we expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any representation, guaranty, or warranty expressed or implied, as to the sales volume, income, earnings, expenses, revenues, profits or success of Costa Vida Restaurants or the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the Costa Vida Network of Restaurants You further acknowledge that you have not received or relied on any representations about the franchise, Costa Vida Management, LLC, or its franchising program or policies from us or our officers, directors, shareholders, employees, or agents that are contrary to the statements made in our Franchise Disclosure Document or the terms of this Agreement Any information acquired by you from other Costa Vida franchisees relating to sales, income, earnings, expenses, revenues, profits or success of any franchised Costa Vida restaurant does not constitute information obtained from us, nor do we make any representation as to the accuracy of any information You acknowledge and agree that Costa Vida's officers, directors, employees, and agents act only in a representative, and not in a personal, capacity in connection with any of our dealings with you

C YOUR REPRESENTATIONS

You and your Principal Owners, jointly and severally if applicable, represent and warrant to us that (1) neither you nor any of your Principal Owners has made any untrue statement of any material fact or has omitted to state any material fact in the written information you have submitted in obtaining the rights granted hereunder, (2) neither you nor any of your Owners has any direct or indirect legal or beneficial interest in any business that may be deemed a Competitive Business, except as you have otherwise completely and accurately disclosed in writing to us in connection with obtaining the rights granted hereunder, and (3) the signing and performance of this Agreement will not violate any other agreement to which you or any of your Owners may be bound You recognize that we have signed this Agreement in reliance on all of the statements you and your Owners have made in writing in connection with this Agreement

D CERTAIN DEFINITIONS

The terms listed below have the meanings which follow them and include the plural as well as the singular Other terms are defined elsewhere in this Agreement in the context in which they arise

"ADA Application" – The area development agreement application submitted to us by you and/or your Owners

"Affiliate" – Any person or entity that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party The term "control" 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

"Alternative Approved Supplier" – Any supplier who has been proposed by you or by another franchisee to manufacture or provide products or Ingredients and who has been approved by us to do so in accordance with the terms of this Agreement

"Approved Supplier" – Any supplier, including us, an Affiliate of ours or an independent third party, whom we authorize to manufacture or provide products, services or Licensed Ingredients

"Competitive Business" – Any retail food establishment (including any restaurant) in which any of the following categories constitutes more than 20% of its revenues or 20% of its menu (1) burritos, tacos, quesadillas, or (2) Latin American, Central American, or Mexican food, desserts, or beverages of any kind, as well as any business that manufactures, wholesales, and/or distributes Latin American, Central American, or Mexican food, desserts, or beverages of any kind, including tortillas and salsas Restrictions in this Agreement on competitive activities do not apply to (a) the ownership or operation of other Costa Vida Restaurants that are licensed or franchised by us or any of our Affiliates, or (b) the ownership of shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than five percent of that class of securities

"Confidential Information" – Our proprietary and confidential information relating to the development and operation of Costa Vida Restaurants, including (1) Operations Manual, Owner's Toolkit, Training Program Manual, and other manuals given to you, your partners, and your Restaurant personnel, (2) ingredients, recipes, and methods of preparation and presentation of authorized food and products, (3) site selection criteria for Costa Vida Restaurants and plans and specifications for the development of Costa Vida Restaurants, (4) sales, marketing, and advertising programs and techniques for Costa Vida Restaurants, (5) identity of suppliers and knowledge of specifications, processes, procedures, and equipment, and pricing of authorized food products, materials, supplies, and equipment, (6) knowledge of operating results and financial performance of

Costa Vida Restaurants, other than Costa Vida Restaurants you own, (7) methods of inventory control, storage, product handling, training and management relating to Costa Vida Restaurants, (8) computer systems and software programs used or useful in Costa Vida Restaurants, and (9) any and all other information that we provide you that is labeled proprietary or confidential

"Controlling Interest" – An interest, the ownership of which empowers the holder to exercise a controlling influence over the management, policies or personnel of an Entity Ownership of 10% or more of the equity or voting securities of a corporation, limited liability company or limited liability partnership or ownership of any general partnership interest in a general or limited partnership will be deemed conclusively to constitute a Controlling Interest in the corporation, limited liability company, or partnership, as the case may be

"Costa Vida Restaurants" – Restaurants featuring Mexican fare with a custom prepared-to-order food service counter, or any other outlet selling any Costa Vida Products for on- or off-premises consumption and services, all as designated by us and developed and operated with our approval and consent, which we, or any of our Affiliates, own, operate or franchise and which use the Marks and the System

"Costa Vida Products" – Products approved or required by us or our Affiliates for sale at or from Costa Vida Restaurants, including Mexican and southwestern cuisine, other food items, beverages, clothing, accessories, and other products approved by us or our Affiliates, provided that we have the right to modify and/or discontinue the use of the foregoing products at any time and include additional or substitute products

"Copyrights" – Works of authorship and other categories of work entitled to copyright protection that we license for use in connection with the operation of Costa Vida Restaurants and for which we or any of our Affiliates claim copyright protection

"Designated Marketing Area" or "DMA" – Each Costa Vida Restaurant shall be assigned to a particular Costa Vida marketing area based on television market designations which are determined by the latest TV viewing and other media usage patterns for a particular area Nielsen Media Research, a leading national media company, studies each county, determines which TV stations are predominately watched by the people living there, and assigns each county to the DMA from which the most watched TV stations originate Costa Vida Restaurants in each DMA may be assigned to a specific DMA Marketing Cooperative

"Designated Supplier" – Any supplier, including us, an Affiliate of ours or an independent third party, whom we authorize to manufacture Proprietary Ingredients and products

"Entity" – A corporation, general partnership, joint venture, limited partnership, limited liability partnership, limited liability company, trust, estate or other business entity

"Entity Owner" or "Principal Owner" – With respect to an Entity, any shareholder owning directly or beneficially 10% or more of any class of securities of the Entity, any general partner or co-venturer in the Entity, any partner in a limited liability partnership or member in a limited liability company owning directly or beneficially 10% or more of the ownership interests in the limited liability partnership or limited liability company, the trustees or administrators of any trust or estate, and any beneficiary of a trust or estate owning, directly or beneficially, 10% or more of the interests in the trust or estate If any Entity Owner within the scope of this definition is itself an Entity (including an Entity Owner that is an Entity Owner because of this sentence), the terms "Entity Owner" and "Principal Owner" also include Entity Owners and Principal Owners (as defined in the preceding sentence) in the Entity It is the intent of this definition to "trace back" and include within the definition of Entity Owner and Principal Owner all natural persons owning the requisite interests to qualify as Entity Owners or Principal Owners

"Immediate Family" – Spouse, parents, brothers, sisters, and children, whether natural or adopted

"Intellectual Property" – The Copyrights, Marks, Patents and Trade Secrets Also, see "Marks" below

"Internet" – All communications between computers and between computers and television, telephone, facsimile and similar communications devices, including the World Wide Web, proprietary online services, email, news groups, RSS feeds, and electronic bulletin boards

"Licensed Ingredients" – As defined in Section 8 Those ingredients we periodically authorize to be produced by Approved Suppliers

"LMF" – Local Marketing Fund, as defined in Section 10

"MAC" – The Marketing Advisory Council

"MAF" – The Marketing Administration Fee

"Marks" – Also see "Intellectual Property" above The trademarks, trade names, service marks, logos and other commercial symbols which we authorize you to use to identify Costa Vida Products and/or services offered by Costa Vida Restaurants, including the trademarks and service marks COSTA VIDA™ and COSTA VIDA FRESH MEXICAN GRILL™ and the Trade Dress (defined below) and the goodwill associated therewith, provided that we have the right to modify and/or discontinue the use of these trademarks, trade names, service marks, logos and other commercial symbols and the Trade Dress, and establish, in the future, additional or substitute trademarks, trade names, service marks, logos, commercial symbols or Trade Dress

"MSA" – A metropolitan statistical area, as determined by the U S Census Bureau

"NMF" – Our National Marketing Fund

"Operating Partner" – The individual you so designate in Exhibit B and any replacement thereof approved by us

"Operations Manual" – All information for the development, establishment and operation of a Costa Vida Restaurant which contains any mandatory or suggested standards, specifications or operating procedures, whether this information is communicated in writing, electronically (such as in bulletins, updates, guidelines, newsletters, emails, videotapes, audio tapes, compact discs, computer diskettes, CD-ROMs, presentations, limited access intranet sites, portable storage media, and alternative or supplemental means of communicating information by other media), all as supplemented and amended occasionally, including information with respect to training, management, quality assurance, health, safety, recruitment, security, site selection, site approval processes, standards, customer services, owner's manuals, training manuals, approved suppliers, and operating system manuals

"Owner" – Each person or entity that has a direct or indirect legal or beneficial ownership interest in you, if you are a business corporation, partnership, limited liability company, or other legal entity

"Patents" – The current and future patents and patent applications, if any, that cover business methods, processes, products, structures, equipment, and designs that we license for use in connection with the operation of Costa Vida Restaurants

"Personnel" – All persons employed by you in connection with the development, management, or operation of your Restaurant, including persons in general and district management positions for your Costa Vida Restaurants, general managers, prep cooks, assistant managers, team trainers, shift supervisors, hourly associates, and all other persons who work in or for your Restaurant

"Personal Profile" – The personal, financial, business, and other information relating to you and your Owners set forth in our personal profile form(s) which you and your Owners have completed and submitted to us before or together with the ADA Application

"POS" – Point-of-Sales System

"Premises" – The location identified in Section 2

"Proprietary Ingredients" – As defined in Section 8 All those ingredients we periodically authorize to be produced by Designated Suppliers

"Reporting Period" – A one week period from 12 00 a m , MST on Monday to 11 59 p m , MST on Sunday

"Restricted Person" – You, each of your Entity Owners, if you are an Entity, and the spouses, natural and adopted children, and siblings of any of you and your Entity Owners

"System Standards," "the System" or "Costa Vida System" – The business formats, signs, equipment, methods, procedures, designs, layouts, specifications, and arrangements for developing and operating Costa Vida Restaurants, which include the Marks, Trade Dress, building design and layouts, equipment, ingredients, recipes, methods of preparation and specifications for authorized food products, training, methods of inventory control and certain operating and business standards and policies, all of which we may improve, further develop or otherwise modify

"Trade Dress" – The designs, color schemes, decor and images which we authorize you to use in the development and operation of Costa Vida Restaurants, which we or our Affiliates have the right to revise and further develop at any time

"Trade Secrets" – Any Confidential Information and other materials or information that creates value for Franchisor or Costa Vida Restaurants because it is not generally known and kept private or confidential

"Transfer of the Development Rights" – or similar words – The voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of this Agreement, of any interest in or right under this Agreement, or any form of ownership interest in Area Developer, revenues or income of your Restaurant including (1) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, membership of, or a partnership interest in, Area Developer or of any interest convertible to or exchangeable for capital stock of, membership of or a partnership interest in, Area Developer, (2) any merger or consolidation Area Developer, whether or not Area Developer is the surviving entity, (3) any transfer in, or as a result of, a divorce, insolvency, corporate, limited liability company or partnership dissolution proceeding or otherwise by operation of law, (4) any transfer upon death of Area Developer or the death of any Principle Owners of Area Developer by will, declaration of or transfer in trust or under the laws of interstate succession,

'Transfer the Franchise" – or similar words – The voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of this Agreement, of any interest in or right under this Agreement, or any form of ownership interest in you or the assets, revenues or income of your Restaurant including (1) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, membership of, or a partnership interest in, you or of any interest convertible to or exchangeable for capital stock of, membership of or a partnership interest in, Franchisee, (2) any merger or consolidation between you and another entity, whether or not you are the surviving entity, (3) any transfer in, or as a result of, a divorce, insolvency, corporate, limited liability company or partnership dissolution proceeding or otherwise by operation of law, (4) any transfer upon your death or the death of any of your Principle Owners by will, declaration of or transfer in trust or under the laws of interstate succession, or (5) any foreclosure upon your Restaurant or the transfer, surrender or loss by you of possession, control or management of your Restaurant

"Your Restaurant" – The Costa Vida Restaurant operated by you under this Franchise Agreement

2 Grant of Rights

A Grant of Franchise

You have applied for the right to own and operate a Costa Vida Restaurant (the "**Restaurant**") at and only at, the following location ____________________________ [address] located within the Protected Area, as defined in the Site Selection Addendum, attached hereto as Exhibit H (the "**Premises**") Subject to the terms and conditions of this Agreement, we grant you a non-exclusive right to operate your Restaurant at the Premises and to use the Marks in the operation of the Restaurant in accordance with the System Standards (the "**Franchise**") During the Initial Term, as defined in Section 2B below, the Company will not operate (directly or through an Affiliate), nor grant to another person the right to operate, any Costa Vida Restaurants located within one mile of the Premises, or as otherwise defined in the Site Selection Addendum attached as Exhibit H

Notwithstanding the foregoing, we have the right to operate (directly or through an Affiliate), and to grant to others the right to operate, within the Protected Area and elsewhere (1) Costa Vida Restaurants or other retail food establishments using any part or all of the System Standards and/or Marks that are (i) located within retail outlets, grocery stores, supermarkets, and other channels of distribution (including wholesale distribution of food products or merchandise to restaurants, supermarkets, grocery stores, caterers, Internet, catalogs, and other outlets), or (ii) located at transportation facilities (such as airport facilities, inter-MSA train and/or bus stations, turnpikes, or other limited access highway rest stops), colleges, universities, sports arenas and entertainment facilities, where any locations or its food operations are controlled by a third party or in our judgment should be operated by a third party (collectively "Special Locations"), or (iii) mobile Restaurant, namely, located in a motor vehicle such as a truck, van or similar motorized vehicle, and (2) retail food establishments (including other non-Costa Vida restaurants) that we purchase that are part of another franchise system or chain, regardless of whether any or all of them are converted to Costa Vida Restaurants or continue to be operated independently

You have no right to construct or operate any additional, expanded or modified facilities on the Premises, nor any right to construct or operate a Costa Vida Restaurant at any location other than at the Premises In addition, you have no right to sublicense pursuant to this Agreement

Notwithstanding the foregoing, if your Restaurant is to be operated in a shopping center or mall, you shall have exclusive rights to operate a Costa Vida Restaurant within that shopping center or mall during the term of this Agreement

B Initial Term

The initial term of this Agreement will be ten years, commencing on the date of this Agreement (the "Initial Term") This Agreement may be renewed as provided in Section 2C This Agreement may be terminated before expiration of its term if (i) the lease or sublease of the Premises is terminated, or you otherwise lose the rights to occupy the Premises, or (ii) this Agreement is otherwise terminated in accordance with Section 14 References in this Agreement to the "Term" of this Agreement mean the initial term and any renewal term

C Renewal

If you are not in default at the time of exercise of a renewal option and at the time the prior term expires, you shall have the right, subject to the conditions contained in this Section, to renew this Agreement for your Restaurant on the terms and conditions of our then-current form of the Franchise Agreement, for an additional 10-year term, if upon expiration of the Term

(i) You give us written notice of your desire to renew your Agreement not less than six months nor more than twelve months before the expiration of the Agreement,

(ii) You sign our then-current form of Franchise Agreement, which may include different Royalty Fees and marketing fees, other fees and charges, and changes in performance criteria and in other terms and conditions, and our then-current Renewal Rights to this Franchise Agreement, which shall, among other things, establish that the Franchise Agreement is for a renewal term with no additional renewal rights, and contain a general release of any and all claims against us or our Affiliates and our and their respective officers, directors, attorneys, shareholders and employees,

(iii) At our request, you refurbish, remodel, redecorate, and renovate your Restaurant at the commencement of the renewal term to meet our then-current System Standards, including designs and service systems, trade dress and our then-current site criteria,

(iv) You have complied with all of the material terms and conditions of this Agreement or any other agreement between you and us during the initial term, and you and your Owners have been in substantial compliance with this Agreement throughout the Term,

(v) All monetary obligations owed by you to us, our affiliates or your suppliers or creditors, whether pursuant to this Agreement or otherwise, have been satisfied before renewal, and have been paid in a timely manner throughout the Term, and

(vi) You have the right to continue to lease or own the location of the Premises for the duration of the renewal term

If you have the right to renew, you must pay a renewal fee at the end of the Initial Term equal to the greater of the then-current initial franchise fee being charged by us, less the amount you paid to us as an initial fee when you purchased your franchise, or $7,500 We retain the right to change your fee for any renewal of your Agreement

We will give you notice, not later than 60 days after receipt of your election to renew, of our decision whether or not you have the right to renew this Agreement pursuant to this <u>Section 2C</u>

Failure by you (and your Owners) to sign these agreements and releases within 30 days after delivery to you shall be deemed an election by you not to renew the franchise for your Restaurant

D <u>OUR RESERVATION OF RIGHTS</u>

Except as otherwise expressly provided in this Agreement, we and all of our Affiliates (and our respective successors and assigns, by purchase, merger, consolidation, or otherwise) retain all of our rights and discretion with respect to the Marks, the System, and Costa Vida Restaurants anywhere in the world, and the right to engage in any business whatsoever, including the right to (1) operate, and grant to others the right to operate, Costa Vida Restaurants at locations and on terms and conditions as we deem appropriate (you acknowledge that these Costa Vida Restaurants may be in direct competition with your Restaurant, without regard to any adverse effects of these activities on your Restaurant and without any obligation or liability to you), (2) sell any products or services under any trade names, trademarks, service marks or trade dress, including the Marks, through other channels of distribution (including wholesale distribution of food products and merchandise to restaurants, supermarkets, grocery stores, caterers, Internet, catalogs, and other outlets), and (3) operate, and grant to others the right to operate, retail food establishments (including other non-Costa Vida restaurants) identified by trade names, trademarks, service marks or trade dress, other than the Marks, pursuant to these terms and conditions as we deem appropriate You acknowledge and agree that, except as expressly provided to the contrary in <u>Section 2A</u> hereof, your rights hereunder shall be non-exclusive You waive, to the fullest extent permitted under law, all claims, demands or causes of action arising from or related to any of the foregoing activities by us or any of our Affiliates

3 <u>DEVELOPMENT AND OPENING OF THE RESTAURANT</u>

A <u>SITE SELECTION</u>

We will furnish you with our standard site selection criteria and assistance for Costa Vida Restaurants, as we periodically may establish and modify You may also at times, and at our discretion, be required to utilize the services of an Approved Supplier, to assist you in ascertaining the most viable site for your Costa Vida Restaurant We may also provide such on-site evaluation of sites proposed pursuant hereto as we deem necessary or appropriate If we deem it necessary to provide an on-site evaluation of the proposed site, you must coordinate and arrange for the visit by our representative, agent or Approved Supplier and may be required to pay the related travel expenses These expenses may include airline and other transportation costs, meals, lodging and salaries

You must lease, sublease or purchase the Premises within 120 days after signing the Agreement We must approve the terms of any lease, sublease or purchase contract for the Premises, and you must deliver a copy to us for our approval before you sign it You agree that any lease or sublease for the Premises must, in form and substance be satisfactory to us, and it must include all of the provisions set forth on Exhibit D You may not sign a lease, sublease or purchase contract or any modification thereof without our written approval Our approval of the Premises is based upon, and made in reliance of, information you furnish and representations you make to us (all of which we assume you have carefully and fully considered in proposing the Premises to us) with respect to the size, appearance and other physical characteristics of the Premises, photographs of the Premises, and demographic characteristics, traffic patterns, competition from other businesses in the area and other commercial characteristics (including the purchase price, rental obligations, and other lease terms) Our approval of the Premises, lease, sublease, or purchase contract, and any information communicated to you regarding the Premises do not constitute an express or implied representation or warranty of any kind, including, but not limited to, its fairness or as to the suitability of the Premises for a Costa Vida Restaurant or as to your ability to comply with the terms of the lease or for any other purpose Our approval of the Premises, lease, sublease or purchase contract indicates only that we believe that the Premises falls within our criteria as of the time period encompassing the evaluation We do not, by virtue of approving the Premises, lease, sublease or purchase contract, assume any liability or responsibility to you or to any third parties You acknowledge that you have the sole responsibility for obtaining the advice of your own professional advisors before you lease, sublease, or purchase the Premises

Upon submission of a proposed site for the Restaurant, you agree that you may be required to pay to us or our Designated Supplier (which may be an affiliate) a lease review fee that is in the amount equal to the market rate for similar services as determined by us If we choose to collect this lease review fee, we may determine a separate and higher fee for a full lease review versus a cursory review (if the lease already meets certain criteria) ("Lease Review Fee") The Lease Review Fee pays the expenses incurred by us to review and (if we so choose) to negotiate certain provisions of the lease You agree that you are not a third-party beneficiary of the lease negotiation or review You agree that any Lease Review will not constitute an express or implied representation or warranty of any kind, as to its fairness or as to the suitability of the Lease for a Costa Vida Restaurant or as to your ability to comply with the terms of the lease or for any other purpose You agree that we do not guarantee that the terms, including rent, will represent the most favorable terms available in that market We may charge you only one (1) Lease Review Fee unless you refuse to or do not sign a lease that we have certified as acceptable for the Restaurant, and we then are required to engage in one or more additional lease reviews for the Restaurant, in which case you may have to pay us or our Designated Supplier a Lease Review Fee for the first lease review as well as an additional Lease Review Fee for each additional lease review

If a site for your Restaurant has not been agreed upon by the Parties by the time this Agreement is signed, we will approve a site for your Restaurant in accordance with the provisions found in this Section 3A and you must sign and comply with the Site Selection Addendum attached as Exhibit H

(1) You must submit to us, in accordance with procedures we periodically establish, a complete site proposal form, (the "Site Proposal Package"), containing demographics information, traffic patterns, access, visibility, location of other retail food establishments (including other Costa Vida Restaurants) and size, condition, configuration, appearance and other physical characteristics of

the site and all other information that we reasonably require for each site for a Costa Vida Restaurant that you propose to develop and operate and that you in good faith believe to conform to our then-current standard selection criteria for Costa Vida Restaurants,

(2) We will approve or reject each site for which you submit to us a complete Site Proposal Package in accordance with Section 3A(1) and, if we approve the site, we will do so by delivering our standard Site Approval Letter Our Site Approval Letter, duly signed by us, is the exclusive means by which we approve a proposed site, and no other direct or indirect representation, approval or acceptance, whether in writing or verbally, by any of our officers, employees or agents, shall be effective or bind us We will use all reasonable efforts to make a site approval decision and, if the site is approved, deliver a Site Approval Letter to you within 30 days after we receive the complete Site Proposal Package and any other materials we have requested In deciding whether to approve or reject a site you propose, we may consider these factors as we, in our sole discretion, deem appropriate, including the general location and neighborhood, demographics information, traffic patterns, access, visibility, location of other retail food establishments (including other Costa Vida Restaurants) and size, condition, configuration, appearance and other physical characteristics of the site Neither our approval of a proposed site, nor any information communicated to you regarding our standard site selection criteria or your proposed site or the advise or recommendation of any Approved Suppliers constitutes a warranty or representation of any kind, express or implied, as to the suitability of the proposed site, but merely signifies that we are willing to grant the right to a franchise for a Costa Vida Restaurant at that location in accordance with the terms of this Agreement Your decision to develop and operate a Costa Vida Restaurant at any site is based solely on your own independent investigation of the suitability of the site for a Costa Vida Restaurant In consideration of our approval of a proposed site, you and your Owners agree to release us, and our Affiliates, shareholders, members, officers, directors, employees, agents, successors and assigns from any and all loss, damages and liability arising from or in connection with the selection and/or approval of this site for the development of a Costa Vida Restaurant

(3) You must provide any other information or materials as we may require, such as a letter of intent or other document which confirms your favorable prospects for obtaining the proposed site

B ACQUISITION OR LEASE OF PREMISES

Unless you own the Premises, you must obtain any necessary lease or sublease for the Premises Unless we otherwise agree in writing, we will not assist you in the process of obtaining and/or negotiating a lease or sublease for the Premises In any event, you must obtain our approval of the terms of the lease or sublease, or purchase contract or any modification thereof, for the Premises before your signing of the lease or sublease You agree not to sign a lease or sublease which we have disapproved, and you must deliver a copy of the signed, approved lease to us within five days after its signing You agree that any lease or sublease for the Premises must, in form and substance satisfactory to us, include all of the provisions set forth on Exhibit D, unless otherwise approved by us You agree to indemnify and hold us and our Affiliates harmless from any breach of the lease even though we or one of our Affiliates may elect to assume the lease upon your termination

If you, one of your Owners, or one of your Affiliates at any time owns the Premises, you must immediately notify us and we may require that you or this Owner or Affiliate (1) enter into an agreement with us in recordable form granting us the right and option, in the event of a termination (for whatsoever reason) of the Franchise Agreement, to lease the Premises at fair market rental rates for a term ~~coterminus~~coterminous with the term of the Franchise Agreement for these Premises, or (2) enter into a prime lease with us at fair market rental rates for a term coterminus with the term of the Franchise Agreement for these Premises and a sublease with us on the same terms as the prime lease The prime lease and sublease referenced in the preceding sentence shall be on the then-current lease and the sublease forms used by us

If the lease for your Restaurant is terminated, at no fault of Franchisee, before the end of the Term, you may move your Restaurant to another location chosen in accordance with our site evaluation and approval process found in Section 3A The new location (1) must be in the original Restaurant's Protected Area, as determined by us, and (2) may in no case infringe upon a franchise agreement or other agreement applicable to another Restaurant

If you lose possession of your Restaurant's Premises because the lease expired by its terms, or on account of condemnation or eminent domain proceedings, you must initiate the relocation procedure in time to lease, build-out and open your Restaurant for business within 60 days after the original Restaurant closes If your lease is terminated on account of a fire or other casualty, you must initiate the relocation procedure in time to lease, build-out and open your Restaurant for business within 120 days after the lease for the original Restaurant terminates

C DEVELOPMENT OF THE RESTAURANT

You must construct and develop the Restaurant and pay for all expenses associated with it and for compliance with the requirements of any applicable federal, state, or local law, code or regulation, including those concerning the Americans with Disabilities Act ("ADA") or similar rules governing public accommodations for persons with disabilities Once you have executed your lease for the premises, ~~we~~you will obtain the building design from your landlord and ~~submit this design to our Kitchen Restaurant Designer Once the Designer~~have your architect do a site survey to verify dimensions, from which a floor plan will be created Once your architect has prepared the operational concept design of the Restaurant (the "~~Design~~Floor Plan") according to our specifications, ~~we will submit the Design and specifications to our vendors for bidding for the furniture, fixtures, equipment and signs At the same time, our Designer will finalize the Design Currently, the fee for this service is $1,500, which we may change at any time Thee fee is due upon receipt of an invoice from us Once the Designer has finalized the Design, it can be submitted to an architect chosen by you, and approved by us~~you will send the floor plan to us for review If the floor plan is approved, it will be sent back to your architect who will begin a full-set of plans If there are changes to the Floor Plan, we will highlight those changes and send them back to your architect to incorporate into the Floor Plan Once the changes have been incorporated, your architect will send back the Floor Plan to us for final review and sign-off We will send the revised approved plan back to your architect to complete a full-set of plans You or your architect must send a full set of plans to us upon completion/prior to construction beginning It will be your responsibility to assure compliance with the requirements of any federal, state, or local laws, codes or regulations You must modify the Design to ensure that it and all specifications comply with all applicable ordinances, building codes and permit requirements and any lease requirements and restrictions ~~Once we receive~~We will submit the floor plan and specifications to our vendors for bidding on the furniture, fixtures, equipment and ~~sign bids~~signs We will gather the quotes from the vendors and compile a summary and email it along with the complete bids to your attention Once you are ready to purchase your furniture, fixtures, equipment, and signs, we will request a deposit invoice from each vendor and forward ~~these~~it to you for payment directly to the vendor You will have ~~5~~30 days to pay ~~to~~ the amount contained in the bids in accordance with ~~our~~the vendor's instructions~~, including a payment to an escrow or other account from vendors will be paid~~ We shall have the right to supervise and inspect all construction to ensure that all is proceeding as set out in the Design and specifications You are not authorized to make any changes to the Design and/or specifications without our approval

We will furnish guidance to you in developing the Premises as we deem appropriate We may periodically inspect the Premises during its development We do not, by securing bids from our vendors, providing to you your Design and/or specifications or inspecting the Premises, assume any liability or responsibility to you or to any third parties These approvals and inspections shall be solely for the purpose of assuring compliance with our standards and shall not be construed as any express or implied representation or warranty that your Restaurant complies with any applicable laws, codes or regulations (including the ADA or any other federal, state, or local law or ordinance regulating standards for the access to, use of, or modifications of buildings for any by persons whose disabilities are protected by law) or that the construction thereof is sound or free from defects The Design and all prototype and modified plans and specifications for your Restaurant remain our sole and exclusive property, and you may claim no interest

Without limiting the foregoing, you will do or cause to be done the following with respect to development of the Restaurant (1) obtain all required construction and sign permits and licenses, (2) complete the construction of all required improvements to the Premises and decorate the Premises, (3) purchase and install all fixtures, furnishings, equipment, signs, and the opening food and beverage inventory and operating supplies and other materials from sources approved or designated by the Company, and (4) obtain all required financing in connection with development of the Restaurant You must complete development of and have the Restaurant opened to the public within 180 days after the Company gives its approval of the Premises and all required construction permits and licenses Failure to timely open shall subject the Franchise Agreement to termination under Section 14 If you have not obtained legal possession of the Premises within 90 days of the date of Site Approval Letter, we have the right to retract this approval You acknowledge and agree that your Costa Vida Restaurant must be open and operating within 300 days after you sign this Agreement You must start construction of your Restaurant within 60 days after you have leased, subleased or acquired the Premises You must employ a general contractor acceptable to us You must procure all applicable construction insurance in amounts and coverages acceptable to us You must open your Restaurant within 10 days after the date construction is completed and all necessary approvals have been obtained Any extensions of time are subject to our approval, which we may withhold at our discretion You must provide us with weekly progress reports during the construction phase These visits shall be at our expense, except for visits made upon your request, which shall be at your expense

The requirement to complete construction of your Restaurant includes obtaining all required construction and occupancy licenses and permits, developing the Premises (including all outdoor features and landscaping of the Premises), installing all required fixtures, furnishings, equipment and signs, and doing all other things as may be required pursuant to this Agreement or by practical necessity to have your Restaurant ready to open for business Your Restaurant may not be opened for business until we have notified you that your Restaurant meets our requirements for opening At the time the construction is completed, you must comply with the following requirements

(1) You must obtain all permits and certifications required for the lawful operation of your Restaurant, including a certificate of occupancy and health permits You must certify in writing that all these permits and certifications have been obtained, or submit copies of these permits and certificates to us You understand and acknowledge that we will not approve your Restaurant to be open for business until you certify in writing that all permits necessary for operation of your Restaurant have been received A copy of the Certificate of Occupancy will need to be sent to us

(2) You must notify us of the date of completion of construction You understand and acknowledge that you may not open the Restaurant for business unless you receive express written authorization from us in our standard Opening Approval Letter You further acknowledge and agree that our authorization to open will be conditioned upon your strict compliance with the specifications of the approved final plans and with the System Standards

Following the opening of your Restaurant, you have 60 days to provide us with a complete and full detailed statement of construction costs in a format prescribed by us You must sign verification that the information in this statement is complete and accurate

Notwithstanding anything to the contrary contained in this Section 3C, you shall not be deemed to be in breach of this Section 3C if your failure to start construction, finish construction or open your Restaurant as provided above results solely from windstorms, rains, floods, earthquakes, typhoons, tsunamis, mudslides, fires, other natural disasters, or terrorist acts Any delay resulting from any of these causes shall extend performance accordingly, in whole or part, as may be reasonable, except that no such causes shall extend performance more than 90 days without prior written consent, which consent may be withheld in our sole discretion

If, after you open, your Restaurant is damaged or destroyed by windstorms, rains, floods, earthquakes, typhoons, tsunamis, mudslides, fires, other natural disasters, or terrorist acts, or if you are required by any governmental authority to repair or reconstruct the Premises, you must repair or reconstruct the Restaurant in accordance with our then-current design standards This repair or reconstruction must be completed within a reasonable time in light of the circumstances If the repairs or reconstruction cannot be completed within 90 days after the damage or destruction, then you will have 30 days after this event in which to apply for our approval to relocate your Restaurant or for additional time to reconstruct the Restaurant This approval will not be unreasonably withheld, but may be conditioned upon the payment of an agreed minimum royalty while your Restaurant is not in operation

D FURNISHINGS, FIXTURES, EQUIPMENT AND SIGNS, DEVELOPMENT SERVICES

You must purchase or lease all required furnishings, fixtures, equipment and signs for your Restaurant You must purchase, lease, or use in the development and operation of the Restaurant only those brands, types or models of fixtures, furnishings, signs, supplies, services, and equipment and the design, architectural and construction services that the Company has approved As discussed above, we will provide to you bids from our approved vendors for your furniture, fixtures, equipment and signs Upon receipt by you of such bids, you will have 30 days to pay the amounts set forth on the bids for your furnishings, fixtures, equipment and signs ~~Such~~You will need to work with each vendor to make the deposit payment ~~shall be made in the manner we designate (whether in escrow or some other account)~~according to the individual vendor's payment terms Once ~~your~~ payment ~~is~~has been received~~, arrangements will be made to pay the respective~~ by the vendors, ~~and we will instruct them to begin delivery and installation of all such items per your construction schedule~~the lead time for procuring your items will begin No vendors will order or ship any furnishings, fixtures, equipment or signs until payment has been received You will be liable for any and all sales tax associated with the purchase or lease of such items Occasionally, we may modify the list of approved types, brands, models and/or suppliers, and you may not, after receipt of notice of this modification, reorder any type, brand or model from any supplier that is no longer approved After your Restaurant opens, you agree not to alter its fixtures, equipment, signs, or furniture without our express prior written approval

You further agree to place or display at the Premises of the Restaurant only such signs, emblems, lettering, and logos that are periodically approved in writing by the Company You must display in your Restaurant all (1) product identification materials, (2) point-of-purchase promotional materials, (3) promotional memorabilia, merchandise and prizes, and (4) other advertising and marketing materials we provide you pursuant to Section 10 for use by Restaurants

In operating your Restaurant, you must purchase and use the number of electronic cash registers and other point-of-sale equipment necessary for the size of your Restaurant We may require that you purchase a particular brand or model of electronic cash register or other point-of-sale equipment, and any electronic cash register or point-of-sale equipment that you use must be capable of collecting and generating sales data, category totals, transaction count totals and other information we periodically may reasonably require You must record all sales on computer-based cash registers which are fully compatible with our computer systems and which include a seamless information interface capability of fully integrating electronically into our centralized computer system You must purchase or lease, at your expense, POS/Computer hardware and software systems and install a dedicated analogue telephone line for service support and optional polling services, power lines, modems, printers, routers, network cards, and other computer-related accessories and peripherals as may be required for a standard interface, for the purpose of, among other functions, the recording and transmission of financial and customer data to centralized data collection systems We may require you to use proprietary software and other computer systems which we periodically may prescribe, and you must promptly sign agreements and/or pay fees as may be required to integrate enterprise tools and procedures

You acknowledge and understand that we may transfer data and information from your Restaurant's POS and other systems via a remote-access web-based program, Internet, the Franchise Website, or other types of electronic data transfer ("Polling") You acknowledge that we have the right to Poll at any time, at our sole discretion, and you must set up your systems to maintain and facilitate this Polling You acknowledge and agree that we have the right to review your sales numbers on a daily basis or as frequently as we deem appropriate

You must provide assistance as may be required to connect your Restaurant's POS/Computer system with our centralized computer systems We shall have the right to periodically retrieve this data and information from your computer system deemed necessary or desirable, and you must fully cooperate with these efforts In view of the contemplated interconnection of computer systems and the necessity that these systems be compatible with each other, you agree that you will comply strictly with all defined standards and specifications for items associated with your computer system

To ensure operation efficiency and optimum communication capability among computer systems installed at Costa Vida Restaurants, you agree, at your expense, to keep your computer systems in good maintenance and repair, and to promptly install these upgrades, additions, changes, modifications, substitutions, and/or replacements of hardware, software, data connectivity, electrical power, and other computer-related facilities, as we direct

You must upgrade or replace financial and inventory data processing and communications systems, including the POS and back office computer system to conform with current security requirements and system upgrades, whenever we require it and you acknowledge that we have no obligation to assist you in obtaining hardware, software, or related services There are no contractual limits on the frequency or cost of your obligation to obtain these upgrades

You recognize and acknowledge that we have the right to require you to modify or discontinue use of the POS or any of its functions if we determine that it becomes advisable at any time In this case, you must comply with our directions to modify or discontinue the use of the POS or any of its functions or use a new POS or specific POS function within a reasonable time after notice from us You acknowledge that you must bear all costs and expenses applicable to your Costa Vida Restaurant should we decide to modify the POS or adopt a new POS Additionally, you must bear all costs and expenses related to any on-going POS functions or modules, service, maintenance or support fees We will have no liability or obligation whatsoever with respect to any required modification or discontinuance of the POS or the installation, training, and use of a new POS Also, we are not obligated to reimburse you for any loss of goodwill associated with any modification or discontinuance of the POS or the installation and use of a new POS or for any expenditure made by you to train your Restaurant staff on the new POS

You must purchase, install and begin using any required POS, computer hardware and software in your Restaurant within 60 days of our notice to you We have the right to require you, at your sole expense to upgrade any required computer hardware and software, once established, to meet our then-current standards and specifications

E RESTAURANT OPENING

You will prepare and furnish to the Company an opening advertising and promotional plan and budget for the Restaurant which will contain a plan and budget for publicity, advertising, promotion, staffing, decoration and operation during the Opening Period ("Grand Opening Plan") You must submit a Grand Opening Plan (including the budget) to us for approval at least 90 days before your Restaurant's targeted opening date You must use the types of advertising media specified in the Grand Opening Plan and the Operations Manual You must spend not less than Ten Thousand Dollars ($10,000) for advertising and promotion of the opening of the Restaurant (the "Grand Opening Expenses ") The Grand Opening Expenses will be for materials and marketing services expenses—such as media costs—and will not include staffing, discount or food costs You must submit proof of then current advertising and marketing expenditures to us 10 days before the opening of your restaurant and again 60 days after opening Your Grand Opening Plan must be implemented 60 days before your Restaurant's targeted opening date and for 60 days following the commencement of the Restaurant's operation In our sole and absolute discretion, we may require that you pay to us or to an account designated by us the amount of $10,000 any time after ninety (90) days prior to your scheduled opening date for the purpose of ensuring and verifying the implementation of the Grand Opening Plan and the proper use and payment of the Grand Opening Expenses in accordance with our then current policies and procedures

If you request that one or more of the Company's personnel or if you (or any of your Affiliates) have not previously owned or managed a Costa Vida Restaurant, we will provide you with opening operational assistance as we deem appropriate to assist you in starting your operations, including on-site opening assistance, as scheduled by us You may be required to pay for the expenses of personnel, including airline and other transportation costs, meals, lodging and salaries

4 TRAINING AND GUIDANCE

A TRAINING

Upon signing your Franchise Agreement, you and/or your Operating Partner, General Manager, Prep Cook/Kitchen Manager, or any of your designated Personnel must successfully complete the appropriate certified training programs before opening your Restaurant Thereafter, any person who replaces your Operating Partner, General Manager, Prep Cook/Kitchen Manager, or any other trained Personnel must successfully complete the appropriate certified training program before assuming the particular position We may require you (or your Operating Partner) and other Personnel to attend and successfully complete periodic or additional training programs

We provide mandatory certified training for you and/or Operating Partner, General Manager, Prep Cook/Kitchen Manager, and other necessary Personnel as part of the initial franchise fee described below, at our training facility or corporate-affiliated Restaurant in Utah County, Utah, or at another facility that we designate Currently, we are not charging a fee for attendance at any training programs However, we reserve the right to charge a tuition or training fee for each additional Operating Partner, Entity Owner, restaurant manager, or preparation manager that attends any training programs in the future Each initial restaurant General Manager and Prep Cook/Kitchen Manager must successfully complete a Costa Vida certification test at the end of the training period If the General Manager or Prep Cook/Kitchen Manager does not pass the training then they are not able to open If they run their restaurant with an uncertified General Manager or Prep Cook/Kitchen Manager, they would be in breach of their Franchise Agreement You are responsible for all compensation and expenses (including training materials, travel, meals, lodging and incidental expenses) for you and your trainees during these training programs You must immediately replace any individual who fails to successfully complete any training program This replacement personnel must also successfully complete the training program

Subsequent managers and preparation cooks will also be required to satisfactorily complete all phases of our training program Under no circumstances shall you permit management of the Restaurant by a person who has not completed all phases of our training program to our satisfaction We have the right to charge a fee for the training for subsequent managers, which you must pay at least 10 days before beginning of training

In addition to this training, if this Agreement pertains to the opening of your first Costa Vida Restaurant, we will provide you at your option with at least one Costa Vida certified trainer selected by us for on-site training associated with its opening We will not charge you a training fee for this assistance, but we may require you to pay for the trainer or trainer's salary, reasonable living expenses and transportation costs during this on-site training period

We may periodically require or permit you to implement, at your expense, programs for the training of all or some of your Personnel Before training any of your Personnel, your training programs must be certified by us as meeting our standards You must periodically obtain re-certification of your training programs, and we may withhold certification if we determine, in our sole discretion, that your training programs do not meet our standards

B REFRESHER TRAINING

We have the right to require you, your Operating Partner, and/or previously trained and experienced managers and other employees to attend periodic refresher courses at the times and locations that we designate We have the right to charge fees for refresher training courses We also may (but are not required to) make additional training available to you at your request, and may charge a fee for additional training You are responsible for all compensation and expenses (including training materials, travel, meals, incidental expenses, and lodging) for you and your trainees during these training programs

C HIRING AND TRAINING OF EMPLOYEES BY FRANCHISEE

You must be responsible for all employment decisions with respect to your staff, including hiring, firing, compensation, training, supervision and discipline, regardless whether you receive advice from us on any of these subjects You are required, however, to follow the guidelines provided for this hiring, in the Operation Manual You may not recruit or hire any person who is an employee of ours or of any Costa Vida Restaurant operated by us, our Affiliates or another franchisee of ours without obtaining the respective employer's consent, which consent may be withheld for any reason Likewise, we may not recruit or hire any person who is an employee of yours or your Affiliates without obtaining the employer's consent, which consent may be withheld for any reason You must maintain at all times a staff of employees, who have been trained pursuant to our guidelines and requirements, sufficient to operate the Restaurant in compliance with the System Standards

D GUIDANCE

Although the Company does not have the obligation to do so, the Company may maintain a continuing advisory relationship with you, including consultation in the areas of marketing, Restaurant operations and customer service The Company may advise you periodically of operating problems of the Restaurant disclosed by reports submitted to or inspections made by the Company and may furnish to you guidance in connection with methods and procedures used by Costa Vida restaurants, including improvements and changes to the System Standards This guidance shall, in the discretion of the Company, be furnished in the form of the Company's Operations Manual or business practices for Costa Vida Restaurants, electronic mail, Costa Vida Intranet site (i e cvfranchise com) costavida net, bulletins, other written materials, telephone consultations and/or consultations at the office of the Company or at the Restaurant or by any other means of communications At your request, we may provide special assistance for which you must pay per diem fees and charges we may establish occasionally

E OPERATIONS MANUAL

We will loan to you during the term of this Agreement one copy of our Restaurant operations manual (the "**Operations Manual**") We have the right, at our option, to furnish or make available to you the Operations Manual in the form of paper copies, electronic copies on computer diskette or CD Rom, or electronic copies accessed through the Internet or other communication systems The Operations Manual contains mandatory and suggested specifications, standards and operating procedures that we prescribe for Costa Vida Restaurants, and contains information relating to your other obligations under this Agreement You must comply fully with all mandatory standards, specifications, and operating procedures and other obligations contained in the Operations Manual We have the right to modify the Operations Manual in the future to reflect changes in the image, specifications, standards, procedures, system, and System Standards You must keep current the Operations Manual If a dispute develops relating to the contents of the Operations Manual, our master Operations Manual will be controlling The Operations Manual contains Confidential Information, and you agree not to copy at any time any part of the Operations Manual, either physically or electronically, provided that you may print out one current copy of any Operations Manual that we provide in electronic format and keep it at the premises of your Restaurant If your copy of the Operations Manual is lost, destroyed or significantly damaged, you must to obtain from us, at our then-applicable charge, a replacement copy of the Operations Manual You agree not to allow unauthorized persons access to the Costa Vida intranet sites, including the Franchise website – www cvfranchise com (the "Franchise Website")

5 THE MARKS

A OWNERSHIP AND GOODWILL OF THE MARKS AND TRADE SECRETS

You acknowledge that the Company and its parent (**"Licensor"**) are owners of certain rights to the Marks, that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of business by you pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by the Company periodically during the term of the Franchise Any unauthorized use of the Marks by you shall constitute a breach of this Agreement and an infringement of the rights of the Company and/or Licensor in and to the Marks You acknowledge and agree that all usage of the Marks by you and any goodwill established by it shall inure to the exclusive benefit of the Company and/or Licensor and that this Agreement does not confer any goodwill or other interests in the Marks upon you (except the right to operate a Costa Vida restaurant in compliance with this Agreement) All provisions of this Agreement applicable to the Marks shall apply to any additional proprietary trade and service marks and commercial symbols authorized for use by and licensed to you by the Company You acknowledge that as of the date of the Franchise Agreement, some or all of the Marks may not have been registered with any state or federal agency You may not at any time during or after the Term contest, or assist any other person or entity in contesting, the validity or ownership of any of the Marks

You hereby acknowledge that Franchisor or one or more of Franchisor's affiliates own and control the distinctive plan and trade secrets for establishing, operating, and promoting Costa Vida Restaurants and all related licensed methods of doing business which include, but are not limited to, recipes, menu items, and cooking methods, technical restaurant equipment standards, order and take-out fulfillment methods, customer relations, marketing techniques, written promotional materials, Operations Manual, Owner's Toolkit and Training Program Manual contents, advertising, financial reports, and accounting systems, all of which constitute trade secrets of these affiliate(s) and may have been licensed to Franchisor, and you acknowledge that Franchisor and its affiliates have valuable rights in and to these trade secrets You further acknowledge all innovations, additions, or improvements made to the Marks or System Standards, even if by you, shall belong to Franchisor and its affiliates

B LIMITATIONS ON FRANCHISEE'S USE OF THE MARKS

You must use the Marks as the sole identification of the Restaurant, provided that you are identified as the independent owner in the manner prescribed by the Company You must use only the Marks as we prescribe in connection with your Restaurant and the sale of authorized food products, beverages, and services You shall ensure that all Copyrights used hereunder shall bear an appropriate copyright notice under the Universal Copyright Convention or other copyright laws prescribed by us Any unauthorized use, adaptation, publication, reproduction, preparation of derivative works, distribution of copies (whether by sale or other transfer or ownership, or by rental, lease or lending), or attempts to recreate all or a portion of these Copyrights shall constitute a breach of this Agreement and an infringement of the rights of the Company and/or Licensor in and to the Marks and to the Copyrights You may not use the subject matter of any of the Patents in any other manner not expressly authorized by us in writing You must agree to mark all products and equipment as directed by us in a legible manner in some conspicuous place with patent markings in compliance with the requirements of the United States patent laws You shall not use any Mark (or any abbreviation, modification or colorable imitation) as part of any corporate or legal business name or trade name or any Internet-related use such as an electronic media identifier, for websites, web pages or domain names not expressly authorized by us in writing, or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you under this Agreement), or in any modified form or in any other manner, nor may you use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by the Company You must prominently display the Marks in the manner prescribed by the Company, to give these notices of trade and service mark registrations as the Company specifies and to obtain these fictitious or assumed name registrations as may be required under applicable law In addition to all other rights we may have for unauthorized use of the Marks or the sale of unauthorized products or services, you must reimburse us for any damages, liability or expenses incurred by us arising out of your sale of any unauthorized product or service or for any damages, liability or expenses incurred by us arising out of your use of the Marks in an unauthorized manner If any of the fees payable pursuant to Section 6 are for the right to use the System Standards, these fees are all-inclusive and are not allocated among any of the various rights, including the Marks or any components of the Marks, that compromise the System Standards

You and your Entity Owners acknowledge that we are the lawful, rightful, and sole owner of www costavida net domain name and unconditionally disclaim any ownership interest in that phrase or any similar Internet domain name, including www costavida com You and your Entity Owners agree not to register any Internet domain name in any class or category that contains the words Costa Vida or any abbreviation, acronym, or variation of those words

You and your Entity Owners agree to use the Costa Vida Franchise Website, in strict compliance with the standards, protocols and restrictions we include in the Operations Manual You and your Entity Owners agree to implement all reasonable procedures we periodically prescribe to prevent unauthorized use and strict compliance with the standards, protocols and restrictions we include in the Operations Manual regarding the use of the Franchise Website among your Restaurant's Operating Partners, general managers, assistant managers, prep cooks, and the like

You and your Entity Owners recognize and understand the crucial importance of ~~a user's~~ not transmitting a user's Confidential Information, documents or data via the cvfranchise website or Internet without first encrypting the transmission with the encryption program we may either require you to purchase or approve of your purchase You and your Entity Owners recognize and understand the crucial importance of a user's refraining from making derogatory, defamatory, or libelous statements in an Intranet or Internet transmission

C NOTIFICATION OF INFRINGEMENT AND CLAIMS

You shall immediately notify the Company of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark, and you shall not communicate with any person other than the Company and its counsel in connection with any infringement, challenge or claim The Company and/or Licensor shall have sole discretion to take action as it or they deem appropriate and shall have the right to exclusively control any litigation or U S Patent and Trademark Office proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark You must sign any and all instruments and documents, render assistance and do such acts and things as may, in the opinion of the Company's or Licensor's counsel, be necessary or advisable to protect and maintain the interests of the Company and Licensor in any litigation or proceeding or to otherwise protect and maintain the interests of the Company and Licensor in the Marks

D INDEMNIFICATION OF FRANCHISEE

The Company agrees to indemnify you against and to reimburse you for all damages for which you are held liable in any proceeding arising out of his use of any Mark, pursuant to and in compliance with this Agreement and for all costs reasonably incurred by you in the defense of any claim or in any proceeding in which you are named as a party, provided that you have timely notified the Company of this claim or proceeding and have otherwise complied with this Agreement The Company is entitled to prosecute, defend and/or settle any proceeding arising out of your use of any Mark pursuant to this Agreement, and if the Company undertakes to prosecute, defend and/or settle any matter, we have no obligation to indemnify or reimburse you for any fees or disbursements of any legal counsel retained by you

E DISCONTINUANCE OF USE OF THE MARKS

If it becomes advisable at any time in the Company's sole discretion for the Company and/or Franchisee to modify or discontinue use of any Mark and/or use one or more additional or substitute elements of the Mark due to priority of use by another party of the same or a confusingly similar mark, and/or use one or more additional or substitute trade or service marks, you must comply within 14 days after notice by the Company of its modification or discontinuance of any Mark Neither the Company, Licensor nor any of their Affiliates shall have any liability or obligation whatsoever with respect to any required modification or discontinuance of use of any of the Marks or the promotion or use of a substitute Mark, except as otherwise provided in Section 5D hereof

6 FRANCHISE FEES

A INITIAL FRANCHISE FEE

You shall pay to the Company a nonrecurring and nonrefundable initial franchise fee of **$30,000** payable when you sign this Franchise Agreement If this Agreement is signed pursuant to an Area Development Agreement, the initial franchise fee is subject to any applicable credit of the area development fee and is payable on signing of this Agreement The initial franchise fee shall be fully earned by the Company

B ROYALTY AND SERVICE FEES (ROYALTY FEES)

During the entire term of this Agreement, you shall pay to the Company a continuing fee equal to a percentage of the monthly Gross Revenues of the Restaurant (the **"Royalty Fee"**) as described in this paragraph You shall pay to the Company a Royalty Fee of 6% of weekly Gross Revenues Payment shall be due weekly by 5 00 p m , MST, on Wednesday of each week, or as otherwise designated by us, but not more frequently than weekly (or on such other reasonable date that we shall periodically designate) Any payment or report not actually received by us on or before this date shall be deemed overdue If any state imposes a sales or use tax on continuing royalties, then you must pay for or reimburse us for these taxes imposed on the Royalty Fee due to us under this Agreement

As set forth under Section 3D, you acknowledge that we have the right to transfer information from your Restaurant's POS and other systems via a remote-access, e-mail, web-based programs and protocols, Internet, the Franchise Website, or other types of electronic data transfer ("Polling") to determine your Restaurant's Royalty Fee for the previous Reporting Period We have the right to access your Restaurant's POS at any time to observe your Restaurant's Gross Revenues and other financial information, at our sole discretion, and you must set up your systems to maintain and facilitate this Polling **"Gross Revenues"** shall mean the aggregate amount of all sales of Costa Vida Products, and any other items, goods and services made and rendered in connection with the operation of the Costa Vida Restaurant, whether or not these items are approved for sale from the Restaurant, including sales made at or away from the Premises of your Restaurant, whether for cash or credit, but excluding all federal, state or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority Gross Revenues includes cash, credit, check, gift certificates, services, property or other means of exchange, whether or not these Gross Revenues are derived from the sale of food, beverage, liquor, other goods (other than restaurant) equipment, supplies or catering services

C INTEREST AND LATE FEES

If any payment is overdue, you shall pay to us, in addition to the overdue amount, interest on this amount from the date it was due until paid, at a rate which is stated below or the maximum rate permitted by law Entitlement to this interest shall be in addition to any other remedies we may have Your failure to have sufficient funds available in the designated account in an amount equal to any amount then due or your failure to pay all amounts when due, constitutes grounds for termination of this Agreement, as provided in Section 14 and 15, notwithstanding the provisions of this Paragraph To compensate the Company for its increased administrative costs of handling late payments, the Company shall have the right to charge a fee of $100 for each delinquent payment to the Company, due upon making the delinquent payment All Royalty Fees and advertising contributions, and all other amounts which you owe to the Company shall also bear interest after due date at the highest applicable legal rate for open account business credit, not to exceed 1 5% per month You acknowledge that this Paragraph shall not constitute the Company's agreement to accept these payments after same are due or commitment by the Company to extend credit to, or otherwise finance your operation of, the Restaurant You shall also pay a $25 00 late fee for each delinquent report, due when the report becomes delinquent and shall incur an additional $25 00 late fee for each period that the report continues to be delinquent We may require you to pay any and all late fees by way of automatic withdrawal (ACH) from an account designated by you

D APPLICATION OF PAYMENTS

Notwithstanding any designation by you, the Company shall have the sole discretion to apply any payments by you to any past due indebtedness of you for Royalty Fees, advertising contributions, purchases from company, interest or other indebtedness The Company also has the right to direct the method of payment of any amounts due to us or our Affiliates from you under this Agreement, including Royalty Fees due, through payment by automatic withdrawal (ACH) or wire transfer from an account designated by you All costs and expenses of establishing and maintaining this designated account, including transaction fees and wire transfer fees, shall be paid by you You must complete any form necessary to authorize and direct your bank or financial institution to pay and deposit any payments due to the Company directly to the Company's account The Company's current form of ACH authorization is attached as Exhibit G If payments are made by automatic withdrawal, you must retain sufficient funds in its account to cover all these withdrawals If sufficient funds are not available in the designated bank account at the time of an electronic transfer to pay fees that are due to us or our Affiliates, we have the right to charge a service fee, subject to applicable law Also, as stated in Section 6C, you acknowledge that your failure to have sufficient funds available in the designated account in an amount equal to any amount then due or your failure to pay all amounts when due, constitutes grounds for termination of this Agreement, as provided in Sections 14 and 15, notwithstanding the provisions in Section 6C You agree that you will not withhold payment of any amount due and payable to us on the grounds that we have not performed any of our obligations under this Agreement

7 **YOUR ORGANIZATION AND MANAGEMENT**

A ORGANIZATIONAL DOCUMENTS

If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you and each of your Principal Owners represent, warrant, and agree that (1) you are duly organized and validly existing under the laws of the state of your organization, and, if a foreign business corporation, partnership, limited liability company or other legal entity, you are duly qualified to transact business in the state in which your Restaurant is located, (2) you have the authority to sign and deliver this Agreement and to perform your obligations hereunder, (3) true and complete copies of the articles or certificate of incorporation, articles of organization, operating agreement or principles, partnership agreement, bylaws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents relating to your ownership, organization, capitalization, management and control ("Organizational

Documents") shall be promptly delivered to us for our approval, which approval shall not be unreasonably withheld, (4) any and all amendments, deletions and additions to your Organizational Documents shall be promptly delivered to us for our approval, which approval shall not be unreasonably withheld, (5) your activities are restricted to those necessary solely for the development, ownership and operation of Costa Vida Restaurants in accordance with this Agreement and in accordance with any other agreements entered into with us or any of our Affiliates, (6) the articles or certificate of incorporation, articles of organization, operating agreement or principles, partnership agreement or other organizational documents recite that the issuance, transfer or pledge of any direct or indirect legal or beneficial ownership interest is restricted by the terms of this Agreement, (7) all certificates representing direct or indirect legal or beneficial ownership interests now or hereafter issued must bear a legend in conformity with applicable law reciting or referring to these restrictions, and (8) you will deliver to us a Secretary/Clerk's Certificate or other evidence satisfactory to us, that the signing, delivery and performance of this Agreement and all other agreements and ancillary documents contemplated hereby or thereby have been duly authorized by all necessary action by your corporation, partnership, limited liability company or other legal entity, as applicable

B DISCLOSURE OF OWNERSHIP

If Franchisee is an entity (a corporation, general partnership, joint venture, limited partnership, limited liability partnership, limited liability company, trust, estate or other business entity), then Franchisee will complete the Ownership Addendum attached as Exhibit B, which identifies each of its Entity Owners, and each of its Entity Owners must sign the Company's then-current form of Personal Guaranty **"Entity Owner"** means, with respect to an Entity, any shareholder owning directly or beneficially 10% or more of any class of securities of the Entity, any general partner or co-venturer in the Entity, any partner in a limited liability partnership or member in a limited liability company owning directly or beneficially 10% or more of the ownership interests in the limited liability partnership or limited liability company, the trustees or administrators of any trust or estate, and any beneficiary of a trust or estate owning, directly or beneficially, 10% or more of the interests in the trust or estate If any Entity Owner within the scope of this definition is itself an Entity (including an Entity Owner that is an Entity Owner because of this sentence), the term "Entity Owner" also includes Entity Owners (as defined in the preceding sentence) in the Entity It is the intent of this definition to "trace back" and include within the definition of Entity Owner all natural persons owning the requisite interests to qualify as Entity Owners Each of you, your Entity Owners if any, and your and their respective spouses, parents, brothers, sisters, children, whether natural or adopted, and other members of their immediate household, are considered **"Restricted Persons"** as this term is used herein

You and each of your Principal Owners represent, warrant and agree that Exhibit B is current, complete and accurate You agree that an updated Exhibit B will be furnished within 30 days of any change, so that Exhibit B (as so revised and signed by you) is at all times current, complete and accurate Each person who is or becomes a Principal Owner must sign a guaranty in the form we may choose to prescribe, undertaking to be jointly and severally bound by the terms of this Agreement, the current form of which is attached as Exhibit C Each person who is or becomes an Owner, but not a Principal Owner, must sign an agreement in the form we prescribe, undertaking to be bound by the confidentiality and non-competition covenants contained in this Agreement, the current form of which is attached as Exhibit F Each Owner must be an individual acting in his/her individual capacity, unless we waive this requirement

C OPERATING PARTNER/MANAGEMENT OF BUSINESS

If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you must designate in Exhibit B as the "Operating Partner" an individual approved by us who must (1) in our discretion, own and control, or have the right to own and control (subject to terms and conditions reasonably acceptable to us), not less than a 10% interest in your equity, (2) have the authority to bind you regarding all operational decisions with respect to your Costa Vida Restaurant(s), and (3) have completed our training to our satisfaction

You (or your Operating Partner) (1) shall exert your full-time and best efforts to the development and operation of your Restaurant and all other Costa Vida Restaurants you own, and (2) may not engage in any other business activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations hereunder You must provide us with a copy of any proposed arrangement, agreement or contract, and all amendments, with your Operating Partner for our prior review and approval, and upon approval thereof, signed copies thereof The agreement should include a provision that if the Operating Partner is terminated, for whatever reason, he/she shall not for a period of two years after this termination, recruit or hire any person who is an employee of yours, ours, or any Costa Vida Restaurant operated by us, our Affiliates, or any franchisee of ours without obtaining the employer's consent, which consent may be withheld for any reason We shall have no responsibility, liability or obligation to any party to any arrangement, agreement or contract, or any amendments, on account of our approval thereof or otherwise, and you must indemnify and hold us harmless with respect thereto Your Restaurant at all times must be managed by you (or your Operating Partner) or by an on-site general or assistant manager, kitchen manager, or a shift supervisor who has completed our training programs to our satisfaction

D GENERAL MANAGER

The cooking of our meats, marinades, sauces, and other food is the core element of our concept As such, we go to great lengths to ensure the quality and integrity of our finished product An essential element of the Restaurant is the selection, training, and overall performance of our in-store general managers Optimum general manager performance requires specialized restaurant leadership in the form of a duly trained general manager (we provide the appropriate training) The general manager dedicates 100% of his/her time to the management of the Restaurant personnel, including the prep cook To ensure the integrity and quality of our food, the general manager position must be a full-time position and may not be combined with a district manager or any other position We may periodically change the organizational structure of the Restaurant, in which case you must adopt the then-current structure

Once you hire your general manager you must inform us in writing and submit him/her for the appropriate training If your general manager is terminated, for whatever reason, you shall inform us in writing of his/her status Before his/her employment, you must have him/her sign an agreement that he/she shall not for a period of two years after this termination, recruit or hire any person who is an employee of yours, ours, or any Costa Vida Restaurant operated by us, our Affiliates, or any franchisee of ours without obtaining the employer's consent, which consent may be withheld for any reason We shall have no responsibility, liability or obligation to any party to any arrangement, agreement or contract, or any amendments, on account of our approval thereof or otherwise, and you must indemnify and hold us harmless with respect thereto

E PREP COOKS/KITCHEN MANAGER

The prep cook is also the kitchen manager The prep cook/kitchen manager dedicates 100% of his/her time to maintaining the quality and consistency of the food He/she is also responsible for participating in hiring, training and managing staff that also are dedicated 100% to food quality control In addition, the prep cook is responsible for maintaining a clean and sanitary prep kitchen and dry storage area He/she will oversee and guarantee proper food rotation He/she will also need to understand food and labor costs in preparing the food To ensure the integrity and quality of our food, the prep cook/kitchen manager position must be a full-time position and may not be combined with a district manager or any other position We may periodically change the organizational structure of the Restaurant, in which case you must adopt the then-current structure

Once you hire your prep cook/kitchen manager you must inform us in writing and submit him/her for the appropriate training If your prep cook/kitchen manager is terminated, for whatever reason, you shall inform us in writing of his/her status Before his/her employment, you must have him/her sign an agreement that he/she shall not for a period of two years after this termination, recruit or hire any person who is an employee of yours, ours, or any Costa Vida Restaurant operated by us, our Affiliates, or any franchisee of ours without obtaining the employer's consent, which consent may be withheld for any reason We shall have no responsibility, liability or obligation to any party to any arrangement, agreement or contract, or any amendments, on account of our approval thereof or otherwise, and you must indemnify and hold us harmless with respect thereto

F Store Organization

Your Restaurant must be staffed with at least one trained general manager, one trained prep cook/kitchen manager, and appropriate numbers of assistant managers, shift supervisors, and food prep personnel so that all shifts are staffed by at least one assistant manager or shift supervisor, unless otherwise approved by us You may not operate your Restaurant with a smaller compliment without our written approval You must inform us in writing of any changes in your general manager and prep cook/kitchen manager

8 Costa Vida Operating Standards

A Condition of your Restaurant

You must maintain the condition and appearance of your Restaurant consistent, in accordance with the Operations Manual, with the image of a Costa Vida Restaurant as an attractive, clean, and efficiently operated food service business, and efficient and courteous service You must maintain your Restaurant's condition and appearance and to make these modifications and additions to its layout, decor, operations, and general theme as we periodically require, including interior and exterior repair and appurtenant parking areas, periodic cleaning of your Restaurant premises, replacement of worn out or obsolete leasehold improvements, fixtures and signs and periodic redecorating If at any time the general state of repair, appearance, or cleanliness of your Restaurant, or its fixtures, equipment, furniture, signs or utensils, does not meet our standards, we may notify you and specify the action you must take to correct this deficiency If, within 10 days after receiving this notice, you fail or refuse to initiate the requested action(s), we reserve the right to enter the Premises and do this maintenance on your behalf and at your expense You must promptly reimburse us for this expense We may collect payment for this expense by pre-authorized electronic bank transfer from your general account

At our request, at least five years after this Agreement becomes effective, you must complete any renovation, repair, modernization, and improvement of your Restaurant and its fixtures, equipment, furniture, and signs as we may deem appropriate This work may include, without limitation, replacement or addition of signs, equipment, furnishings, fixtures, finishes, and decor items, both interior and exterior, and redesign of the layout of your Restaurant, to reflect the then-current design standards and image of a Costa Vida Restaurant The maximum amount you must spend on this mid-term refurbishment work is Ninety Thousand Dollars ($90,000)

You agree not to make any material replacements of or alterations to the Premises, leasehold improvements, layout, fixtures, furnishings, signs, equipment, or appearance of the Restaurant as originally developed in accordance with the plans and specifications furnished by us without prior written approval by us

B UNIFORM IMAGE

You agree that your Restaurant will offer for sale food, beverages and other products, services and merchandise related to the Costa Vida concept that we periodically determine to be appropriate for your Restaurant unless you receive written authorization to do otherwise You must display in your Restaurant all (1) product identification materials, (2) point-of-purchase promotional materials, (3) promotional memorabilia, merchandise and prizes, and (4) the advertising and marketing materials we provide you pursuant to Section 10 for use by Restaurants You further agree that your Restaurant will not, without our approval, offer any products or services (including promotional items) not then authorized by us Your Restaurant may not be used for any purpose, other than the operation of a Costa Vida Restaurant in compliance with this Agreement You agree that your Restaurant will offer courteous and efficient service and a pleasant ambiance, consistent with your acknowledgments in Section 1B You must ensure that all of your Restaurant's employees follow our grooming and dress code and wear the Costa Vida uniform items, in accordance with the Operations Manual, developed or approved by us You must maintain your Restaurant's business hours and days of operation in accordance with the Operations Manual, unless we grant you a written exception

C PURCHASE OF INGREDIENTS

(1) Requirement to Purchase Ingredients You acknowledge and agree that the food products sold at Costa Vida Restaurants are distinctive as a result of being made with ingredients manufactured or produced pursuant to proprietary processes ("Proprietary Ingredients") and that this Proprietary Ingredients and the food products into which they are made are all integral components of the Costa Vida Restaurant franchise and are inextricably interrelated with the Marks and the System You further acknowledge and agree that the Costa Vida Restaurant franchise could not be offered efficiently or effectively without the inclusion of the Proprietary Ingredients as an essential and integral component of the System You therefore agree to purchase your entire requirements of Proprietary Ingredients in accordance with the terms of this Section 8C Specifically, you must purchase exclusively from Designated Suppliers all those Proprietary Ingredients we periodically authorize to be produced by Designated Suppliers Further, you must purchase from Approved Suppliers those Ingredients we periodically authorize to be produced by Approved Suppliers ("Licensed Ingredients"), subject to your right to purchase Licensed Ingredients from Alternative Approved Suppliers in accordance with Section 8C (3) You must conform to mandatory specifications and quality standards, prepare and offer for sale only food products, beverages, and other merchandise approved in writing by us, and use only equipment, menus, paper products, packaging materials, and other supplies approved by us We reserve the right to designate any Ingredient or product as a Proprietary Ingredient or as a Licensed Ingredient and the right to periodically redesignate periodically at our discretion any Proprietary Ingredient as a Licensed Ingredient and *vice versa* You acknowledge and agree that Designated Suppliers and Approved Suppliers have the right to profit from the sale of Ingredients and that we do not act as agent, representative, or in any other intermediary or fiduciary capacity for you in our relationship with any Designated Suppliers or Approved Suppliers

(2) Terms of Sale Provided you and your Affiliates are in compliance with this Agreement and all other agreements with us and our Affiliates, we will cause Designated Suppliers and Approved Suppliers to sell reasonable quantities of Ingredients to you in accordance with the terms of this Section 8C (2) We may cause Designated Suppliers to sell to you reasonable quantities of spices and other products All other Proprietary Ingredients as well as Licensed Ingredients are sold at prices and on shipping terms periodically established by the supplier,

Designated Suppliers and Approved Suppliers shall not be liable for any delay in the delivery of spices and other products as a result of any cause beyond their reasonable control Designated Suppliers and Approved Suppliers may periodically establish policies and procedures for the allocation and distribution of Ingredients among Costa Vida Restaurants

(3) Purchases from Alternative Approved Suppliers You have the right to purchase Licensed Ingredients from any alternative supplier approved by us in accordance with this Section 8C (3) and the Operations Manual If you propose to purchase any Licensed Ingredients from any alternative supplier who is not then approved by us, you and the proposed supplier must submit to us all information that we may request to determine whether or not to approve the proposed supplier We will have the right to approve or disapprove any supplier, and we may approve a supplier conditionally In evaluating any supplier you propose, we may, subject to restrictions and conditions to protect our trade secrets, Confidential Information and processes, disclose to this proposed supplier applicable standards, specifications, ingredients, recipes, processes, equipment and procedures for the item in sufficient detail to enable the proposed supplier to demonstrate its capacity and capabilities to supply the items in accordance with our requirements with respect thereto Within 120 days after we receive all requested information, we will communicate to you in writing our decision to approve or disapprove your proposed supplier We will evaluate proposed alternative suppliers on their ability to comply with applicable standards, specifications, Ingredients, recipes, processes and procedures, as well as their use of approved equipment, and we will only approve those proposed alternative suppliers that meet our high standards You must notify us at least 30 days in advance before you first start purchasing any Licensed Ingredients from any alternative supplier who is already approved by us We may disapprove any supplier who we previously approved, and you may not, after receipt of notice disapproval, reorder from any supplier we have disapproved

We may prescribe procedures for the submission of requests for approval and impose obligations on Alternative Approved Suppliers, which will be incorporated in a written license agreement with the supplier We may obtain from you and/or this Alternative Approved Suppliers reimbursement of our reasonable costs and expenses incurred in connection with the approval process and on-going monitoring of the supplier's compliance with our requirements, and we may profit from the sale of Licensed Ingredients to you from an Alternative Approved Supplier, subject to similar conditions and restrictions of Approved Suppliers You acknowledge and agree that we do not act as agent, representative or in any other intermediary or fiduciary capacity for you in our relationship with Alternative Approved Suppliers We may impose limits on the number of Alternative Approved Suppliers We have the right to monitor the quality of services provided by Alternative Approved Suppliers in a manner we deem appropriate and may terminate any Alternative Approved Supplier who does not meet our quality standards and specifications, as may be in effect If you purchase one or more types of Licensed Ingredients from an Alternative Approved Supplier, no Approved Supplier will have any obligation to sell you any other Licensed Products while you are purchasing from any Alternative Approved Supplier If, after commencing purchasing Licensed Products from an Alternative Approved Supplier, you want the Approved Supplier to resume supplying you with Licensed Products, we may require you to submit to us an application, in such form as may periodically determine, which we will normally process within 30 days The Approved Supplier has no obligation to resume supplying Licensed Products to you, and you may not place an order for these products with the Approved Supplier, until we have approved your application for resupply

(4) Use of Spices and Sauces You shall use spices, sauces, and prepared foods only at the Premises and only to produce food products for sale to retail customers of your Restaurant You shall not sell any spices, prepared foods, other products, or sauces to wholesales or any other party on a wholesale basis

D PURCHASE OF OTHER PRODUCTS

You acknowledge and agree that the reputation and goodwill of Costa Vida Restaurants are based on, and can be maintained only by, the sale of distinctive high quality products and services Therefore, you agree that your Restaurant will use and/or offer for sale only food products (other than Proprietary and Licensed Ingredients), beverages, Ingredients, merchandise, uniforms, packaging materials, menus, forms, labels, and other suppliers approved by us (which may include us and/or any of our Affiliates) We may periodically modify the list of approved brands and/or suppliers in our sole discretion After notice of this modification, you may not reorder any brand or reorder from any supplier that is no longer approved

If you propose to use any brand and/or supplier which is not then approved by us, you must first notify us and submit sufficient information, specifications and samples concerning this brand and/or supplier so that we can decide whether this brand complies with our specifications and standards and/or this supplier meets our approved supplier criteria We have the right to charge reasonable fees to cover our costs We will notify you of our decision within a reasonable period of time We may prescribe procedures for the submission of requests for approval and impose obligations on suppliers, which we may require to be incorporated in a written agreement We may impose limits on the number of suppliers and/or brands for any of the foregoing items

You must maintain at all times an inventory of approved food products, beverages, Ingredients, other products, and merchandise related to the Costa Vida concept sufficient in quantity, quality, and variety to realize your Restaurant's full potential

We may conduct market research to determine consumer trends and salability of new food products and services You must cooperate by participating in our market research programs, by test marketing new food products and services in your Restaurant and providing us timely reports and other relevant information regarding this market research You must purchase a reasonable quantity of these test products and make a reasonable effort to sell them

E SPECIFICATIONS AND STANDARDS

You acknowledge that each and every aspect of the interior and exterior appearance, layout, decor, services and operation of your Restaurant is important to us and is subject to our specifications and standards Consequently, you must comply with all mandatory System Standards and other specifications, standards and operating procedures and other obligations that we periodically prescribe (whether contained in the Operations Manual or any other written or oral communication to you), unless we grant you a written exception More particularly, you must comply with all mandatory specifications, standards and operating procedures, as periodically modified relating to the appearance, function, cleanliness or operation of a Costa Vida Restaurant, including (1) type, quality, taste, weight, dimensions, Ingredients uniformity, and manner of preparation, packaging and sale of food products and beverages and of all other products used in the packaging and sale of them, (2) sale procedures and customer service, (3) advertising and promotional programs, (4) qualifications, appearance, uniforms and dress of employees, (5) safety, maintenance, appearance, cleanliness, sanitation, standards of service and operation of your Restaurant and its fixtures, equipment, furnishings, decor and signs, (6) days and hours of operation, (7) bookkeeping, accounting, and record keeping systems and forms, (8) training system for both management and hourly associates, and (9) product ordering procedures

You must display at this location in your Restaurant as we designate, a placard of this size 10" Tall by 12" wide as we prescribe containing the following statement "This Restaurant is owned and operated by a franchisee under a license from Costa Vida " You shall never make a statement or representation to any person that is contrary to or inconsistent with Section 5 of this Agreement

As soon as you obtain a telephone number for the Restaurant, you will sign and deliver to us the Assignment of Telephone Number(s) for the number(s) attached at Exhibit I If your Restaurant's telephone number changes during the Term, or if you add additional lines for a modem, fax, or other purposes, you will promptly sign and deliver to us a new Assignment of Telephone Number(s) for the new or additional number(s)

F COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

You shall secure and maintain in force all required licenses, permits and certificates relating to the operation of the Restaurant (including any SERV-SAFE (or similar) certifications and licenses) and shall operate the Restaurant in full compliance with all applicable laws, ordinances and regulations including all government regulations relating to occupational hazards and health, workers compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales taxes You shall, in all dealings with the customers, suppliers, the Company and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct You must refrain from any business or advertising practice which may be injurious to the Company and the goodwill associated with the Marks and other Costa Vida Restaurants You shall immediately notify the Company in writing of (1) any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency other governmental instrumentality, which may adversely affect the development, occupancy, operation or financial condition of Franchisee or the Restaurant, or (2) the delivery of any notice of violation or alleged violation of any law, ordinance or regulation, including those relating to health or sanitation at your Restaurant

G PERSONNEL

Your Restaurant must at all times be under the direct, on-premises supervision of a general or assistant manager or a shift supervisor who has completed and graduated from a certified training program and must be staffed by a sufficient number of competent hourly associates who are successful graduates of the appropriate certified training programs You (or your Operating Partner) at all times must remain active in overseeing the operations of your Restaurant If the relationship with your Operating Partner terminates, you must promptly hire a successor Operating Partner Any successor Operating Partner must meet our approval and must successfully complete our training program You are solely responsible for all employment decisions with respect to your Personnel, including hiring, firing, compensation, training, supervision and discipline, and regardless whether you receive advice from us on any of these subjects You may not recruit or hire any person who is an employee of ours or of any Costa Vida Restaurant operated by us, our Affiliates or another franchisee of ours without obtaining the employer's consent, which consent may be withheld for any reason Likewise, we may not recruit or hire any person who is an employee of yours or your Affiliates without obtaining the employer's consent, which consent may be withheld for any reason

H INSURANCE

You must maintain in force (a) Property Coverage that includes all-risk property insurance, including fire and extended coverage, vandalism, and malicious mischief insurance, for the replacement value of your Costa Vida Restaurant and its contents, including business interruption insurance, (b) Commercial General Liability and Product Liability insurance that includes food-borne illness coverage, (c) Commercial Auto Insurance, (d) Workers' Compensation insurance, and (e) Umbrella Liability All insurance policies must (1) be issued by carriers with an AM Best rating of A-, X, or better, (2) be written at the minimum amounts of coverage as set forth below, (3) name Costa Vida Management, LLC and our Affiliates as additional insureds under the General Liability, Products Liability and Commercial Auto Policies and loss payee under the Property Policy, (4) Costa Vida Management, LLC, must be endorsed to all policies noted above to receive 30 days notice of cancellation in the event of non-renewal and 10 days notice in the event of nonpayment of premium You must also provide certificates of insurance evidencing your insurance coverage in compliance with these minimums no later than 10 days before your Restaurant opens and within 30 days each year when your policies renew

Set forth below are types of minimum coverage amounts that we currently require for each franchised Costa Vida Restaurant per location

COMMERCIAL GENERAL LIABILITY	
Occurrence Limit	$1,000,000
General Aggregate Limit	$2,000,000
Products/Completed Operations Aggregate Limit	$2,000,000
Personal and Advertising Injury Limit	$1,000,000
Damage to Premises Rented to You	$1,000,000
Food Borne Illness Limit	$~~100,000~~300,000
AUTOMOBILE LIABILITY	
Bodily Injury and Property Damage Combined Single Limit	$1,000,000
Hired and Non-Owned Liability Limit	$1,000,000
WORKERS' COMPENSATION	
Workers' Compensation	STATUTORY
Employer's Liability	$1,000,000 per employee, bodily injury by disease, $1,000,000 policy limit, bodily injury by disease, $1,000,000 per employee, bodily injury by accident
UMBRELLA LIABILITY	
1 to 10 Restaurants	$5,000,000 each occurrence (minimum) $5,000,000 aggregate (minimum)
11-25 Restaurants	$10,000,000 each occurrence (minimum) $10,000,000 aggregate (minimum)
26 or more Restaurants	$15,000,000 each occurrence (minimum) $15,000,000 aggregate (minimum)

Upon 30 days prior notice to you, we may increase the minimum protection requirement as of the renewal date of any policy, and require different or additional kinds of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances

If you at any time fail or refuse to maintain in effect any insurance coverage required by the Company, or to furnish satisfactory evidence of it, the Company, at its option and in addition to its other rights and remedies under this Agreement, may, but need not, obtain this insurance coverage on behalf of you, and you shall promptly sign any application or other forms or instruments required to obtain any insurance and pay to the Company, on demand, any costs and premiums incurred by the Company At our request, you must furnish us with evidence of insurance coverage and payment of premiums as we require

Your obligation to maintain insurance coverage is not diminished in any manner by reason of any separate insurance we may choose to maintain, nor does it relieve you of your obligations under Section 16B

I QUALITY CONTROL

We may, in our sole discretion, establish "quality control" programs, such as a "secret shopper" program, an Interactive Voice Response or web based Customer Satisfaction Measurement program such as Mind Share, a "customer intercept" program and/or customer focus groups, to ensure the highest quality of service and food products in all Costa Vida Restaurants You must participate in any such quality control programs, and bear your pro-rata share, as determined by us in our sole discretion, of the costs of any such program We reserve the right to publish or disclose to other franchisees, in any manner or format that we deem appropriate in our sole discretion, any information that we collect, produce or maintain in connection with these "quality control" programs We also reserve the right to publish or disclose to third parties in an aggregate anonymous format any information that we collect, produce or maintain in connection with these "quality control" programs In addition the quality control described above, we may inspect your Restaurant from time to time and at any time to evaluate compliance with our System Standards

J PROVISIONS CONCERNING COMPLIANCE WITH ANTI-TERRORISM LAWS

You, your Owners and your Affiliates agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below) In connection with this compliance, you, your Owners and your Affiliates certify, represent, and warrant that none of your property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that you, your Owners, and your Affiliates are not otherwise in violation of any of the Anti-Terrorism Laws

For the purposes of this Section 8J, "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 the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war

You, your Owners and your Affiliates certify that none of you, your Owners and your Affiliates, your employees, or anyone associated with you is listed in the Annex to Executive Order 13225 You agree not to hire any individual who is listed in the Annex (The Annex is available at http //www treasury gov/offices/enforcement/ofac/sanctions/terrorism html)

You, your Owners, and your Affiliates certify that you have no knowledge or information that, if generally known, would result in you, your Owners and your Affiliates, your employees, or anyone associated with you to be listed in the Annex to Executive Order 13224

You, your Owners, and your Affiliates are solely responsible for ascertaining what actions must be taken by you to comply with the Anti-Terrorism Laws, and you specifically acknowledge and agree that your indemnification responsibilities set forth in Section 16B of this Agreement pertain to your obligations under this Section 8J

Any misrepresentation by you under this Section 8J or any violation of the Anti-Terrorism Laws by you, your Owners and your Affiliates, oi your employees shall constitute grounds for immediate termination of this Agreement and any other Agreement you have entered with us or one of our Affiliates, in accordance with the terms of Section 14A of this Agreement

9 RESTRICTIVE COVENANTS

A CONFIDENTIAL INFORMATION

You acknowledge that we possess proprietary knowledge consisting of the Ingredients and methods of preparation of food products sold at and operating procedures of Costa Vida Restaurants, and other confidential information We may disclose Confidential Information to you, your Owners, or your personnel in the training program, Operating Manual and/or in guidance furnished to you during the term of the Agreement Each person who is or becomes an Owner, but not a Principal Owner, must sign an agreement in the form we prescribe, undertaking to be bound by the confidentiality and non-competition covenants contained in this Agreement, the current form of which is attached as Exhibit F

We will disclose parts of our Confidential Information to you solely for your use in the operation of your Restaurant The Confidential Information is proprietary and includes our trade secrets During the Term and thereafter (1) you and your Owners may not use the Confidential Information in any other business or capacity (you and your Owner's acknowledge this use is an unfair method of competition), (2) you and your Owners must maintain the confidentiality of the Confidential Information, (3) you and your Owners may not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic, or other form, (4) you and your Owners must implement all reasonable procedures we periodically prescribe to prevent unauthorized use or disclosure of the Confidential Information, including the use of non-disclosure/non-compete agreements with your Owners, officers, directors, Operating Partners, general managers, assistant managers, prep cooks, and the like, and you and your Owners must deliver these agreements to us, (5) you and your Owners must not disclose during or after the Term of the franchise any of the Confidential Information, (6) you, your Owners, general managers, prep cooks, assistant managers, team trainers, shift supervisors, and all other personnel who prepare the food will be required to sign a standard confidentiality agreement for any trade secrets and confidential information herein described and to conform with the covenants not to compete, (7) you and/or your Owners must immediately notify us if there is an improper disclosure and if it is determined that there was negligence in protecting the behavior, you can be sued for damages, and (8) you and your Owners acknowledge that we have no obligation to reimburse you or provide any remuneration for implementing all reasonable procedures that we periodically prescribe to prevent unauthorized use or disclosure of the Confidential Information

At the end of the Term, you and your Owners must deliver to us all this Confidential Information in your possession or control Your restrictions on disclosure and use of Confidential Information do not apply to information or techniques which are or become generally known in the restaurant industry (other than through your own disclosure), provided you obtain our prior written consent to this disclosure or use If any of the Confidential Information which has been disclosed to you pursuant to this Agreement becomes generally known in the food service industry other than through your default in the obligations under this Agreement, and you desire to be released from the secrecy obligations under this Section in respect to this information, we will not unreasonably withhold our consent to this release

B IN-TERM COVENANTS

You agree and acknowledge that the Company would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Costa Vida Restaurants if franchised owners of Costa Vida Restaurants or the manager or other key personnel of your Restaurant and Entity were permitted to hold interests in or perform services for a Competitive Business (defined below) You also agree that we have granted the franchise to you in consideration of and reliance upon your agreement to deal exclusively with us in any business similar to Costa Vida Therefore, you agree (and agree to cause any Entity Owner if Franchisee is an Entity, and each other Restricted Person), during the term of this Agreement, not to have any direct or indirect interest in a Competitive Business, or perform services of any type as an owner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any retail food establishment (including any restaurant) in which any of the following categories constitutes more than 20% of its revenues or 20% of its menu (1) burritos, tacos, quesadillas (2) Latin American, Central American, or Mexican food, desserts, or beverages of any kind, as well as any business that manufactures, wholesales, and/or distributes Latin American, Central American, or Mexican food, desserts, or beverages of any kind, including tortillas and salsas, and (3) or any franchisor or licensor of the same (each a **"Competitive Business"**) The restrictions of this Section and the definition of Competitive Business will not apply to (1) the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent two percent (2%) or less of the number of shares of that class of securities issued and outstanding, or (2) the ownership or operation of other Costa Vida Restaurants that are licensed or franchised by us or any of our Affiliates Further, you agree during the term of this Agreement that you shall not hire any employee who, within the immediately preceding six months, was employed by the Company or any other franchisee or licensee of us, without obtaining the prior written permission of us or the franchisee or licensee pursuant to Section 4C of this Agreement

C INFORMATION EXCHANGE

All recipes, processes, ideas, concepts, methods, techniques, or materials used or useful to a restaurant, grocery store, or other business offering food products, whether or not constituting protectable intellectual property, that you create, or that are created on your behalf, in connection with the development or operation of your Restaurant must be promptly disclosed to us If we adopt any of them as part of the System, they will be deemed to be our sole and exclusive property and deemed to be works made-for-hire for us You must sign whatever assignment or other documents we request to evidence our ownership or to assist us in securing intellectual property rights in these recipes, processes, ideas, concepts, methods, techniques, or materials

10 MARKETING AND ADVERTISING

A LOCAL MARKETING FUND (LMF)

You must spend for locally advertising and promoting your Restaurant those amounts we periodically establish, not to exceed two percent (2%) of Gross Revenues during any period consisting of four of your consecutive fiscal quarters These amounts spent on local advertising and promotion will be designated as Local Marketing Funds ("LMF") At our request, you shall furnish us with copies of invoices and other documentation evidencing your compliance with this Section 10A If we determine, at some later date, that you have spent an amount less than two percent (2%) of Gross Revenues during the then most recently completed four consecutive fiscal quarters for locally advertising and promoting your Restaurant, we may collect LMF contributions directly We also may collect LMF funds directly from each Restaurant in a Designated Market Area ("DMA") when a DMA Marketing Cooperative is formed If we change the amount of LMF you must spend, we shall provide you with not less than 30 days notice of said change LMF contributions, if collected by us, will be payable on the first business day following the immediately preceding Reporting Period together with the Royalty Fees dues hereunder At our discretion, said funds may be electronically drafted or transferred from the designated account referred to in Section 6D hereof The LMF monies will be used to pay for the cost of implementing local marketing plans developed by you and approved by us For these purposes, qualifying LMF expenditures include (i) amounts contributed to advertising associations, (ii) amounts spent for grand opening advertising and promotional programs pursuant to Section 3E, and (iii) amounts spent by you for advertising media, such as television, radio, Internet, newspaper, billboards, posters, direct mail, collateral and promotional items, and advertising on public vehicles (transit and aerial) and, (iv) if not provided by us, the cost of producing approved materials necessary to participate in these media Non-qualifying LMF advertising expenditures include amounts spent for items which we, in our reasonable judgment, deem inappropriate for meeting the minimum advertising requirement, including permanent on-premises signs and menuboard hardware, lighting, administrative costs, Yellow Pages advertising, discounts/coupon offers, free offers and employee incentive programs Our detailed list of qualifying and non-qualifying LMF expenditures is revised periodically We reserve the right to designate any expenditure as a qualifying or non-qualifying LMF expenditure and the right to periodically redesignate at our discretion any qualifying expenditure as a non-qualifying expenditure and *vice versa*

B MARKETING ADMINISTRATION FEE (MAF)

In addition to the advertising and promotional expenditures and/or contributions required by Section 10A hereof, you shall contribute a Marketing Administrative Fee ("MAF") not to exceed one half of one percent (0 5%) of Gross Revenues, payable on the first business day following the immediately preceding Reporting Period together with the Royalty Fees due hereunder At our discretion, MAF contributions may be electronically drafted or transferred from the designated account referred to in Section 6D hereof The MAF shall be our exclusive property and shall be used by us to cover costs of, among other things, supporting and conducting market research activities, marketing collateral development, concept development (food and customer experience, project development and testing), design development (design, store prototyping and testing), and maintenance, administration and direction of the foregoing activities We shall not be required to separately account to you for the MAF or the expenditures therefrom

C NATIONAL MARKETING FUND (NMF)

Although we do not currently have a national marketing fund, we may, in our sole discretion, during the term of this Agreement, establish and administer a national marketing fund for the creation and development of marketing, advertising and related programs and materials, including electronic, print and Internet media as well as the planning and purchasing of national and/or regional network advertising (the "NMF") Upon the establishment of an NMF you must contribute amounts that we periodically establish, up to two percent (2%) of Gross Revenues, and payable on the first business day following the immediately preceding Reporting Period together with the Royalty Fees due hereunder At our discretion, NMF contributions may be electronically drafted or transferred from the designated account referred to in Section 6D hereof Costa Vida Restaurants owned by us and our Affiliates shall contribute to the NMF on the same basis as the then-current rate for franchisees We reserve the right to increase or modify the two percent (2%) maximum limit on NMF contributions (as well as the maximum limits on the Local Marketing Funds and the Marketing Administration Fee contributions) in the future by gaining an approval vote by either (1) 66% of all then-existing company, company-affiliated, and franchised Costa Vida Restaurants or (2) 51% of all then-existing franchised Costa Vida Restaurants Voting will be accomplished through a system of one vote per eligible Costa Vida Restaurant

The NMF will be accounted for separately from our other funds All disbursements from the NMF shall be made first from Income and then from Contributions While our intent is to balance the NMF on an annual basis, the NMF may periodically run at either a surplus or deficit We may spend in any fiscal year an amount greater or less than the aggregate contributions of all Costa Vida Restaurants to the NMF in that year, and the NMF may borrow from us or other lenders to cover deficits in the NMF or cause the NMF to invest any surplus for future use by the NMF We will prepare annually a statement of monies collected and costs incurred by the NMF and furnish a copy to you upon your written request Except as otherwise expressly provided in this Section 10C, we assume no direct or indirect liability or obligation with respect to the maintenance, direction or administration of the NMF We do not act as trustee or in any other fiduciary capacity with respect to the NMF

We will seek the advice of owners of Costa Vida Restaurants by formal and/or informal means with respect to the creative concepts and media used for programs financed by the NMF At our discretion, we may establish a Marketing Advisory Council ("MAC") Members of the MAC are elected by franchisees from among signatory franchise owners who have at least one restaurant open and the MAC serves only in an advisory capacity The final authority on all programs financed by the NMF will rest with us, and we will have sole discretion over all aspects of these programs, including national or regional media, creative concepts, materials, endorsements, agencies and suppliers We have the right to change or dissolve the MAC

We may increase the LMF, MAF, or NMF contributions above two percent (2%), one-half percent (.5%) and two percent (2%) of Gross Revenues, respectively, with an affirmative vote by 66% of all the then existing Company and franchised Costa Vida Restaurants or by an affirmative vote of 51% of the then existing franchised Costa Vida Restaurants

D ADVERTISING APPROVALS AND INITIAL ADVERTISING COSTS

You acknowledge that all advertising and promotional materials will be sourced solely through us You must submit to us for our prior approval a marketing plan and samples of all advertising and promotional materials not prepared or previously approved by us and which vary from our standard advertising and promotional materials by following the procedures that are in place at the time of submittal If you elect to work with a marketing firm (including an advertising agency or public relations firm), you must obtain our written approval of this marketing firm and this marketing firm must sign a Costa Vida approved confidentiality agreement before you sign any contracts or share any Confidential Information with this marketing firm This marketing firm or agency shall not under any circumstances be given access to any of our proprietary limited access intranet (including the Franchise Website), sites or any other information we deem inappropriate You may not use any advertising or promotional materials that we have not approved

We may establish a creative process in which you will submit requests for advertising and promotional materials for your Restaurant You must follow this process when established You will find this process in the Operations Manual We will try to meet your requests by using existing marketing collateral and/or customizable marketing templates As part of the creative process, you acknowledge that we may incur costs in customizing the proposed advertising and promotional materials We reserve the right to charge for these customized revisions of the advertising and promotional materials Additionally, if your creative marketing requests fall outside the scope of, and cannot be adequately met with, existing collateral and marketing templates, we will charge you a customized marketing development fee and will provide you with an estimate of this fee at the outset of the project If your project exceeds available resources or the timeline we provide, you must pay this customized marketing development fee to complete your custom marketing project

If you default under this Agreement, fail to pay any and all amounts due and payable to us or our Affiliates, or fail to comply with any other provision of this Agreement, we may elect not to provide you marketing and advertising assistance for your Restaurant's grand opening or on an ongoing basis Until such time as you pay your outstanding obligation in full or cure this default, we may not permit you to open your Restaurant

E DMA MARKETING COOPERATIVES

We have the right, at our sole discretion, to establish or approve marking cooperatives for Costa Vida Restaurants in your local or regional areas, covering these geographic areas as we may periodically designate ("DMA Marketing Cooperatives" or a "Marketing Cooperative) You must participate in any such a Marketing Cooperative at the time your Restaurant opens for business, and you must immediately become a member of this Marketing Cooperative If a Marketing Cooperative applicable to your Restaurant is established during the term of this Agreement, you must become a member no later than 30 days after the date approved by us for the Marketing Cooperative to commence operation The following provisions shall apply to each Marketing Cooperative

(1) Each Marketing Cooperative shall use a voting system of one vote per eligible Costa Vida Restaurant

(2) Each Marketing Cooperative shall be organized and governed in a form and manner, and shall commence operations on a date, approved in advance by us in writing No changes in the by-laws or governing documents of an Marketing Cooperative shall be made without our prior written consent

(3) Each Marketing Cooperative shall be organized for the exclusive purpose of administering advertising programs and developing, subject to our approval, promotional materials for use by the members in Marketing Cooperative

(4) No advertising or promotional plans or materials may be used by a Marketing Cooperative or furnished to its members without prior approval by us pursuant to Section 10E (6) below

(5) You and each other member of the Marketing Cooperative shall contribute to the Marketing Cooperative, using a collection structure selected and established by us, the amount determined in accordance with the Marketing Cooperatives by-laws Any Costa Vida Restaurants owned by us or any of our Affiliates located in these designated local or regional area(s) will contribute to the Marketing Cooperative on the same basis Contributions to these local and/or regional advertising Marketing Cooperatives are credited towards the advertising expenditures required by Section 10A, however, if we provide you and your Marketing Cooperative 90 days notice of a special promotion, including any regional promotions, you must participate in this promotion and pay to us any special promotion advertising fees assessed in connection therewith, beginning on the effective date of this notice and continuing until this special promotion is concluded Any such special promotion advertising fees shall be in addition to, and not credited towards, the two percent (2%) advertising expenditure required by Section 10A

(6) All advertising and promotion by you and the Marketing Cooperatives shall be in such media and of such type and format as we may approve, shall be conducted in a dignified manner, and shall conform to such standards and requirements as we may specify You or the Marketing Cooperative shall submit written samples of all proposed advertising and promotional plans and materials to us for our approval (except with respect to prices to be charged) at least 30 days before their intended use, unless these plans and materials were prepared by us or have been approved if they have not been disapproved by us within 15 days after their receipt by us

(7) At our request, you shall furnish us with copies of this information and documentation evidencing your Marketing Cooperative contributions as we may require to evidence your compliance with this Section 10E

F PROMOTIONS

You must participate in all promotions and advertising campaigns required by us, whether on a test, temporary or permanent basis, and to maintain adequate inventories of all products identified by us as part of this promotion or advertising campaign You shall accept any coupons issued by us or our Affiliates You must display in your Restaurant all (1) product identification materials, (2) point-of-purchase promotional materials, (3) promotional memorabilia, merchandise and prizes, and (4) other advertising marketing materials we provide you pursuant to this Section 10 for use by Restaurants At our request, you must display in a prominent, accessible place a "franchising opportunities" display furnished by us at our expense for the purpose of increasing public awareness of the availability of franchises

G FREQUENT DINER PROGRAM

The Costa Vida frequent diner program (the "Frequent Diner Program") is a program that awards and encourages repeat business through granting certain incentives to repeat customers It is described more fully in the Operations Manual You must participate in the Frequent Diner Program You must comply with all of the Frequent Diner Program's procedures, standards, specifications, and fulfillment specified in the Operations Manual

We will have no obligation to maintain the Frequent Diner Program indefinitely, and may discontinue it at any time We have the right to modify or discontinue the Frequent Diner Program if we determine that it becomes advisable at any time We will have no liability or obligation whatsoever with respect to any required modification or discontinuance of the Frequent Diner Program Also, we are not obligated to reimburse you for any loss of goodwill associated with any modification or discontinuance of the Frequent Diner Program

We may require you to purchase and install necessary hardware, software, cards, and other necessary additions to your computer system to collect customer information for the Frequent Diner Program that may include, and is not limited to, name, phone number, email address, username, password, money spent, and food products and merchandise purchased At our sole discretion, we will use this information to establish and deliver service to the customers We may use this information to contact customers about products, promotions, and service updates, provide usage information, and deliver other product and/or service-related information You acknowledge and agree that we are the sole owners of and reserve the rights to access the customer information collected through your POS/Computer System You and your Entity Owners agree not to sell, publish, disclose, or disseminate in any fashion the customer information collected through the Frequent Diner Program and all other promotion in accordance with the Operations Manual

H FRANCHISEE WEBSITES

You may not promote, offer, or sell any products or services relating to your Restaurant, or use any of the Marks, through the Internet without our consent You and your Entity Owners agree not to register any Internet domain name in any class or category that contains the words Costa Vida or any abbreviation, acronym, or variation of those words Also, you and your Entity Owners agree to not use any email address or alias that contains the words Costa Vida or any abbreviation, acronym, or variation of those words except those we have authorized

I COSTA VIDA WEBSITE AND INTRANET

We have established and plan to maintain the Costa Vida Website (the "Website") to provide information about Costa Vida, the Franchise, and the products and services that Restaurants offer Also, we will have control over the Costa Vida Website's design and contents We will have no obligation to maintain the Website indefinitely, and may dismantle it at any time We have the right to modify or discontinue the Website or any of its functions if we determine that it becomes advisable at any time We will have no liability or obligation whatsoever with respect to any required modification or discontinuance of the Website Also, we are not obligated to reimburse you for any loss of goodwill associated with any modification or discontinuance of the Website We may include pages on the Website that identify participating Restaurants by address and telephone number We are the sole owners of and reserve the rights to access and use the customer information collected through the Costa Vida Website You will not have the capability or the right to modify the Website

We have established and plan to maintain the Costa Vida Franchise Website (the "Franchise Website") through which members of the Costa Vida Network may communicate with each other, we may disseminate updates to the Operations Manual and other confidential information, and members of the Costa Vida Network may purchase food, Ingredients, supplies, marketing and advertising material, merchandise and other things we deem appropriate We may use the Franchise Website to provide Restaurant rankings in the Costa Vida Network based on various data points tracked at any given time for the purpose of performance evaluation No restaurant-specific financial information will be included on any ranking report provided for the consumption of the general franchise populace through the Franchise Website

We wıll have no oblıgatıon to maıntaın the Franchıse Websıte ındefınıtely and may dısmantle ıt at any tıme We wıll have no lıabılıty or oblıgatıon whatsoever wıth respect to any requıred modıfıcatıon or dıscontınuance of the Franchıse Websıte Also, we are not oblıgated to reımburse you for any loss of goodwıll assocıated wıth any modıfıcatıon or dıscontınuance of the Franchıse Websıte We may ınclude pages on the Franchıse Websıte that ıdentıfy partıcıpatıng Franchısees, general managers, and vendors by address, telephone number, and emaıl address You wıll not have the capabılıty or the rıght to modıfy the Franchıse Websıte We are the sole owners of and reserve the rıghts to access and use the customer ınformatıon collected through the Costa Vıda Franchıse Websıte

Access to the Franchıse Websıte by your employees should be strıctly lımıted You acknowledge that you are responsıble for all product orders placed by employees through the Franchıse Websıte and agree to reımburse us for any and all unpaıd purchases made through the Franchıse Websıte by your Restaurant

We may requıre you to purchase and ınstall necessary hardware, software, and other necessary addıtıons to your computer system and to establısh and contınually maıntaın connectıon wıth the Franchıse Websıte that allows us to send messages to and receıve messages from you Your oblıgatıons to maıntaın connectıon wıth the Franchıse Websıte wıll contınue untıl the Franchıse Agreement's expıratıon or termınatıon (or, ıf earlıer, untıl we dısmantle the Franchıse Websıte)

We may, ın our sole dıscretıon, establısh and admınıster an Informatıon Systems Admınıstratıve Fee ("ISAF") not to exceed one-tenth and five hundreds of one percent (0 15%) of Gross Revenues, payable on the first busıness day followıng the ımmedıately precedıng Reportıng Perıod together wıth the Royalty Fees due hereunder At our dıscretıon, ISAF contrıbutıons may be electronıcally drafted or transferred from the desıgnated account referred to ın Sectıon 6D of thıs Agreement The ISAF shall be our exclusıve property and shall be used by us to cover costs of, among other thıngs, supportıng and conductıng websıte and ıntranet development, and maıntenance, admınıstratıon and dırectıon of the Websıte, Franchıse Websıte, and foregoıng actıvıtıes

If you default under thıs Agreement, faıl to pay any and all amounts due and payable to us or our Affılıates, or faıl to comply wıth any other provısıon of thıs Agreement, we may remove ınformatıon about your Restaurant from the Websıte, untıl such tıme as you pay your outstandıng oblıgatıon ın full or cure thıs default or we may temporarıly suspend your access to any message board, dırectory, onlıne shoppıng catalog, or other features the Franchıse Websıte ıncludes untıl such tıme as you fully cure the default You must reımburse us for any and all purchases made through the Franchıse Websıte by your Restaurant You acknowledge that you are responsıble for all product orders placed by employees through the Franchıse Websıte

J CUSTOMER ORDERING SYSTEM

You agree that we may, at our optıon, establısh and maıntaın a customer orderıng system (the "Orderıng System") Through thıs system, we may allow customers to order food, beverages, merchandıse, and other products and servıces we deem approprıate You agree that we have control over the Orderıng System You must have your Restaurant partıcıpate ın fulfıllıng customer orders that come through the Orderıng System We may establısh a phone-based, Internet-based or mobıle devıce-based Orderıng System We have the rıght to use any technology ın creatıng, establıshıng, and maıntaınıng the Orderıng System

We wıll have no oblıgatıon to maıntaın the Orderıng System ındefınıtely, and may dısmantle ıt at any tıme We wıll have no lıabılıty or oblıgatıon whatsoever wıth respect to any requıred modıfıcatıon or dıscontınuance of the Orderıng System Also, we are not oblıgated to reımburse you for any loss of goodwıll assocıated wıth any modıfıcatıon or dıscontınuance of the Orderıng System You wıll not have the capabılıty or the rıght to modıfy the Orderıng System We are the sole owners of and reserve the rıghts to access and use the customer ınformatıon collected through the Orderıng System

We may require you to purchase and install necessary hardware, software, and other necessary additions to your computer system and to establish and continually maintain connection with the Ordering System that allows customers to purchase food, beverages, merchandise, and other products from your Restaurant Your obligations to maintain staff and systems necessary for the Ordering System will continue until the Franchise Agreement's expiration or termination (or, if earlier, until we dismantle the Ordering System)

11 RECORDS, REPORTS, AND FINANCIAL STATEMENTS

A REPORTS, RECORDS AND BOOKKEEPING

You must establish and maintain a bookkeeping, accounting, record keeping and data processing system conforming to the requirements and formats that we prescribe and as set forth in the Operations Manual You must prepare and maintain three years' complete and accurate books, records, (including invoices and records relating to your advertising expenditures) and accounts (using our then-current standard chart of accounts) for your Restaurant, copies of your sales tax returns and these portions of your state and federal income tax returns, daily cash reports, cash receipts journal and general ledger, cash disbursements journal and weekly payroll register, monthly bank statements and daily deposit slips and canceled checks, supplier invoices, dated cash register tapes (detail and summary), semi-annual balance sheets and monthly profit and loss statements, daily production, leftover and donations records and weekly inventories, records of promotions and coupon redemptions, records of all corporate accounts, and such other records as we deem appropriate as related to your Restaurant All these books and records shall be kept at your principal address indicated on the first page of this Agreement, unless we otherwise approve You acknowledge that we may require you to furnish these records to us

You must furnish to us reports relating to your Restaurant by the delivery method and in a form and content as we have the right to periodically prescribe In addition you must furnish us periodic reports, which may include but are not limited to, the following

(i) Gross Revenue Reports Monthly reports of Gross Revenues due at the same time that Royalty Fees are due,

(ii) Monthly Financial Reports Within 15 days after the end of calendar month, a profit and loss statement for your Restaurant for the previous month and a year-to-date statement of financial condition as of the end of the previous month,

(iii) Quarterly Reports Within 30 days after the end of calendar quarter, a quarterly balance sheet and income statement and statement of cash flow of your Restaurant for such quarter, reflecting any adjustments and accruals,

(iv) Semi-Annual Reports Within 15 days after the end of each 6- month calendar period, a balance sheet for your Restaurant as of the end of that semi-annual period,

(v) Annual Reports Within 90 days after the end of each calendar year, (1) a year-end balance sheet and income statement and statement of cash flow for you and all of your Affiliates that develop, own or operate Costa Vida restaurants, all prepared in accordance with generally accepted accounting principles, consistently applied, reflecting all year-end adjustments and accrual, (2) similar information from all Entity Owners who have signed guarantees of this Agreement, and (3) these summaries of financial information as we may require,

(vi) Tax Returns Within 10 days after the returns are filed, exact copies of federal and state income, sales and any other tax returns and the other forms, records, books and other information pertaining to the Restaurant as we have the right to periodically require,

(vii) Other Reports Within 30 days of our request, such other information as we may periodically require, including sales mix data, food, labor, and paper cost reports, sales and income tax statements and a consolidated Business Plan for all Costa Vida Restaurants that you and your Affiliates own or operate

All accounting and other reports shall use our then-current standard chart of accounts and standard accounting methodologies and practices as outlined in the System Standards Each report and financial statement will be signed and verified by you in the manner we specify We reserve the right to publish or disclose information that we obtain under this Section in any data compilations, collections, or aggregations that we deem appropriate, in our sole discretion, including financial information relating to your individual Restaurant We also have the right to require your financial statements be audited, at your expense, by an independent certified public accountant approved by us We have the right to determine the format and manner of submission of each report In addition, we have the right to charge you a late fee for each delinquent report due to us, as further described above Also, we have the right, but not the obligation, to provide you with analytical and comparative restaurant performance reports The data we use to generate these reports are aggregated directly from information provided by franchise owners and third party sources Therefore, it would be impossible to warrant the veracity of these reports Ideal and theoretical food, labor, and paper costs found in these reports are estimates and may or may not be accurate You acknowledge that we do not warrant the reliance on the figures in these reports for your Restaurant

We have the right to require you to create, prepare and continually update a business plan containing this information as we may require and presented in a format which we have approved ("Business Plan") Your Business Plan must include, with respect to the Restaurant that you own and operate under this Agreement as well as all Restaurants owned or operated by you or any of your Affiliates, your short-term and long-term goals in at least the following areas your mission statement, sales building, customer satisfaction, operations, quality of service, staffing, training certification, human resources, marketing, development and initiatives

B RETENTION OF RECORDS

You must prepare and maintain, following the end of each fiscal year, complete and accurate books, records, (including invoices and records relating to your advertising expenditures) and accounts (using our then-current standard chart of accounts) for your Restaurant, copies of your sales tax returns and such portions of your state and federal income tax returns, daily cash reports, cash receipts journal and general ledger, cash disbursements journal and weekly payroll register, monthly bank statements and daily deposit slips and canceled checks, supplier invoices, dated cash register tapes (detail and summary), semi-annual balance sheets and monthly profit and loss statements, daily production, leftover and donations records and weekly inventories, records of promotions, frequent diner program redemptions, and coupon redemptions, records of all corporate accounts, and other records as we deem appropriate as it relates to your Restaurant These annual financial records shall be maintained for three years All books and records shall be kept at your principal address indicated on the first page of this Agreement, unless we otherwise approve You acknowledge that we may require you to furnish these records to us You must keep full, complete and proper books, records and accounts of Gross Revenues and of your operations at your Restaurant

12 THE COMPANY'S RIGHT TO INSPECT THE RESTAURANT, AUDITS

A INSPECTIONS

To determine whether you are complying with this Agreement and with all System Standards and whether your Restaurant is in compliance with the terms of this Agreement, we and our designated agents have the right to, at any reasonable time and without prior notice to you

(i) Inspect the Premises and the Restaurant,

(ii) Observe, photograph and video tape your Restaurant's operations for these consecutive or intermittent periods as we deem necessary,

(iii) Remove samples of any products, materials or supplies for testing and analysis,

(iv) Interview personnel and customers of your Restaurant, and

(v) Inspect and copy any books, records and documents relating to the operation of your Restaurant

You must cooperate fully with us in connection with any of our inspections, observations, photographing, videotaping, product removal and interviews You also must cooperate fully with our representatives and independent accountants conducting audits

You shall maintain readily available for inspection by the Company, and shall furnish to the Company upon its request, at these locations as the Company may reasonably request (including the Company's office), exact copies of all books and records, tax returns and documents relating to the development, ownership, lease, occupancy or operation of your Restaurant and of any corporation or partnership that holds the Franchise and shall afford the Company (and its agents), at any time during business hours, and without prior notice to you, full and free access to these books and records at the Restaurant The Company (and its agents) shall have the right to make extracts from, and copies of, and to audit, or cause to be audited, these books and records and shall have the right to communicate freely with Restaurant employees You shall fully cooperate with representatives of the Company and independent accountants hired by the Company to conduct any inspection or audit In the event any inspection or audit shall disclose an understatement of the Gross Revenues of the Restaurant, you shall pay to the Company, within seven days after receipt of the inspection or audit report, the royalty and service fee and any advertising contributions due on the amount of this understatement, plus interest (at the rate and on the terms provided in Section 6) from the date originally due until the date of payment Further, in the event this inspection or audit is made necessary by the failure of you to furnish reports, supporting records or other information, as herein required, or to furnish these reports, records or information on a timely basis, or if an understatement of Gross Revenues for the period of any inspection or audit (which shall not be for less than three months) is determined by any inspection or audit to be greater than two percent (2%), you shall reimburse the Company for the cost of this inspection or audit, including the charges of any attorneys, independent accountants and the travel expenses, room and board and compensation of employees of the Company The foregoing remedies shall be in addition to all other remedies and rights of the Company under this Agreement or under applicable law

13 Transfers / Assignment

A Transfers/Assignments By Us

This Agreement is fully transferable and/or assignable by us and will inure to the benefit of any transferee or assignee or other legal successor to our interest in this Agreement

B Restrictions on Transfers By You

Your rights and duties created by this Agreement are personal to you, or, if you are a business corporation, partnership, limited liability company or other legal entity, your Entity Owners We have granted this Agreement to you in reliance upon our perceptions of the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and, if you are not an individual, your Entity Owners Accordingly, no Transfer will be made without our prior written approval Any Transfer without our approval will constitute a breach of this Agreement and will be void and of no effect **"Transfer"** is defined, for purposes of this Agreement, as the voluntary or involuntary, direct or indirect transfer, assignment, sale, gift, pledge, mortgage, hypothecation or other disposition (including those occurring by operation of law and a series of transfers that in the aggregate constitute a Transfer) of any of your interest in this Agreement or of a Controlling Interest in you **"Controlling Interest"** means an interest, the ownership of which empowers the holder to exercise a controlling influence over the management, policies or personnel of an Entity Ownership of 10% or more of the equity or voting securities of a corporation, limited liability company or limited liability partnership or ownership of any general partnership interest in a general or limited partnership will be deemed conclusively to constitute a Controlling Interest in the corporation, limited liability company, or partnership, as the case may be

C CONDITIONS FOR APPROVAL OF TRANSFERS BY YOU

If we have not exercised our right of first refusal and if you are in full compliance with this Agreement, we will not unreasonably withhold our approval of a Transfer that meets all of the following requirements

(i) Character The proposed transferee and the individuals ultimately owning the transferee, if the transferee is an Entity, must be individuals of good moral character and otherwise meet our then-applicable standards for owners of Costa Vida Restaurants Also, the transferee must provide us on a timely basis all information we request,

(ii) Business Experience The transferee and, if the transferee is an Entity, its Entity Owners must have sufficient business experience, aptitude and financial resources to operate its business and comply with this Agreement,

(iii) Training The transferee (or its operating partner) and it managers, shift supervisors and prep cooks must have completed our initial training program or must be currently certified by us to operate and/or manage a Costa Vida Restaurant to our satisfaction,

(iv) Satisfaction of Obligations You have paid all amounts owed for purchases by you from us and our Affiliates and all other amounts owed to us or our Affiliates and third-party creditors,

(v) Execution of New Agreement or Assumption of Agreement At our option, the transferee either has signed our then-current form of Franchise Agreement and related documents used in the state in which the Restaurant is located (which may provide for different royalties, advertising contributions and expenditure, duration and other rights and obligations than those provided in this Agreement) for a new term, and if the transferee is an Entity, each Entity Owner of the transferee has signed our then-current form of guaranty, or has agreed to be bound by and expressly assume all of the terms and conditions of this Agreement for the remainder of its term, and if the transferee is an Entity, each Entity Owner of the transferee has signed our then-current form of guaranty,

(vi) Payment of Transfer Fees You or the transferee has paid us a transfer fee equal to Ten Thousand Dollars ($10,000) for your Restaurant,

(vii) Execution of Termination Agreement and/or Release At our option, you and your transferring Entity Owners, if you are an Entity, have signed our then-current form of termination agreement and/or general release, in form and substance satisfactory to us, unless limited or prohibited by applicable law, (which shall release us and our affiliates and our and their respective officers, directors, employees shareholders, successors, assigns, and agents from any and all claims),

(viii) Approval of Terms of Transfer We have approved the material terms and conditions of the Transfer, including the price and terms of payment However, our approval of a Transfer does not ensure the transferee's success as a Costa Vida Restaurant franchisee nor should the transferee rely upon our approval of the Transfer in determining whether to acquire your Restaurant,

(ix) Subordination If you (or your Entity Owners) finance any part of the sale price of the transferred interest, you and the Entity Owners have agreed that all obligations of the transferee under any promissory notes, agreements or security interests reserved by you (or your Entity Owners) will be subordinate to the transferee's obligations to us and our affiliates,

(x) Non-Competition Covenant You and your Owners must sign a non-competition covenant, in form and substance satisfactory to us, in favor of us and the transferee agreeing that, for a period of two years, starting on the effective date of the transfer, you and your Owners will not directly or indirectly (such as through members of his/her or their Immediate Families) (i) own any legal or beneficial interest in, or render services or give advice to (1) any Competitive Business that is located in the Protected Area, (2) any Competitive Business that is located within a five mile radius of any other Costa Vida Restaurant in operation or under construction as of the effective date of this transfer, or (3) any entity which grants franchises, licenses or other interests to others to operate any Competitive Business, and (ii) recruit or hire any person who is an employee of ours or of any Costa Vida Restaurant operated by us, our Affiliates or any franchisee of ours without obtaining the employer's consent, which consent may be withheld for any reason,

(xi) Landlord Consent If consent is required, the lessor of the Premises consents to the assignment or sublease of the Premises to the transferee,

(xii) Non-Use of Marks You and your Entity Owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to Costa Vida Restaurants owned and operated by you or them) identify yourself or themselves or any of their businesses as a current or former Costa Vida Restaurant, or as a franchisee, licensee or dealer of us or our affiliates, use any Mark, any colorable imitation of any of the Marks or other indicia of a Costa Vida Restaurant in any manner or for any purpose or use for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us,

(xiii) Refurbishment You or the transferee has agreed to any refurbishment of the Restaurant required by us to bring the Restaurant in compliance with the then-current standards and trade dress,

(xiv) Restaurant Operation You have completed development of your Restaurant and are operating your Restaurant in accordance with this Agreement,

(xv) Agreement Compliance You, your Owners and Affiliates must be in compliance with the provisions of this Agreement and all other agreements with us or any of our Affiliates,

(xvi) Securities Exchange Act The proposed transferee may not be an entity, or be affiliated with an entity, that is required to comply with reporting and information requirements of the Securities Exchange Act of 1934, as amended,

(xvii) Area Development Agreement If you signed this Agreement pursuant to an area development agreement, then the transferee must acquire, in a concurrent transaction, all of your rights, and the rights of your Owners and Affiliates, under this area development agreement (or any successor area development agreement) and all franchise agreements for Costa Vida Restaurants that you or your Owners or Affiliates signed pursuant to this area development agreement (or any predecessor or successor area development agreement),

(xviii) Material Terms and Conditions We must not have disapproved the material terms and conditions of this transfer (including the price and terms of payment and the amount to be financed by the transferee in connection with this transfer, which shall not in any event exceed 75% of the purchase price for the assets or stock to be transferred) on the basis that they are so burdensome as to be likely, in our reasonable judgment, to adversely affect the transferee's operation of your Restaurant or its compliance with its franchise agreements, any area development agreements and any other agreements being transferred, and

(xix) Other Conditions You and your transferring Entity Owners, if you are an Entity, have complied with any other conditions that we periodically reasonably require as part of our transfer policies You and your Entity Owners and Affiliates must sign such other documents and do such other things as we may reasonable require to protect our rights under this Agreement and under any area development agreement

In connection with any assignment permitted under this Section, you will provide us with all documents to be signed by you and the proposed transferee at least 30 days before signing

D TRANSFER TO A WHOLLY-OWNED CORPORATION

If you are in full compliance with this Agreement, you will have the right to transfer your rights in this Agreement to a corporation which will conduct no business other than the business contemplated by this Agreement, which you actually manage and in which you maintain management control and own and control 100% of the equity and voting power of all issued and outstanding capital stock Transfers of shares of this corporation will be subject to the provisions of this Section 13 Even though a transfer is made under this Section, you will remain personally liable under this Agreement as if the transfer to this corporation had not occurred The articles of incorporation, by-laws and other organizational documents of the corporation will recite that the issuance and assignment of any interest in the corporation is restricted by the terms of this Section 13, and all issued and outstanding stock certificates of this corporation must bear a legend reciting or referring to these restrictions

E DEATH OR DISABILITY OF FRANCHISEE

Upon the death or permanent disability of Franchisee or, if Franchisee is a corporation or partnership, the owner of a Controlling Interest of Franchisee, the executor, administrator, conservator or other personal representative of this person shall assign the Franchise or this interest in Franchisee to a third party approved by the Company This disposition of the Franchise or this interest in Franchisee (including transfers by bequest or inheritance) shall be completed within a reasonable time, not to exceed six months from the date of death or permanent disability and shall be subject to all the terms and conditions applicable to assignments contained in Paragraph C of this Section and to the Company's right of first refusal contained in Paragraph G of this Section (provided that Paragraph G shall not apply to transfers to members of the immediate family of Franchisee or an owner of Franchisee or to transfers by gift, bequest or inheritance) Failure to so dispose of the Franchise or this interest in Franchisee within that period of time shall constitute a breach of this Agreement Pending disposition, the Company shall have the right to approve the management of the Restaurant and no person whom the Company disapproved shall continue to act as a manager of the Restaurant

F SPECIAL TRANSFERS

None of Section 13C(v), or Section 13C(vi) or Section 13C(xiv) shall apply to any Transfer of the Franchise among any of your then-current Owners Neither Section 13C(vi) nor Section 13C(xviii) shall apply to any Transfer of the Franchise to any member of your Immediate Family or the Immediate Family of a then-current Owner of Franchisee (if you are a corporation, partnership, limited liability company or other legal entity) On 30 days' notice to us, you (if you are an individual or partnership) may transfer this Agreement, in conjunction with a transfer of all of the assets of your Restaurant, by an agreement in form and substance approved by us, to an entity which conducts no business other than the Restaurant (and other Costa Vida Restaurants under franchise agreements granted by us), and of which you own and control all of the equity and voting power The entity to which this Agreement is transferred must comply with Sections 7A and 7B None of the foregoing assignments shall relieve you or your Owners of your respective obligations hereunder, and you and your Owners remain jointly and severally liable for all obligations hereunder

G THE COMPANY'S RIGHT OF FIRST REFUSAL

If you or any of your Owners desire to transfer the franchise for legal consideration, you or such Owner must obtain a *bona fide*, signed written offer from a qualified purchaser and must deliver immediately to us a complete and accurate copy of this offer If the offeror proposes to buy any other property or rights from you or any of your Owners or Affiliates (other than rights under area development agreements or rights to other franchise agreements for Costa Vida Restaurants) as part of the *bona fide* offer, the proposal for this property or rights must be set forth in a separate, contemporaneous offer that is fully disclosed to us, and the price and terms of purchase offered to you or your Owners for the Transfer of the Franchise must reflect the *bona fide* price offered therefore and may not reflect any value for any other property or rights

We have the option, exercisable by notice delivered to you or your Owners within 30 days from the date of delivery of a complete and accurate copy of such offer to us, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that (1) we may substitute cash for any form of payment proposed in this offer, (2) our credit shall be deemed equal to the credit of any proposed purchaser, and (3) we will have not less than 90 days from the option exercise date to consummate the transaction We have the right to investigate and analyze the business, assets and liabilities and all other matters we deem necessary or desirable to make an informed investment decision with respect to the fairness of the terms of our right of first refusal We may conduct such investigation and analysis in any manner we deem reasonably appropriate and you and your Owners must cooperate fully with us in connection therewith

If we exercise our option to purchase, we are entitled to purchase such interest subject to all representations and warranties, closing documents, releases, non-competition covenants and indemnities we as reasonably may require, provided if we exercise our option as result of a written offer reflected in a fully negotiated definitive agreement with the proposed purchaser, we will not be entitled to any additional representations, warranties, closing documents or indemnities that will have a materially adverse effect on your rights and obligations under the definitive agreement If we do not exercise our option to purchase, you or your Owners may complete the sale to the offeror pursuant to and on the exact terms of this offer, subject to our approval of the transfer as provided in Section 13A, 13B, or 13C provided that if the sale to this offeror is not completed within 90 days after delivery of this offer to us, or if there is a material change in the terms of the offer, you must promptly notify us and we will have an additional option to purchase (on the terms of the revised offer, if any, and otherwise as set forth herein) during the thirty-day period following your notification of the expiration of the ninety-day period or the material change to the terms of the offer

H EFFECT OF CONSENT TO ASSIGNMENT

The Company's consent to an assignment of the Franchise or any interest subject to the restrictions of this Section, shall not constitute a waiver of any claims it may have against the assignor, nor shall it be deemed a waiver of the Company's right to demand exact compliance with any of the terms or conditions of the Franchise by the assignee(s), nor a representation as to the fairness of the terms of any agreement or arrangement between you and the transferee or as to the prospects of success of the Costa Vida Restaurant by the transferee Any approval shall apply only to the specific Transfer of the Franchise being proposed and shall not constitute an approval of, or have any bearing on, any other proposed transfer of the Franchise

I SECURITIES OFFERINGS

In the event we decide to offer for sale securities in the Company and you or any of your Owners purchase these securities, neither you nor any of your Owners may issue or sell, or offer to issue or sell, any of your Costa Vida securities or any Costa Vida securities of any of your Affiliates, regardless of whether this sale or offer would be required to be registered pursuant to the provisions of the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction, without obtaining our prior consent and complying with all of our requirements and restrictions concerning use of information about us and our Affiliates Neither you nor any of your Owners may issue or sell your securities or the securities of any of your Affiliates if (1) these securities would be required to be registered pursuant to the Securities Act of 1933, as amended, or these securities would be owned by more than thirty-five persons, or (2) after this issuance or sale, you or this Affiliate would be required to comply with the reporting and information requirements of the Securities Exchange Act of 1934, as amended

Any proposed private placement of your or of your Affiliate's securities must be approved by us, provided however, we shall not be responsible for its contents and you shall indemnify and hold us harmless from any and all claims associated with such private placement

14 TERMINATION

A IMMEDIATE TERMINATION

You are in material breach and deemed to be in default of this Agreement, and this Agreement will automatically terminate without notice, at our discretion, if any of the following events occur

(i) Criminal Acts The conviction or entry of a guilty plea or no contest to charges involving fraudulent conduct or a felony or misdemeanor involving moral turpitude by either Franchisee or a principal of Franchisee

(ii) Insolvency You file a petition in bankruptcy or for reorganization or for an arrangement pursuant to any federal or state bankruptcy law or any similar federal or state law, or are adjudicated a bankrupt or make an assignment for the benefit of creditors or admit in writing your inability to pay your debts generally as they become due, or if a petition or answer proposing the adjudication of you as a bankrupt or your reorganization pursuant to any federal or state bankruptcy law or any similar federal or state law is filed in any court and you consent to or acquiesce in the filing thereof or this petition or answer is not discharged or denied within 30 days after the occurrence of any of the foregoing, or if a receiver, trustee or liquidator of you or of all or substantially all of your assets or your interest in this Agreement is appointed in any proceeding brought by you, or if any such receiver, trustee or liquidator is appointed in any proceeding brought against you and is not discharged within 30 days after the occurrence thereof, or if you consent to or acquiesce in this appointment (any such event described in this Section being referred to as an "**Insolvency Event**"), or if you request the appointment of a receiver or make a general assignment for the benefit of creditors, or if your bank accounts, property or accounts receivable are attached or signing is levied against your business or property or,

(iii) Unauthorized Transfer A Transfer occurs in violation of the provisions of Section 13,

(iv) Misstatements and Other Adverse Developments You (or, if you are an Entity, any Entity Owner of you) have made any material misrepresentation or omission in your application for the rights conferred by this Agreement, are convicted by a trial court of, or plead no contest to, a felony or to any other crime or offense that may adversely affect the goodwill associated with the Marks, or if you engage in any conduct which may adversely affect the reputation of any Costa Vida Restaurant or the goodwill associated with the Marks,

(v) Unauthorized Use of Marks or Confidential Information You or any of your Entity Owners make any unauthorized use of the Marks or any unauthorized use or disclosure of Confidential Information,

(vi) Abandonment You abandon or fail actively to operate your Restaurant for three consecutive days unless your Restaurant has been closed for a purpose approved in advance by us in writing or because of fire, flood or other casualty or government order,

(vii) Breach of Lease, Loss of Right of Possession You are in breach of any of your obligations under your lease or sublease of the Premises or you lose the right to possession of the Premises,

(viii) Failure to Comply with Certain System Standards and Health Requirements You fail or refuse to comply with System Standards relating to the cleanliness or sanitation of your Restaurant or violate any health, safety or sanitation law, ordinance or regulation,

(ix) Understatements of Gross Revenues You understate your Restaurant's Gross Revenues in any report or financial statement by an amount greater than two percent (2%),

(x) Failure to Make Payments You or any of your Affiliates fail to make payments, when due, of any amounts due to us or our Affiliates under this Agreement or any other agreement with us or our Affiliates,

(xi) Failure to Pay Taxes You fail to pay any federal or state income, sales or other taxes due with respect to your Restaurant's operations unless you are in good faith contesting your liability for the taxes,

(xii) Repeated Breaches You fail on two or more separate occasions within any period of twelve consecutive months or on three occasions during the term of this Agreement to submit when due reports or other data, information or supporting records or to pay when due the Royalty Fees or other payments due to us or our Affiliates or otherwise fail to comply with this Agreement, whether or not the failures to comply are corrected after notice thereof is delivered to you,

(xiii) Financing Defaults You default with respect to any of your obligations to us or any other lender under any financing provided to you in connection with this Franchise Agreement or a purchase of Restaurant assets, or

(xiv) Default of any Other Agreement You default in the performance or observance of any of your obligations under any other agreement with us or our Affiliates Also, a final judgment against you in the amount of Twenty-Five Thousand Dollars ($25,000) or more remains unsatisfied of record for 30 days or longer,

(xv) Foreclosure A suit is filed to foreclose any lien or mortgage against any of your assets and this suit is not dismissed within 30 days,

(xvi) Corporate or Partnership Dissolution You voluntarily dissolve or liquidate or have a petition filed for corporate or partnership dissolution and this petition is not dismissed within 30 days,

(xvii) Anti-Terrorism Laws You are otherwise in violation of any of the Anti-Terrorism Laws

You expressly waive all rights under the provisions of the bankruptcy or other applicable laws and rules, and consent to the immediate termination of this Agreement as provided herein You agree not to seek an order from any court, tribunal, or agency in any jurisdiction relating to bankruptcy, insolvency, reorganization or any similar proceedings that would have the effect of staying or enjoining this provision

B NOTICE OF TERMINATION

In addition to our right to terminate pursuant to other provisions of this Agreement and under applicable law, we have the right to terminate this Agreement, effective upon delivery of notice of termination to you, if you or any of your Entity Owners or Affiliates

(i) fail to open your Restaurant and start business, as provided in Sections 3C and 3E,

(ii) abandon or fail to actively operate your Restaurant for three consecutive days, except where this failure to actively operate results solely from causes beyond your reasonable control,

(iii) surrender or transfer control of the operation of your Restaurant without prior written consent,

(iv) make any material misstatement or omission in the Personal Profile, the ADA Application or in any other information, report or summary provided to us at any time,

(v) suffer cancellation or termination of the lease or sublease for your Restaurant,

(vi) are convicted of, or plead no contest to, a felony or other crime or offense that we reasonably believe may adversely affect the System Standards or the goodwill associated with the Marks,

(vii) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Operations Manual in violation of this Agreement,

(viii) fail or refuse to comply with any mandatory specification, standard, or operating procedure prescribed by us relating to the cleanliness or sanitation of your Restaurant or violate any health, safety or sanitation law, ordinance or regulation, that we reasonably believe may pose harm to the public or to you or our reputation, and do not correct this failure, refusal or violation within twenty-four hours after written notice thereof is delivered to you,

(ix) fail to report accurately Gross Revenues, to establish, maintain and/or have sufficient funds available in the designated account as required by Section 6D of this Agreement or to make payment of any amounts due us or any of our Affiliates, and do not correct this failure within 10 days after written notice of this failure is delivered to you,

(x) fail to make a timely payment of any amount due to a supplier unaffiliated with us (other than payments which are subject to bona fide dispute), and do not correct this failure within 30 days after we deliver to you notice of this failure to comply,

(xi) fail to comply with any other provision of this Agreement or any other mandatory specification, System Standards or operating procedure or other obligation that we periodically prescribe in the Operations Manual and do not correct this failure within 30 days after notice of this failure to comply is delivered to you, or

(xii) fail on three or more separate occasions within any period of twelve consecutive months to submit when due reports or other data, information or supporting records or to pay when due royalties, advertising fund contributions or other payments due us, any of our Affiliates or any unaffiliated suppliers or otherwise fail to comply with this Agreement or any mandatory specification, standard or operating procedure or other obligation that we periodically prescribe in the Operations Manual, whether or not this failure is corrected after notice is delivered to you

(xiii) lose the right to possession of the Premises, or otherwise forfeit the right to do or transact business in the jurisdiction where the Restaurant is located, and do not correct this failure within 10 days after written notice of this failure is delivered to you,

(xiv) deny us the right to inspect, examine or audit your Restaurant and your Restaurant's books and do not correct this failure within 10 days after written notice of this failure is delivered to you,

(xv) fail to submit any financial statement or report when required, or your submission is incorrect or incomplete, and do not correct this failure within 10 days after written notice of this failure is delivered to you,

(xvi) fail to pay any federal or state income, sales, or other taxes due on your Restaurant's operations, unless you are in good faith contesting liability for these taxes, and do not correct this failure within 10 days after written notice of this failure is delivered to you,

(xvii) violate any federal labor laws, and do not correct this failure within 10 days after written notice of this failure is delivered to you,

(xviii) fail to commence repair or restoration of your Restaurant after damage or destruction as provided in Section 3C, or fail to insure the Restaurant as provided in Section 8H, and do not correct this failure within 30 days after written notice of this failure is delivered to you,

(xix) fail to commence repair, restoration, modernization of your Restaurant after we provide you a written request to do so as provided in Section 8A, and do not correct this failure within 30 days after written notice of this failure is delivered to you,

(xx) fail to comply with the in-term covenants in Section 9B of this Agreement, fail to obtain signing of the covenants required under that Section, or fail to comply with the confidentiality non-competition agreement found in Exhibit F, and do not correct this failure within 10 days after written notice of this failure is delivered to you, and

(xxi) fail to notify us of your Operation Partner, general manager, or prep cook/kitchen manager's termination and/or fail to hire or select a successor Operating Partner who satisfies the requirements provided for in Section 7C will be considered as a breach of this Agreement

We have no obligation whatsoever to refund any portion of the franchise fee upon any termination

C OUR RIGHT TO TERMINATE IN CERTAIN OTHER CIRCUMSTANCES

(i) Failure to Complete Training If you or any initial attendee to our training programs fails to complete all phases of the initial and intensive training program to our satisfaction, we will have the right to terminate this Agreement effective upon delivery of notice of termination to you If we terminate the Agreement as permitted by this provision, we will refund to you the initial franchise fee less all reasonable expenses incurred by us in connection with (i) the preparation of this Agreement and all related agreements, (ii) the grant of the Franchise, (iii) approval of the Premises, (iv) selection of the Premises, (v) training services and materials, and (vi) any other services performed by us in connection with the establishment and development of your Restaurant However, in no event will the refund exceed 50% of the initial franchise fee The refund will be delivered to you upon signing of all releases, waivers and other agreements necessary to terminate the relationship between you and us

(ii) Failure to Open Your Restaurant for Business If you fail to open your Restaurant for business in compliance with Section 3, we will also have the right to terminate this Agreement effective upon delivery of notice of termination to you No refund of the initial franchise fee will be made in these circumstances

If you are in default of this Agreement for abandonment (as described above), we have the right, at our option, to enter the Premises and assume the management of your Restaurant for any period of time we deem appropriate If we assume management of your Restaurant, we will appoint a manager who will maintain Restaurant operations All funds from the operation of your Restaurant during the period of management by our appointed manager will be kept in a separate fund, and all expenses of your Restaurant, including compensation, other costs, and travel and living expenses of our appointed manager, will be charged to this fund As compensation for these management services, we may charge this fund 10% of the Gross Revenues of your Restaurant during the period of our management Operation of your Restaurant during any such period will be on your behalf, provided that we will have a duty only to use our good faith effort and will not be liable to you for any debts or obligations incurred by your Restaurant or to any of your creditors for any merchandise, materials, supplies or services purchased by your Restaurant during any period in which your Restaurant is managed by our appointed manager You will maintain in force for your Restaurant all insurance policies required by this Agreement Our right to assume management of your Restaurant pursuant to this Section is in addition to and does not affect our right to terminate this Agreement

15 RIGHTS AND OBLIGATIONS OF THE COMPANY AND FRANCHISEE UPON TERMINATION OR EXPIRATION OF THE FRANCHISE

A REVISION OF RIGHTS

You agree that upon termination or expiration of this Agreement, all of your rights to use the Marks and all other rights and licenses granted herein and the right and license to conduct business under the Marks at your Restaurant and on the Premises shall revert to us without further act or deed of any party All right, title and interest of you in, to, and under this Agreement shall become our property

B PAYMENT OF AMOUNTS OWED TO US AND OTHERS FOLLOWING TERMINATION OR EXPIRATION

You must pay us within 15 days after the date of termination or expiration of this Agreement, or such later date as the amounts due to us are determined, the Royalty Fees, marketing fees, amounts owed for purchases by you from us or our Affiliates, interest due on any of the foregoing and all other amounts owed to us or our Affiliates which are then unpaid

C DISCONTINUANCE OF THE USE OF THE MARKS FOLLOWING TERMINATION OR EXPIRATION

You agree that, upon termination or expiration of this Agreement, you will

(i) Not directly or indirectly at any time or in any manner (except with respect to other Costa Vida Restaurants owned and operated by you) identify yourself or any business as a current or former Costa Vida Restaurant, or as a franchisee, licensee or dealer of us or our Affiliates, and not use any Mark, any colorable imitation of a Mark or other indicia of a Costa Vida Restaurant in any manner or for any purpose or use for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us or our Affiliates,

(ii) Deliver to us all signs, sign-faces, sign-cabinets, marketing materials, forms, invoices and other materials containing any Mark or otherwise identifying or relating to a Costa Vida Restaurant and allow us, without liability, to remove all these items from your Restaurant,

(iii) Take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark,

(iv) If we do not exercise our right to purchase your Restaurant pursuant to Section 15E, promptly remove from the Premises, and discontinue using for any purpose, all signs, fixtures, furniture, décor items, advertising materials, forms and other materials and suppliers which display any of the Marks or any distinctive features, images, or designs associated with Costa Vida Restaurants and, at your expense, make such alterations as may be necessary to distinguish the Premises so clearly from its former appearance as a Costa Vida Restaurant and from other Costa Vida Restaurants as to prevent any possibility of confusion by the public,

(v) Deliver all materials and supplies identified by the Marks in full cases or packages to us for credit and dispose of all other materials and supplies identified by the Marks within 30 days after the effective date of termination of this Agreement,

(vi) Notify the telephone company and all telephone directory publishers of the termination of your right to use any telephone and telecopy numbers and any regular, classified or other telephone directory listings associated with any Mark and to authorize transfer of those rights to us, or at our direction, our designee You agree that, as between you and us, we have the right to and interest in all telephone and fax numbers and directory listings associated with any Mark You authorize us and appoint us and any of our officers as your attorney-in-fact, to direct the telephone company and all telephone directory publishers to transfer any telephone and fax numbers and directory listings relating to your Restaurant to us, or our designee, should you fail or refuse to do so, and the telephone company and all telephone directory publishers may accept such direction or this Agreement as conclusive of our exclusive rights in the telephone and telecopy numbers and directory listings and our authority to direct their transfer, and

(vii) Furnish us, within 30 days after the effective date of termination, with evidence satisfactory to us of your compliance with the obligations in this Section

(viii) Immediately discontinue the use of any of our proprietary software,

(ix) Immediately discontinue any mode of communications on the Intranet (the Franchise Website) and Internet directly or indirectly relating to your Restaurant, including any Authorized Websites or any pages associated with your Restaurant, and immediately take all steps required by us to transfer any domain name associated with your Restaurant to us (such as signing a Registrant Name Change Agreement with applicable Registrar) You irrevocably appoint an authorized officer of ours as your duly authorized agent and attorney-in-fact to sign all instruments and take all steps to transfer these domain names,

(x) Immediately cease to use all Confidential Information and return to us all copies of the Operations Manual and any other confidential information which have been loaned to you,

You agree that if you fail to fulfill any of the obligations contained in this Section upon termination or expiration of this Agreement, we have the right, at our option, to perform these obligations at your expense

D DISCONTINUANCE OF USE OF CONFIDENTIAL INFORMATION FOLLOWING TERMINATION OR EXPIRATION, POST-TERM COVENANT NOT TO COMPETE

You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any confidential information disclosed to you pursuant to this Agreement in any business or otherwise and you will return to us all copies of the Operations Manual and any other Confidential Information, which we have loaned to you Upon termination of this Agreement for any reason, you agree that, for a period of two years (or three years if we purchase your Store as provided below), commencing on the effective date of termination, neither you, your Owners, nor any other Restricted Person will directly or indirectly own a legal or beneficial interest in, or render services or give advice to (1) any Competitive Business operating in the Protected Area, (2) any Competitive Business operating within a radius of five miles of any Costa Vida Restaurant in operation or under construction on the effective date of termination or expiration, (3) any entity which grants franchises or licenses other interests to others to operate any Competitive Business, or (4) recruit or hire any person who is an employee of ours or of any Costa Vida Restaurant operated by us, our Affiliates or another franchisee of ours without obtaining the employer's consent, which consent may be withheld for any reason

You expressly acknowledge that you, your Entity Owners, and the other Restricted Persons possess skills and abilities of a general nature and have other opportunities for exploiting those skills Consequently, enforcement of the covenants made in this Section will not deprive you or any of the other Restricted Persons of their personal goodwill or ability to earn a living If any covenant in this Agreement which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all of the covenant, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought If you or any of your Owners fail or refuse to abide by any of the foregoing covenants and we obtain enforcement in a judicial proceeding, the obligations under the breached covenant will continue in effect for a period of time ending two years after the date of the order enforcing the covenant

E OUR OPTION TO PURCHASE YOUR ASSETS

We shall have the right to purchase the assets of your Restaurant, upon termination or expiration (without renewal) of this Agreement We shall have the right, exercisable by giving notice thereof ("Appraisal Notice") within 10 days after the date of this termination or expiration of this Agreement, to require that a determination be made of the "Fair Market Value" (as defined below) of any or all of the assets of your Restaurant which you own, including inventory of non-perishable products, materials, supplies, furniture, equipment, signs, and any and all leasehold improvements, fixtures, building and land, but excluding any cash and short-term investments and any items not meeting our specifications for Costa Vida Restaurants (the "Purchased Assets") Notwithstanding the foregoing, if you notify us not less than 180 days nor more than 270 days before expiration, then we agree, if we desire to exercise our right to purchase, to give you the Appraisal Notice at least 120 days before the date of expiration of this Agreement

Upon delivery of the Appraisal Notice, you may not sell or remove any of the assets of your Restaurant from the Premises (other than in the ordinary course of business) and must give us, our designated agents and the "Appraiser" (as defined below) full access to your Restaurant and all of your books and records at any times during customary business hours to conduct inventories and determine the purchase price for the Purchased Assets

The Fair Market Value shall be determined based upon the amount that an arm's length purchaser would be willing to pay for the Purchased Assets, assuming that the Purchased Assets would be used for the operation of a Costa Vida Restaurant under a valid franchise agreement reflecting the then-current (or if we are not offering franchises at that time, then the most recent) standard terms upon which we offer or offered franchises for Costa Vida Restaurants Under no circumstances does this calculation contemplate any value be attributed to any goodwill associated with the Marks or any value attributed to other Intellectual Property or the System Standards, provided, however, that an amount may, if appropriate, be attributed to the going concern value of your Restaurant You and we hereby agree that the valuation methodology described herein is a fair and reasonable method by which to value the Purchased Assets

Notwithstanding, the mutually agreeable valuation methodology, if you and we are unable to agree on the final calculation of the Fair Market Value of the Purchased Assets, within 15 days after the Appraisal Notice, then Fair Market Value will be determined by a member of a nationally recognized accounting firm (other than a firm which conducts audits of our or your financial statements) mutually selected by you and us who has experience in the valuation of restaurant businesses (the "Appraiser") If we are unable to agree on the Appraiser within 30 days after the Appraisal Notice, either party may demand the appointment of an Appraiser be made by the director of the Regional Office of the American Arbitration Association located nearest to Salt Lake City, Utah, and this person shall be the Appraiser

The Appraiser will make his or her determination and submit a written report (the "Appraiser Report") to you and us as soon as practicable, but in no event more than 60 days after his or her appointment Each party may submit in writing to the Appraiser its judgment of Fair Market Value (together with its reason therefore), however, the Appraiser shall not be limited to these submissions and may make such independent investigations as he or she reasonably determines to be necessary The Appraiser's fees and costs shall be borne equally by the Parties

We have the option, exercisable by delivering notice thereof within 30 days after submission of the Appraisal Report (or the date that an agreement is reached, if the Parties agree to the Fair Market Value), to agree to purchase the Purchased Assets at Fair Market Value We shall have the unrestricted right to assign this option to purchase separate and apart from the remainder of this Agreement

If we exercise our option to purchase, the purchase price for the Purchased Assets will be paid in cash at the closing, which will occur at the place, time and date we designate, but not later than 60 days after the exercise of our option to purchase the Purchased Assets At the closing, we will be entitled to all representations, warranties, title insurance policies and other closing documents and post-closing indemnifications as we reasonably require, including (1) instruments transferring good and marketable title to the Purchased Assets, free and clear of liens, encumbrances, and liabilities, to us or our designee, with all sales and other transfer taxes paid by you, and (2) an assignment of all leases of assets used in the operation of your Restaurant, including land, building and/or equipment (or if an assignment is prohibited, a sublease to us or our designee for the full remaining term and on the same terms and conditions as your lease, including renewal and/or purchase options), provided, however, that if any of your Owners or Affiliates directly or indirectly owns the land, building and/or equipment of your Restaurant, you will, at our option, cause this Owner or Affiliate to grant to us a lease at reasonable and customary rental rates and other terms prevailing in the community where your Restaurant is located Any dispute concerning the rental rates and terms of this lease shall be resolved by the Appraiser

If you cannot deliver clear title to all of the Purchased Assets, or if there are other unresolved issues, the closing of the sale may, at our option, be accomplished through an escrow on these terms and conditions as we deem appropriate, including the making of payments, to be deducted from the purchase price, directly to third parties to obtain clear title to all of the Purchased Assets Further, you and we shall comply with any applicable bulk sales provisions of the Uniform Commercial Code as enacted in the state where the Premises are located and all applicable state and local sales and income tax notification and/or escrow procedures We have the right to set off against and reduce the purchase price by any and all amounts owed by you or any of your Owners or Affiliates to us or any of our Affiliates

Upon delivery of the Appraisal Notice and pending (1) determination of Fair Market Value, (2) our option period, and (3) the closing of the purchase, we may authorize continued temporary operations of your Restaurant pursuant to the terms of this Agreement, subject to the supervision and control of one or more of our appointed managers

F CONTINUING OBLIGATIONS

All obligations of us and you which expressly or by their nature survive the termination of this Agreement will continue in full force and effect subsequent to and notwithstanding termination and until they are satisfied in full or by their nature expire

16 RELATIONSHIP OF PARTIES/INDEMNIFICATION

A INDEPENDENT CONTRACTORS

Franchisor and Franchisee acknowledge and agree that the relationship created under the Agreement is that of independent Contractors Neither this Agreement nor the dealings of the parties pursuant to this Agreement shall create any fiduciary relationship or the relationship of principal and agent or employer and employee between the parties, and in no circumstances shall either party, their officers, directors, agents, employees, salespeople, or similar persons be considered the agents or employees of the other party

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 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, 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 our judgment of what is in the best interest of our franchise network, at the time our decision is made or our right or discretion is exercised, without regard to whether (1) other reasonable alternative decisions or actions could have been made by us, (2) our decision or the action we take promotes our financial or other individual interest, (3) our decision or the action we take applies differently to you and one or more other franchisees or our company-owned or company-affiliated operations, or (4) 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 this 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 INDEMNIFICATION

You must indemnify us, our Affiliates and our respective directors, officers, employees, shareholders, members, agents, successors and assigns (collectively "indemnitees"), and to hold the indemnitees harmless to the fullest extent permitted by law, from any and all losses and expenses (as defined below) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, or as a result of, a claim of a third party against any one or more of the indemnitees in connection with the development, ownership, operation or closing of any of your Costa Vida Restaurants (collectively "event"), and regardless of whether it resulted from any strict or vicarious liability imposed by law on the indemnitees, provided, however, that this indemnity will not apply to any liability arising from a breach of this Agreement by the indemnitees or the gross negligence or willful acts of indemnitees (unless joint liability is involved, in which event the indemnification provided herein will extend to any finding of comparative or contributory negligence attributable to you) The term "losses and expenses" includes compensatory, exemplary, and punitive damages, fines and penalties, attorney's fees, experts' fees, court costs, costs associated with investigating and defending against claims, settlement amounts, judgments, compensation for damages to our reputation and goodwill, and all other costs associated with any of the foregoing losses and expenses We agree to give you reasonable notice of any event of which we become aware for which indemnification may be required and we may elect (but are not obligated) to direct the defense thereof, provided that the selection of counsel shall be subject to your consent, which consent shall not be unreasonably withheld or delayed We may, in our reasonable discretion, take such actions as we deem necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereto as may be necessary for the protection of indemnitees or Costa Vida Restaurants generally, provided however, that any settlement shall be subject to your consent, which consent shall not be unreasonably withheld or delayed Further, notwithstanding the foregoing, if the insurer on a policy or policies obtained in compliance with your Franchise Agreement agrees to undertake the defense of an event (an "Insured Event"), we agree not to exercise our right to select counsel to defend event if this would cause your insurer to deny coverage We reserve the right to retain counsel to represent us with respect to an Insured Event at our sole cost and expense This Section shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement

C TAXES

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon your Restaurant, your property or upon us, in connection with furnishings or equipment purchased, sales made or business conducted by you (except any taxes we are required by law to collect from you, in which case you shall be liable to us for the amount of any taxes owed) Payment of all these taxes shall be your responsibility In the event of a *bona fide* dispute as to your liability for taxes, you may contest your liability in accordance with applicable law In no event, however, will you permit a tax sale, seizure, or attachment to occur against your Restaurant or any of its assets

17 DISPUTE RESOLUTION

A CONSENT TO JURISDICTION

We may institute an action against you You and your Owners irrevocably submit to the jurisdiction of the courts of the State of Utah in any suit, action or proceeding, arising out of or relating to this Agreement or any other dispute between you and us, and you irrevocably agree that all claims in respect of any suit, action or proceeding must be brought and/or defended except with respect to matters that are under the exclusive jurisdiction of the Federal Courts of the United States, which shall be brought and/or defended in the Federal District Court sitting in Salt Lake City, Utah You irrevocably waive, to the fullest extent you may lawfully do so, the defense of an inconvenient forum to the maintenance of this suit, action or proceeding and agree that service of process for purposes of any suit, action or proceeding need not be personally served or served within the State of Utah but may be served with the same effect as if you were served within the State of Utah, by certified mail or any other means permitted by law addressed to you at the address set forth herein Nothing contained herein shall affect our rights to bring a suit, action, or proceeding in any other appropriate jurisdiction, including any suit, action or proceeding brought by us to enforce any judgment against you entered by a State or Federal Court

B WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL

Except with respect to your obligations regarding use of the Marks and Confidential Information, we and you (and your Owners) each waives, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other You and each of your Owners waive to the fullest extent permitted by applicable law, the right to recover consequential damages for any claim directly or indirectly arising from or relating to this Agreement

Furthermore, the Parties agree that any legal action in connection with this Agreement shall be tried to the court sitting without a jury, and all Parties waive any right to have any action tried by jury

The provisions of this Section 17B shall continue in full force and effect subsequent to and notwithstanding expiration and termination of this Agreement

18 MISCELLANEOUS

A SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

Each section, paragraph, term and provision of this Agreement shall be considered severable and if any portion of this agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation, it shall not have any effect upon these other portions of this Agreement as may remain otherwise intelligible If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this agreement than is required under this Agreement, or the taking of some other action not required under it, or if under any applicable and binding law or rule of any jurisdiction, any provision of this agreement or any specification, standard or operating procedure prescribed by the Company is invalid or unenforceable, the prior notice and/or other action required by this law or rule shall be substituted for the comparable provisions of this Agreement, and the Company shall have the right to modify this invalid or unenforceable provision, specification, standard or operating procedure if required to be valid and enforceable You must be bound by any modification to this Agreement Otherwise, all modifications to this Agreement must be in writing signed by both Parties (except for modifications accomplished by virtue of the Company's amendment to System Standards and/or the Operations Manual as described herein) If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope or in terms of geographic area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy

Nothing in this Agreement or any related agreement is intended to disclaim Franchisor's representations made in the Uniform Franchise Disclosure Document

B WAIVER OF OBLIGATION

The Company and you may by written instrument unilaterally waive or reduce any obligation of, or restriction upon, the other under this Agreement, effective upon delivery of written notice to the other The Company and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (i) by virtue of any custom or practice of the Parties at variance with the terms of this Agreement, (ii) any failure, refusal or neglect of the Company or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, (iii) any waiver, forbearance, delay, failure or omission by the Company to exercise any right, power or option with respect to any other Costa Vida Restaurant, or (iv) the acceptance by the Company of any payments due from you after any breach of this Agreement Neither the Company nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from (i) transportation shortages, inadequate supply of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof, (ii) compliance with any law, ruling, order, regulation, requirement or instruction of any agency of government, (iii) acts of God, (iv) acts of omissions of the other party, (v) fires, strikes, embargoes, war, or riot, or (vi) any other similar event or cause Any delay resulting from any cause shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable

C ACKNOWLEDGEMENT ADDENDUM

Franchisee acknowledges that Franchisee knowingly and truthfully executed Exhibit A attached hereto, or documents identical thereto, in which Franchisee acknowledges certain statements and representations

D COSTS AND ATTORNEY'S FEES

In a judicial proceeding, the non-prevailing party agrees to reimburse the prevailing party for all of the prevailing party's costs and expenses, including reasonable accounting, paralegal, expert witness and attorneys' fees

E GOVERNING LAW

This Agreement shall be construed under the laws of the State of Utah, provided the foregoing shall not constitute a waiver of any of your rights under any applicable franchise law of another state Otherwise, in the event of any conflict of law, Utah law will prevail, without regard to its conflict of law principles However, if any provision of this Agreement would not be enforceable under Utah law, and if your Restaurant is located outside of Utah and this provision would be enforceable under the laws of the state in which your Restaurant is located, then this provision shall be construed under the laws of that state Nothing in this Section 18E is intended to subject this Agreement to any franchise or similar law, rule or regulation of the State of Utah to which it otherwise would not be subject

F SPECIFIC PERFORMANCE/INJUNCTIVE RELIEF

We may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause us irreparable harm We may have this injunctive relief, without bond, but upon due notice, in addition to this further and other relief as may be available at equity or law, and your sole remedy in the event of the entry of this injunction, shall be its dissolution, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any injunction being expressly waived) You and each of your Owners acknowledge that any violation of Sections 9, 13C(x), 15C or 15D would result in irreparable injury to us for which no adequate remedy at law may be available Accordingly, you and each of your ~~Owners~~Owner's consent to the issuance of an injunction prohibiting any conduct in violation of any of those Sections and agree that the existence of any claim you or any of your Owners may have against us, whether arising from this Agreement, shall not constitute a defense to the enforcement of any of those Sections

G BINDING EFFECT

This Agreement is binding upon the Parties to it and their respective executors, administrators, heirs, assigns, and successors in interest and shall inure to the benefit of any transferee or other legal successor to our interest herein

H CONSTRUCTION

The preambles and the exhibit(s) and riders to this Agreement, if any, are part of this Agreement, which constitutes the entire agreement of the Parties, and there are no other oral or written understandings or agreements between the Company and you relating to the subject matter of this agreement The headings of

Sections are for convenience only and do not limit or construe their contents The word "including" shall be construed to include the words "without limitation" The term "Franchisee" as used in this Agreement is applicable to one or more persons, a corporation or a partnership and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine If two or more persons are at any time Franchisee under this Agreement, their obligations and liabilities to the Company shall be joint and several References to "Franchisee," "owner" and "assignee" which are applicable to an individual or individuals shall mean the Entity Owner or owners of Franchisee or an assignee (any person owning of record or beneficially 10% or more of the equity or control of Franchisee) if Franchisee or the assignee is a corporation or partnership

This Agreement may be signed in multiple copies, each of which shall be deemed an original Time is of the essence in this Agreement

I EXERCISE OF RIGHTS

The rights of Franchisor and Franchisee hereunder are cumulative and no exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder which Franchisor or Franchisee is entitled to enforce by law If you commit any act of default under any agreement or this Agreement for which Franchisor exercises its right to terminate this Agreement, you shall pay to Franchisor the actual and consequential damages Franchisor incurs as a result of the premature termination of this Agreement You acknowledge and agree that the proximate cause of these damages sustained by Franchisor is your act of default and not Franchisor's exercise of its right to terminate Notwithstanding the foregoing, and except as otherwise prohibited or limited by applicable law, any failure, neglect, or delay of a party to assert any breach or violation of any legal or equitable right arising from or in connection with this Agreement shall constitute a waiver of this right and shall preclude the exercise or enforcement of any legal or equitable remedy arising therefrom, unless written notice specifying the breach or violation is provided to the other party within twenty-four months after the later of (1) the date of the breach or violation, or (2) the date of discovery of the facts (or the date the facts could have been discovered, using reasonable diligence) giving rise to the breach or violation

J APPROVAL AND CONSENTS

Whenever this Agreement requires the approval or consent of either party, the other party shall make written request therefore, and this approval or consent shall be obtained in writing, provided however, unless specified otherwise in this Agreement, this party may withhold approval or consent, for any reason or for no reason at all Furthermore, unless specified otherwise in this Agreement, no such approval or consent shall be deemed to constitute a warranty or representation of any kind, express or implied, and the approving or consenting party shall have no responsibility, liability or obligation arising therefrom

K NOTICES AND PAYMENTS

All written notices permitted or required to be delivered by this Agreement shall be deemed so delivered at the time delivered

(i) at the time delivered by hand to the recipient party or any officer, director, or partner of the recipient party,

(ii) on the same day of the transmission by facsimile, telegraph, e-mail or other reasonably reliable electronic communication system (provided sender has electronic confirmation of transmission),

(iii) one business day after being placed in the hands of a commercial courier service for guaranteed overnight delivery, or (ıv) five busıness days after placement ın the Unıted States Maıl by Regıstered or Certıfied Maıl, Return Receıpt Requested, postage prepaıd and addressed to the party to be notıfied at ıts most current prıncıpal busıness address of whıch the notıfyıng party has been notıfied ın wrıtıng All notıces to us must ınclude a copy to our General Counsel and our Chıef Executıve Officer to be effectıve All payments and reports requıred by thıs Agreement shall be sent to us at the address ıdentıfied ın thıs Agreement unless and untıl a dıfferent address has been desıgnated by wrıtten notıce to the other party No restrıctıve endorsement on any check or ın any letter or other communıcatıon accompanyıng any payments shall bınd us, and our acceptance of any payments shall not constıtute an accord and satısfactıon

All payment and reports requıred by thıs Agreement must be dırected to the Company at the address notıfied to you

L RECEIPT OF DISCLOSURE DOCUMENT AND AGREEMENT

You acknowledge havıng receıved our Franchıse Dısclosure Document 14 calendar days before sıgnıng a bındıng agreement or makıng any payment to us relatıng to thıs agreement You acknowledge havıng receıved thıs Agreement, wıth all blanks completed, at least seven calendar days before you sıgned ıt

(Sıgnatures on followıng page)

IN WITNESS WHEREOF, the Parties have signed, sealed and delivered this Agreement on the day and year first above written

FRANCHISOR

COSTA VIDA MANAGEMENT, LLC
a Utah limited liability company

By ______________________________
Print Name ________________________
Title _____________________________
Date _____________________________

FRANCHISEE

____
(Name of corporation, partnership, limited liability company or other legal entity)

By ______________________________
Print Name ________________________
Title _____________________________
Date _____________________________

By ______________________________
Print Name ________________________
Title _____________________________
Date _____________________________

By ______________________________
Print Name ________________________
Title _____________________________
Date _____________________________

By ______________________________
Print Name ________________________
Title _____________________________
Date _____________________________

By ______________________________
Print Name ________________________
Title _____________________________
Date _____________________________

EXHIBIT A

ACKNOWLEDGMENT ADDENDUM

Costa Vida Management, LLC, ("we", "us", the "Company" or "Franchisor") and ____________________, ("you" or "Franchisee") have, this ___ day of ______, 20__, entered into a certain Costa Vida Franchise Agreement ("Franchise Agreement") and desire to supplement its terms, as set out below

1 You acknowledge and represent that you have read this Agreement and our Disclosure Document and understand and accept the provisions of this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at all Costa Vida Restaurants franchised or operated by us and to protect and preserve the goodwill of the Marks ____________ (Franchisee's Initials)

2 You acknowledge that you have conducted an independent investigation of the business venture contemplated by this Agreement and you recognize that, like any other business, the nature of the business contemplated by this Agreement may change over time, that an investment in a Costa Vida Restaurant involves business risks, and that the success of the venture is largely dependent upon your business abilities and efforts ____________ (Franchisee's Initials)

3 You acknowledge and understand that any information relating to the sales, profits or cash flows of Costa Vida Restaurants operated by us or our Affiliates, or our franchisees that is contained in our Disclosure Document and other materials is intended only to be an indication of historical performance of certain Costa Vida Restaurants and NOT of potential future financial performance ____________ (Franchisee's Initials)

4 Except for the financial performance representations, if any, included in our Disclosure Document, we expressly disclaim the making of, and you acknowledge that you have not received or relied on, any express or implied warranty or guarantee as to the revenues, profits or success of the business venture contemplated by this Agreement ____________ (Franchisee's Initials)

5 You acknowledge and understand that our officers, directors, employees and agents are acting only in a representative and not a personal capacity in their dealings with you You also acknowledge and represent that you have not received or relied on any representations about us or our franchise program or policies from us or our officers, directors, employees or agents that are contrary to the statements made in our Disclosure Document or to the terms of this Agreement ____________ (Franchisee's Initials)

6 You represent to us, as an inducement to your entry into this Agreement, that all statements in your application for the rights granted in this Agreement are accurate and complete and that you have made no misrepresentations or material omissions in obtaining these rights ____________ (Franchisee's Initials)

7 You acknowledge that you received a copy of this Agreement, all applicable addenda, and any other related agreements with us or our Affiliates and our Disclosure Document at least 14 calendar days before the date on which this Agreement was signed ____________ (Franchisee's Initials)

8 You acknowledge and agree that this Agreement, together with any duly signed amendment or addendum attached to the Agreement contain the entire agreement between the Parties with respect to your Franchise for the Restaurant, and that it supersedes any prior or contemporaneous agreements between the Parties, written or oral, with respect to the Franchise for the Restaurant ____________ (Franchisee's Initials)

9 You acknowledge and agree that this Agreement creates an arm's length commercial relationship that cannot and will not be transformed into a fiduciary or other "special" relationship by course of dealing, by any indulgences or benefit that we bestow on you, or by inference from a party's conduct ____________ (Franchisee's Initials)

IN WITNESS WHEREOF, the undersigned have signed this Agreement on the date first above written

FRANCHISOR

COSTA VIDA MANAGEMENT, LLC,
a Utah limited liability company

By ______________________
Print Name ______________________
Title ______________________
Date ______________________

FRANCHISEE

____
(Name of corporation, partnership, limited liability company or other legal entity)

By ______________________
Print Name ______________________
Title ______________________
Date ______________________

By ______________________
Print Name ______________________
Title ______________________
Date ______________________

By ______________________
Print Name ______________________
Title ______________________
Date ______________________

By ______________________
Print Name ______________________
Title ______________________
Date ______________________

By ______________________
Print Name ______________________
Title ______________________
Date ______________________

STATE OF ____________________)
ss
COUNTY OF ___________________)

The foregoing instrument was acknowledged before me this _____ day of ___________, 20___ by
____

My Commission Expires
____

____
NOTARY PUBLIC
Residing at ______________________________

EXHIBIT B
OWNERSHIP ADDENDUM TO COSTA VIDA
FRANCHISE AGREEMENT

Costa Vida Management, LLC, ("we", "us", the "Company" or "Franchisor") and __________________, ("you" or "Franchisee") have, this ___ day of __________, 20__, entered into a certain Costa Vida Franchise Agreement ("Franchise Agreement") and desire to supplement its terms, as set out below The Parties therefore agree as follows

1 Operating Partner

The name, home address, and social security number of the Operating Partner is as follows

Name	Home Address	SSN
____________________	____________________	____________________

2 Entity Type of Franchisee

(a) Corporation or Limited Liability Company

Franchisee was organized on the ___ day of _______, 20__, under the laws of the State of ______________ Its Federal Identification Number is ______________________________ It has not conducted business under any name other than its corporate or company name The following is a list of all of Franchisee's directors and officers or managing members as of the ___ day of _______, 20__

Director/Officer/Managing Member's Names	Position(s) Held
____________________	____________________
____________________	____________________
____________________	____________________
____________________	____________________
____________________	____________________

(b) Partnership

Franchise is a [general] [limited] partnership formed on the ___ day of _______, 20__, under the laws of the State of ____________________ Its Federal Identification Number is ____________________ It has not conducted business under any name other than its partnership name The following is a list of all of Franchisee's general partners as of the ___ day of _______, 20__

General Partner's Names

____
____
____
____
____
____
____

3 Owners Franchisee and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of Franchisee, including the full name, mailing address, and social security number of each Owner, and fully describes the nature and extent of each Owner's interest in Franchisee Franchisee and each Owner as to his/her ownership interest in Franchisee, represents and warrants that each Owner is the sole and exclusive legal beneficial owner of his/her ownership interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by the Agreement

Owner's Name & SSN	Owners Address	Ownership Percentage
____________	____________________	____________
____________	____________________	____________
____________	____________________	____________
____________	____________________	____________
____________	____________________	____________
____________	____________________	____________
____________	____________________	____________
____________	____________________	____________
____________	____________________	____________

4 Change You must immediately notify us in writing of any change in the information contained in this Addendum and, at our request, prepare and sign a new Addendum containing the correct information

5 Date of Addendum The date of this Addendum this ___ day of _______, 20__

(Signatures on following page)

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his/her signature as of the ___ day of ____________, 20__

FRANCHISOR

COSTA VIDA MANAGEMENT, LLC,
a Utah limited liability company

By ______________________________
Print Name ______________________
Title ___________________________
Date ___________________________

FRANCHISEE

____
(Name of corporation, partnership, limited liability company or other legal entity)

By ______________________________
Print Name ______________________
Title ___________________________
Date ___________________________

OWNERS

By ______________________________
Print Name ______________________
Title ___________________________
Date ___________________________

By ______________________________
Print Name ______________________
Title ___________________________
Date ___________________________

By ______________________________
Print Name ______________________
Title ___________________________
Date ___________________________

By ______________________________
Print Name ______________________
Title ___________________________
Date ___________________________

By ______________________________
Print Name ______________________
Title ___________________________
Date ___________________________

EXHIBIT C

GUARANTY

In consideration of, and as an inducement to, the signing of a Costa Vida Management, LLC Franchise Agreement dated ________________, 20___ (the "Agreement") by and between Costa Vida Management, LLC ("Franchisor") and __________________________________ ("Franchisee"), each of the undersigned owners of a 10% or greater interest in Franchisee for themselves, their heirs, legal representatives, successors and assigns (collectively the "Guarantors") do hereby personally, unconditionally, individually, jointly and severally (1) guarantee to Franchisor and to its successors and assigns, for the term of Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement (and any modification or amendment to the Franchise Agreement) including the payment of all continuing license fees, marketing fees and all other fees and charges accruing pursuant to the Franchise Agreement and that each and every representation of Franchisee made in connection with the Agreement (and any modification or amendment to the Franchise Agreement) are true, correct and complete in all respects at and as of the time given, and (2) agree personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement (and any modification or amendment to the Franchise Agreement)

Each of the Guarantors further agrees as follows

1 The Guarantors, individually, jointly and severally, shall be personally bound by each and every condition and term contained in the Franchise Agreement as though each of the Guarantors had signed a franchise agreement containing the identical terms and conditions of the Franchise Agreement, including the provisions relating to confidentiality and non-competition covenants This Guaranty shall continue in favor of Franchisor notwithstanding any extension, modification, or alteration of the Franchise Agreement, and notwithstanding any assignment of the Franchise Agreement, with or without the Franchisor's consent No extension, modification, alteration or assignment of the Franchise Agreement shall in any manner release or discharge the Guarantors, and each of the Guarantors consents to any extension, modification, alteration or assignment

2 Each Guarantor's liability under this Guaranty is primary and independent of the liability of Franchisee and any other Guarantors Each Guarantor waives any right to require Franchisor to proceed against any other person or to proceed against or exhaust any security held by Franchisor at any time or to pursue any right of action accruing to Franchisor under the Franchise Agreement Franchisor may proceed against each Guarantor and Franchisee, jointly and severally or may, at its option, proceed against each Guarantor without having commenced any action, or having obtained any judgment, against Franchisee or any other Guarantor Each Guarantor waives the defense of the statute of limitations in any action under this Guaranty or for the collection of any indebtedness or the performance of any obligation guaranteed pursuant to this Guaranty Each Guarantor waives any right that the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability Each Guarantor waives any and all other notices and legal or equitable defenses to which the undersigned may be entitled

3 The Guarantors unconditionally, individually, jointly and severally agree to pay all attorneys' fees and all costs and other expenses incurred in any collection or attempted collection of this Guaranty or in any negotiations relative to the obligations guaranteed or in enforcing this Guaranty against Franchisee

4 Each Guarantor waives notice of any demand by Franchisor, any notice of default in the payment of any amounts contained or reserved in the Franchise Agreement (and any modification or amendment to the Franchise Agreement), or any other notice of default or nonperformance of any obligations under the Franchise Agreement Each Guarantor waives protest and notice of default to any party with respect to indebtedness, default or nonperformance of any obligations under the Franchise Agreement (and any modification or amendment to the Franchise Agreement)

Each Guarantor expressly agrees that the validity of this Guaranty and its obligations shall in no way be terminated, affected or impaired by reason of any waiver by Franchisor, or its successors or assigns, or the failure of Franchisor to enforce any of the terms, covenants or conditions of the Franchise Agreement or this Guaranty, or the granting of any indulgence or extension of time to Franchisee, all of which may be given or done without notice to the Guarantors

5 This Guaranty shall extend, in full force and effect, to any assignee or successor of Franchisor and shall be binding upon the Guarantors and each of their respective successors and assigns

6 Until all obligations of Franchisee to Franchisor have been paid or satisfied in full, the Guarantors have no remedy or right of subrogation and each Guarantor waives any right to enforce any remedy which Franchisor has or may in the future have against Franchisee and any benefit of, and any right to participate in, any security now or in the future held by Franchisor

7 All existing and future indebtedness of Franchisee to each Guarantor is hereby subordinated to all indebtedness and other monetary obligations guaranteed in this Guaranty and, without the prior written consent of Franchisor, shall not be paid in whole or in part to any Guarantor, nor will any Guarantor accept any payment of or on account of any indebtedness while this Guaranty is in effect, unless at the time of this payment, all indebtedness and other monetary obligations to Franchisor are current under the terms of the Franchise Agreement

8 Each Guarantor consents and agrees that the undersigned shall render any payment or performance required under this Guaranty and that the liability of each Guarantor shall be joint and several This liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Franchisor may periodically grant to Franchisee or to any other person including the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable until satisfied in full

9 Each Guarantor waives acceptance and notice of acceptance by Franchisor of the foregoing undertakings Each Guarantor waives notice of any amendment to the Agreement

You and your owners irrevocably submit to the jurisdiction of the courts of the State of Utah in any suit, action or proceeding, arising out of or relating to this Guaranty or any other dispute between you and us, and you irrevocably agree that all claims in respect of any suit, action or proceeding must be brought and/or defended except with respect to matters that are under the exclusive jurisdiction of the Federal Courts of the United States, which shall be brought and/or defended in the Federal District Court sitting in Salt Lake City, Utah You irrevocably waive, to the fullest extent you may lawfully do so, the defense of an inconvenient forum to the maintenance of this suit, action, or proceeding and agree that service of process for purposes of any suit, action, or proceeding need not be personally served or served within the State of Utah, by certified mail or any other means permitted by law addressed to you at the address set forth herein Nothing contained herein shall affect our rights to bring a suit, action or proceeding in any other appropriate jurisdiction, including any suit, action or proceeding brought by us to enforce any judgment against you entered by a State or Federal Court

(Signatures on following page)

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his/her signature as of the ___ day of ____________, 20__

"GUARANTOR(S)"

By ______________________________
Print Name ________________________
Title ____________________________
Date ____________________________

By ______________________________
Print Name ________________________
Title ____________________________
Date ____________________________

By ______________________________
Print Name ________________________
Title ____________________________
Date ____________________________

By ______________________________
Print Name ________________________
Title ____________________________
Date ____________________________

By ______________________________
Print Name ________________________
Title ____________________________
Date ____________________________

By ______________________________
Print Name ________________________
Title ____________________________
Date ____________________________

STATE OF ______________)
ss
COUNTY OF ____________)

The foregoing instrument was acknowledged before me this _____ day of ___________, 20___ by ____

My Commission Expires
____

____
NOTARY PUBLIC
Residing at ____________________________

EXHIBIT D

LEASE ADDENDUM

This Lease Addendum is signed as of this ____ day of ____________________, 20__, by and between ______________________________ ("Franchisee") and ______________________________ ("Landlord") as an addendum to the lease (as periodically modified, amended, supplemented, renewed, and/or extended as contemplated herein, the "Lease") for the premises located at ________________ ______________________, state of ________________________ (the "Premises") dated as of ____________________, 20__

The Lease is hereby modified to include the following provisions In the event the provisions below contradict the provisions of the Lease, the provisions contained herein shall supersede any terms to the contrary set forth in the Lease

WHEREAS, Franchisee has signed or intends to sign a Franchise Agreement (the "Franchise Agreement") with Costa Vida Management, LLC (the "Franchisor") for the operation of a Costa Vida Fresh Mexican Grill at the Premises, and as a requirement thereof, the lease for the Premises must include the provisions contained in this Addendum

NOW THEREFORE, in consideration of mutual covenants set forth herein, the signing and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Franchisee hereby agree as follows

1 Landlord shall deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time this notice is delivered to Franchisee In the event of default by Franchisee, Landlord must provide notice to Franchisor of Franchisee's default under the Lease, and Landlord must provide Franchisor with the right (but not the obligation) to cure Franchisee's default

2 Notwithstanding anything to the contrary contained in the Lease, Franchisee shall have the absolute right to sublet, assign, or otherwise transfer its interest in the Lease to Franchisor or any of its affiliates, or to a corporation with which the Franchisee or Franchisor may merge or consolidate, without Landlord's approval, written or otherwise

3 If the Franchisor requests, the Franchisee shall assign to Franchisor, and Landlord hereby irrevocably and unconditionally consents to this assignment, all of Franchisee's rights, title, and interest to and under the Lease , but no such assignment shall be effective unless

   a The Franchise Agreement is terminated or expires without signing of a successor franchise agreement, and

   b Franchisor notifies the Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the lease

4 Franchisor shall have the right, but not the obligation, upon giving written notice of its election to Franchisee and Landlord, to cure any breach of the Lease and, if so stated in the notice, to also succeed to Franchisee's rights, title, and interests thereunder

5 The Lease may not be amended, modified, extended, supplemented, assigned, or renewed in any manner or assigned by Franchisee without Franchisor's prior written consent

6 Franchisee and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to

Sections 3, 4, or 5 above Franchisor will assume all of Franchisee's obligations under the Lease or Sublease from and after the date of assignment, but shall have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed before the date of assignment

7 If Franchisor assumes the Lease, as above provided, Franchisor may further assign the Lease to another person or entity to operate the Costa Vida Restaurant at the Premises, subject to Landlord's consent, which consent will not be unreasonably withheld or delayed Landlord agrees to sign such further documentation to confirm its consent to the assignments permitted under this Addendum as Franchisor may request

8 Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Premises for certain purposes Landlord hereby agrees not to interfere with or prevent this entry by Franchisor, its employees, or its agents, onto the Premises Landlord and Franchisee hereby further acknowledge that in the event the Franchise Agreement expires (without renewal) or is terminated, Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the location as a Costa Vida Restaurant Landlord agrees to permit Franchisor, its employees, or its agents, to enter the Premises and remove signs (both interior and exterior), decor, and materials displaying any marks, designs, or logos owned by Franchisor, provided Franchisor shall bear the expense of repairing any damage to the Premises as a result thereof

9 Under the Franchise Agreement, any lease for the location of a Costa Vida Restaurant is subject to Franchisor's approval Accordingly, the Lease is contingent upon this approval

10 Upon Franchisor's request, Franchisee hereby authorizes and requires the Landlord to disclose to Franchisor, upon Franchisor's request, sales and other information that Franchisee furnishes to the Landlord

11 Landlord agrees that Franchisor, or Franchisor's assignee or designee has the right (but not the obligation) to assume the Lease or sublease (1) upon expiration or termination of the Franchise Agreement (without renewal) between Franchisee and Franchisor, (2) if Franchisee fails to exercise any options to renew or extend the Lease during the term of the Franchise Agreement between Franchisee and Franchisor, (3) if Franchisee commits a default that gives the Landlord the right to terminate the Lease or sublease, or (4) if Franchisor purchases Franchisee's restaurant (as permitted by the Franchise Agreement between Franchisor and Franchisee)

12 Landlord and Franchisee agree that if Landlord is an Owner or an Affiliate of the Franchisee, as defined in the Franchise Agreement, and Landlord proposes to sell the Premises, before the sale of the Premises, the Lease upon the request of the Franchisor shall be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms prevailing in the community where the Costa Vida Restaurant is located

13 Landlord agrees that during and after the term of the Lease, it will not disclose or use Confidential Information (as defined below) for any purpose other than for the purpose of fulfilling Landlord's obligations under the Lease "Confidential Information" as used herein shall mean all non-public information and tangible things, whether written, oral, electronic or in other form, provided or disclosed by or on behalf of Franchisee to Landlord, or otherwise obtained by Landlord, regarding the design and operations of the business located at the Premises, including all information identifying or describing the floor plan, equipment, furniture, fixtures, wall coverings, flooring materials, shelving, decorations, trade secrets, trade dress, "look and feel," layout, design, menus, recipes, formulas, manner of operation, suppliers, vendors, and all other products, goods, and services used, useful or provided by or for Franchisee on the Premises Landlord acknowledges that all Confidential Information belongs

exclusively to Franchisor Landlord agrees that should it breach or threaten to breach this provision of the Addendum, Franchisor will suffer irreparable damages and its remedy at law will be inadequate Therefore, if Landlord threatens or actually breaches this provision, Franchisor (which, along with successors and assigns, is an intended third-party beneficiary of the provisions of this paragraph), shall be entitled to all remedies available to Franchisor at law or in equity, including injunctive relief

14 If the Premises are to be located in a shopping center, mall or other multi-tenant facility, the Landlord agrees that it will not lease another space within this facility to any food service entity that serves Mexican food or which burritos, enchiladas, tacos, or quesadillas comprise more than 20% of the menu or represent more than 20% of the sales

15 Landlord agrees to provide that a memorandum of the Lease be recorded in the appropriate recorder's 7/office in the county in which the Restaurant is located and that a copy of the recording certificate be sent to Franchisor

16 Landlord acknowledges that it has reviewed the Approved Costa Vida Design and Signage Package Landlord agrees and consents to Franchisee's use of one or more of the signs described in the Approved Costa Vida Design and Signage Package and all trade dress elements found in the same Approved Costa Vida Design and Signage Package as required by Franchisor

17 Copies of any and all notices required or permitted hereby or by the Lease shall also be sent to Franchisor at

Costa Vida Management, LLC
2989 West Maple Loop Drive, Suite 100
Lehi, Utah 84043
Attention Director of Franchising

with a copy to General Counsel at the same address or such other address as Franchisor shall specify by written notice to Landlord

WITNESS the signing hereof under seal

LANDLORD	FRANCHISEE
______________________________	______________________________
(Name of corporation, partnership, limited liability company or other legal entity	(Name of corporation, partnership, limited liability company or other legal entity
By ______________________	By ______________________
Print Name ________________	Print Name ________________
Title ____________________	Title ____________________
Date ____________________	Date ____________________
Subscribed and sworn to before me this ____ day of ________________ 20 ____	Subscribed and sworn to before me this ____ day of ________________ 20 ____
______________________________	______________________________
Notary Public	Notary Public
My Commission Expires ____________	My Commission Expires ____________

EXHIBIT E

INVESTOR PERSONAL COVENANTS REGARDING CONFIDENTIALITY & NON-COMPETITION

In conjunction with your investment in ____________________ ("Franchisee") a ______________, you ("Investor" or "you"), acknowledge and agree as follows for the benefit of Costa Vida Management, LLC

1 Franchisee owns and operates, or is developing, a Costa Vida Restaurant or to be located at __________________________ pursuant to a franchise agreement dated _________________, 20____ ("Franchise Agreement") with Costa Vida Management, LLC, which Franchise Agreement requires persons with legal or beneficial ownership interests in Franchisee under certain circumstances to be personally bound by the confidentiality and non-competition covenants contained in the Franchise Agreement All capitalized terms contained herein shall have the same meaning set forth in the Franchise Agreement

2 You own or intend to own the percentage legal or beneficial ownership interest in Franchisee, set forth beneath your signature below, and acknowledge set forth below your signature below and agree that your signing of this Agreement is a condition to this ownership interest and that you have received good and valuable consideration for signing this Agreement Costa Vida may enforce this Agreement directly against you and your Owners (as defined below)

3 If you are a corporation, partnership, limited liability company or other entity, all persons who have a legal or beneficial interest in you ("Owners") must also sign this Agreement

4 You and your Owners, if any, may gain access to parts of Costa Vida's Confidential Information as a result of investing in Franchisee The Confidential Information is proprietary and includes Costa Vida's trade secrets You and your Owners hereby agree that while you and they have a legal or beneficial ownership interest in Franchisee and thereafter you and they (a) will not use the Confidential Information in any other business or capacity (such use being an unfair method of competition), (b) will maintain the confidentiality of the Confidential Information, and (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form If you or your Owners cease to have an interest in Franchisee, you and your Owners, if any, must deliver to Costa Vida any Confidential Information in your or their possession or control

5 During the term of the Franchise Agreement and during this time as you and your Owners, if any, have any legal or beneficial ownership interest in Franchisee, you and your Owners, if any, agree that you and they will not, without Costa Vida's written consent (which consent may be withheld at Costa Vida's discretion) directly or indirectly (such as through an Affiliate or through your or their Immediate Families) own any legal or beneficial interest in, or render services or give advice in connection with (a) any Competitive Business located anywhere, or (b) any entity located anywhere which grants franchises, or licenses to others to operate any Competitive Business

6 For a period of two years, starting on the earlier to occur of the date you or Owners cease to have any legal or beneficial ownership interest in Franchisee and the effective date of termination or expiration (without renewal) of the Franchise Agreement, neither you nor any of your Owners directly or indirectly (such as through an Affiliate or through you or their Immediate Families) shall own a legal or beneficial interest in, or render services or give advice to (a) any Competitive Business operating within a radius of five miles of any Costa Vida Restaurant then in operation or under construction, (b) any entity which grants franchises or licenses other interests to others to operate any Competitive Business, or (c) recruit or hire any person who is an employee of yours, ours or of any Costa Vida Restaurant operated by us, our Affiliates or any franchisee of ours without obtaining the employer's consent, which consent may be

withheld for any reason If you or any of your Owners fail to or refuse to abide by any of the foregoing covenants and Costa Vida obtains enforcement in a judicial proceeding, the obligations under the breached covenant will continue in effect for a period of time ending two years after the date of the order enforcing the covenant

7 You and each of your Owners expressly acknowledge the possession of skills and abilities of a general nature and the opportunity to exploit these skills in other ways, so that enforcement of the covenants contained in Sections 5 and 6 will not deprive any of you of your personal goodwill or ability to earn a living If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope or in terms of geographic area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforceable to the fullest extent permissible under applicable law and public policy In addition to relief as may be available at equity or law, Costa Vida may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause it irreparable harm You and each of your Owners acknowledge that any violation of Sections 4, 5, or 6 hereof would result in irreparable injury for which no adequate remedy at law may be available If Costa Vida files a claim to enforce this Agreement and prevails in this proceeding, you must reimburse Costa Vida for all its costs and expenses, including reasonable attorneys' fees

8 This Confidentiality and Non-Competition Agreement does not supersede nor cancel any prior understandings and agreements you and your Owners had with respect to these matters, including any provision of the Franchise Agreement and the Prospective Candidate Confidentiality Agreement previously entered into pertaining to confidentiality You and your Owners have read this Confidentiality and Non-Competition Agreement thoroughly, understand it, and sign it freely and voluntarily

(Signatures on following page)

IN WITNESS WHEREOF, the undersigned have signed this Agreement on the date first above written

INVESTOR

If an individual

By ______________________________
Print Name ________________________
Title ______________________________
Date ______________________________
% Ownership of Franchisee ___________

If a corporation, partnership, limited liability company or other legal entity

____
(Name of corporation, partnership, limited liability company or other legal entity)
By ______________________________
Print Name ________________________
Title ______________________________
Date ______________________________
% Ownership of Franchisee ___________

OWNERS

By ______________________________
Print Name ________________________
Title ______________________________
Date ______________________________

By ______________________________
Print Name ________________________
Title ______________________________
Date ______________________________

By ______________________________
Print Name ________________________
Title ______________________________
Date ______________________________

By ______________________________
Print Name ________________________
Title ______________________________
Date ______________________________

STATE OF ______________)
ss
COUNTY OF_____________)

The foregoing instrument was acknowledged before me this _____ day of ___________, 20___ by ____

My Commission Expires
____

____
NOTARY PUBLIC
Residing at ____________________

EXHIBIT F

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS)

[**Important Instructions for Completing this Form** Before we can process your Franchise Agreement, you must sign and return this authorization If, at the time you sign your Franchise Agreement, you do not have your account set up, or if you do not yet know your account information, please show that you agree to the terms of this authorization by signing this form, leaving the account information blank, and returning the signed form with your Franchise Agreement You can give us your account information when you receive it, but we must have the information before you open your Restaurant If you have any questions about what this form means, you should get advice from your lawyer, your accountant or your bank

Your Name (or name of legal entity on Franchise Agreement)

____

Your Social Security Number (or legal entity Federal Tax ID Number)

____

Name on Bank Account (if different than above)

____

The undersigned ("ACCOUNT HOLDER") hereby authorizes Costa Vida Management, LLC ("COMPANY") to initiate debit entries and/or credit correction entries to ACCOUNT HOLDER's checking and/or savings account(s) listed below at the bank, credit union or other depository listed below ("BANK") and to debit this account per COMPANY's instructions for any and all amounts due to COMPANY The ACCOUNT HOLDER understands that all amounts debited from the account below will be credited to COMPANY's account INSTEAD OF COMPLETING THE INFORMATION REQUIRED ON THE FOLLOWING FOUR LINES, YOU MAY ATTACH A CANCELLED OR VOIDED CHECK TO THIS AUTHORIZATION, BECAUSE A VOIDED CHECK INCLUDES ALL OF THIS INFORMATION

NAME OF BANK	Branch	
City	State	Zip Code
Telephone Number of Bank	Contact Person at Bank	
Bank Transit/ABA Number	Account Number	

This authority is to remain in effect until BANK has received joint written notice from COMPANY and ACCOUNT HOLDER of the ACCOUNT HOLDER's termination Any termination notice must be given in a way as to give BANK a reasonable opportunity to act on it If a debit entry is initiated to ACCOUNT HOLDER's account in error, ACCOUNT HOLDER shall have the right to have the amount of the error credited to the account by BANK, if (a) within 15 calendar days following the date on which BANK sent to ACCOUNT HOLDER a statement of account or a written notice regarding this entry or (b) 45 days after posting, whichever occurs first, ACCOUNT HOLDER shall have sent to BANK a written notice identifying this entry, stating that this entry was in error and requesting BANK to credit the amount thereof to this account These rights are in addition to any rights ACCOUNT HOLDER may have under federal and state banking laws

____
ACCOUNT HOLDER

By ________________________________
Title _______________________________ Date _______________________________

EXHIBIT G

SITE SELECTION ADDENDUM

Costa Vida Management, LLC, ("we", "us", the "Company" or "Franchisor") and ___________ , ("you" or 'Franchisee") have, this ___ day of _______, 20__, entered into a certain Costa Vida Franchise Agreement ("Franchise Agreement") and desire to supplement its terms, as set out below The Parties therefore agree as follows

1 Criteria for Site Approval

You agree that within ______________________ (______) days after the signing of the Franchise Agreement, you will locate and obtain our approval for a site within the Protected Area for the establishment of your Restaurant For purposes of this Agreement, "Protected Area" is defined as ________________

You must submit to us the following

(a) a complete a site proposal form containing population, growth, income, and other potential customer demographics information, traffic patterns, access, visibility, location of other retail food establishments and relative sales performance (including other Costa Vida Restaurants) and size, condition, configuration, appearance and other physical characteristics of the site and all other information that we reasonably require for the site,

(b) if the Premises for the proposed site are to be leased, satisfactory evidence that the lessor will agree to the minimum requirements contained in the Lease Addendum to be signed between us, you and the lessor, attached to the Franchise Agreement as Exhibit D, and

(c) any other information or materials as we may require, such as a letter of intent or other document which confirms your favorable prospects for obtaining the proposed site

2 Site Approval

We will approve or reject each site for which you submit to us a complete Site Proposal Package in accordance with Section 3A of the Franchise Agreement and, if we approve the site, we will do so by delivering our standard Site Approval Letter Our Site Approval Letter, duly signed by us, is the exclusive means by which we approve a proposed site, and no other direct or indirect representation, approval or acceptance, whether in writing or verbally, by any of our officers, employees or agents, shall be effective or bind us We will use all reasonable efforts to make a site approval decision and, if the site is approved, deliver a Site Approval Letter to you within 30 days after we receive the complete Site Proposal Package and any other materials we have requested In deciding whether to approve or reject a site you propose, we may consider such factors as we, in our sole discretion, deem appropriate, including the general location and neighborhood, population, growth, income, and other potential customer demographics information, traffic patterns, access, visibility, location of other retail food establishments (including other Costa Vida Restaurants) and size, condition, configuration, appearance and other physical characteristics of the site Neither our approval of a proposed site, nor any information communicated to you regarding our standard site selection criteria or the proposed site, constitutes a warranty or representation of any kind, express or implied, as to the suitability of the proposed site, but merely signifies that we are willing to grant a franchise for a Costa Vida Restaurant at that location in accordance with the terms of the Franchise Agreement Your decision to develop and operate a Costa Vida Restaurant at any site is based solely on your own independent investigation of the suitability of the site for a Costa Vida Restaurant In consideration of our approval of a proposed site, you and your Owners agree to release us, and our Affiliates, shareholders, members, officers, directors, employees, agents, successors and assigns from any and all loss, damages and liability arising from or in connection with the selection and/or approval of this site for the development of a Costa Vida Restaurant

3 Costs of On-Site Evaluation

We may also provide an on-site evaluation of sites proposed pursuant hereto as we deem necessary or appropriate If we deem it necessary to provide an on-site evaluation of the proposed site, you must coordinate and arrange for the visit by our representative or agent and may be required to pay our related travel expenses

4 Extensions

Upon your written request, we, at our sole discretion and without obligation, may grant a written extension or extensions to the period for approval of a proposed site

5 Purchase Agreement/Lease

You must lease, sublease or purchase the Premises within 90 days after signing the Franchise Agreement We have the right to approve the terms of any lease, sublease or purchase contract for the Premises, and you must deliver a copy to us for our approval before you sign it You agree that any lease or sublease for the Premises must, in form and substance satisfactory to us, include all of the provisions set forth on Exhibit D You may not sign a lease, sublease or purchase contract or any modification thereof without our approval Our approval of the lease, sublease, or purchase contract does not constitute a warranty or representation of any kind, express or implied, as to its fairness or suitability or as to your ability to comply with its terms We do not, by virtue of approving the lease, sublease or purchase contract, assume any liability or responsibility to you or to any third parties You must deliver a copy of the fully signed lease, sublease, or purchase contract to us within five days after its signing If you, one of your Owners, or one of your Affiliates at any time owns the Premises, you must immediately notify us and we may require that you or such Owner or Affiliate (1) enter into an agreement with us in recordable form granting us the right and option, in the event of a termination (for whatsoever reason) of the Franchise Agreement, to lease the Premises at fair market rental rates for a term coterminus with the term of the Franchise Agreement for these Premises, or (2) enter into a prime lease with us at fair market rental rates for a term coterminus with the term of the Franchise Agreement for these Premises and a sublease with us on the same terms as the prime lease The prime lease and sublease referenced in the preceding sentence shall be on the then current lease and the sublease forms used by us

If the lease for your Restaurant expires or is terminated before the end of the term, you may move your Restaurant to another location chosen in accordance with our site evaluation and approval process found in Section 3A of the Franchise Agreement The new location (1) must be in the original Restaurant's Protected Area, as determined by us, and (2) may in no case infringe upon a franchise agreement or other agreement applicable to another Restaurant

If you lose possession of your Restaurant's Premises because the lease expired by its terms, or on account of condemnation or eminent domain proceedings, or as the result of early termination pursuant to Section 14 of the Franchise Agreement, you must initiate the relocation procedure in time to lease, build-out and open your Restaurant for business within 60 days after the original Restaurant closes If your lease is terminated on account of a fire or other casualty, you must initiate the relocation procedure in time to lease, build-out and open your Restaurant for business within 120 days after the lease for the original Restaurant terminates

6 Affect and Interpretation

This Addendum will be considered an integral part of the Franchise Agreement between the Parties, and the terms of this Addendum will be controlling with respect to the subject matter hereof Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed

(Signatures on following page)

IN WITNESS WHEREOF, the Parties have signed and delivered this Agreement on the day and year first above written

FRANCHISOR	FRANCHISEE
COSTA VIDA MANAGEMENT, LLC, a Utah limited liability company	____________________________ (Name of corporation, partnership, limited liability company or other legal entity)
By ________________________	By ________________________
Print Name ____________________	Print Name ____________________
Title ________________________	Title ________________________
Date ________________________	Date ________________________

EXHIBIT H

ASSIGNMENT OF TELEPHONE NUMBER(S)

This Assignment relates to

Name of Franchisee ______________________________

Address of Restaurant ______________________________

Telephone Number(s) (__) ___-____, (__) ______-______, (__) ______-______

For valuable consideration, the Franchisee identified above ("Franchisee") assigns and transfers to Costa Vida Management, LLC, (the "Company") all of Franchisee's rights and interests in each and all of the telephone numbers listed above (the "Numbers")

Franchisee authorizes the Company to file this Assignment with the telephone company that issued the Numbers for the purposes of establishing the Company's claim to and right to designate the user of the Numbers

Franchisee irrevocably constitutes and appoints the Company as Franchisee's agent and attorney-in-fact for the purposes of (i) signing and delivering any Transfer of Service Agreement or comparable document the telephone company requires to transfer the rights in the Numbers from Franchisee to the Company or its designee, and (ii) canceling a revoking any call-forwarding or similar instructions Franchisee has issued to the telephone company with respect to any of the Numbers, with full power to sign Franchisee's name and otherwise to act in Franchisee's name, place, and stead

Franchisee agrees to reimburse the Company the full amount of any local service and long distance charges the telephone company requires that the Company pay to obtain the Numbers, together with interest as provided in the Franchise Agreement for the Restaurant

Franchisee represents and warrants to the Company that Franchisee obtained the Numbers in his or her own name, and that Franchisee is the person of record the telephone company will recognize as registered user or "owner' of the Numbers

FRANCHISEE

____
(Name of corporation, partnership, limited liability company or other legal entity)

By ______________________________
Print Name ______________________________
Title ______________________________
Date ______________________________

EXHIBIT I

SBA ADDENDUM
TO
(Insert Franchise Name)
FRANCHISE AGREEMENT

This ADDENDUM TO COSTA VIDA FRANCHISE AGREEMENT (the Addendum) is made and entered into on ____________ 20____, by and between Costa Vida Management, LLC, a Utah limited liability company located at 2989 West Maple Loop Drive, Suite 100, Lehi, Utah 84043 (Franchisor'), and ________________________________, a ____________________ located at ____ ('Franchisee')

RECITALS Franchisor and Franchisee entered into a Franchise Agreement on ____________ 20___ (the "Franchise Agreement') Franchisee agreed among other things to operate and maintain a franchise located at ________________________________ designated by Franchisor as Unit #_____ Franchisee has obtained from a lender a loan (the Loan') in which funding is provided with the assistance of the United States Small Business Administration (the SBA") The SBA requires the execution of this Addendum as a condition for obtaining SBA assisted financing

NOW, THEREFORE, in consideration of the mutual promises below and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows

1 The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured as of the date hereof

2 Section 13 G of the Franchise Agreement provides that Franchisor (or any third party assignee of Franchisor) may elect pursuant to its right of first refusal to exercise said option when Franchisee decides to sell partial interest(s) in the business This section is hereby amended to reflect that Franchisor (or any third party assignee of Franchisor) will not exercise the option for any partial sale of Franchisee s business Franchisor (or any third party assignee of Franchisor) may not become a partial owner of any SBA-financed franchises

3 Under Section 18 J of the Franchise Agreement, Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee that requires Franchisor s consent

4 Section 15 E of the Franchise Agreement is amended so that Franchisee is given the option to decide, in its sole discretion, whether to sell its real estate to Franchisor or any of its affiliates, as the case may be, upon termination or expiration of the Franchise Agreement Upon termination of the Franchise Agreement, Franchisor may have the option to lease for the remainder of Franchisee's term (excluding additional renewals) for fair market value

5 The right of Franchisor to assume Franchisee's lease referenced in Section 3 B of the Franchise Agreement may not be recorded against the real estate Any recording done in contravention of this Addendum must be subordinated to any SBA financed loan and may not include any attornment language

6 This Addendum automatically terminates on the earliest to occur of the following (i) a termination occurs under the Franchise Agreement, (ii) the Loan is paid, or (iii) the SBA no longer has any interest in the Loan

(Signatures on following page)

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum to Costa Vida Franchise Agreement as of the day and year first above written

FRANCHISOR	**FRANCHISEE**
COSTA VIDA MANAGEMENT, LLC	
By ____________________	By ____________________
Print Name ________________	Print Name ________________
Title ____________________	Title ____________________

EXHIBIT J

STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The followmg modifications are to the Costa Vida Management, LLC Franchise Disclosure Document and may supersede certain portions of the Franchise Agreement dated ____________________, 20__

The following states have statutes that may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise ARKANSAS [Stat Section 70-807], CALIFORNIA [Bus & Prof Code Sections 20000-20043], CONNECTICUT [Gen Stat Section 42-133e et seq], DELAWARE [Code, Tit 6, Ch 25, Sections 2551-2556], HAWAII [Rev Stat Section 482E-1], ILLINOIS [Rev Stat 815 ILCS 705/19 and 705/20], INDIANA [Stat Sections 23-2-2 7 and 23-2-2 5], IOWA [Code Sections 523H 1-523H 17], MARYLAND [Maryland Franchise Registration and Disclosure Law, MD Code Ann , Bus Reg Sections 14-201 to 14-233 (2004 Repl Vol)], MICHIGAN [Stat Section 19 854(27)], MINNESOTA [Stat Section 80C 14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat Section 407 400], NEBRASKA [Rev Stat Section 87-401], NEW JERSEY [Stat Section 56 10-1], SOUTH DAKOTA [Codified Laws ~~Chapter~~Section 37-5~~B~~A-51], VIRGINIA [Code 13 1-517-574], WASHINGTON [Code Section 19 100 180], WISCONSIN [Stat Section 135 03] These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the FDD

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

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise This provision may not be enforceable under California law

The Franchise Agreement requires application of the laws of the State of Utah This provision may not be enforceable under California law

The following paragraph is added to ITEM 19 of the Franchise Disclosure Document

> The earnings claims figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figure to obtain your net income or net profit You should conduct an independent

investigation of the costs and expenses you will incur in operating your franchised business Franchisees or former franchisees listed in the Franchise Disclosure Document may be one source of this information

Costa Vida's Uniform Resource Locator ("URL") address for locating its internet website is http //www costavida net OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS at www corp ca gov

THE CALIFORNIA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF CALIFORNIA OR WHO LOCATE THEIR FRANCHISES IN CALIFORNIA

HAWAII

1 The following list reflects the status of our franchise registrations in the states which have franchise registration and/or disclosure laws

This registration is currently effective in California and Washington

There are no states which have refused, by order or otherwise, to register these franchises

There are no states which have revoked or suspended the right to offer these franchises

2 The Franchise Agreement has been amended as follows

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement If the Franchise Agreement, and more specifically, Sections 2(C), 13, and 14 contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control

Sections 2(C)(ii) and 13(C)(vii) of the Franchise Agreement require franchisee to sign a general release as a condition of renewal and transfer of the franchise, this release shall exclude claims arising under the Hawaii Franchise Investment Law

Section 13A(i) of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U S C Section 101, et seq)

3 The Receipt Pages are amended to add the following

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

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS BEFORE THE SIGNING BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT,

OR AT LEAST SEVEN DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE

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

THE HAWAII SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF HAWAII OR WHO LOCATE THEIR FRANCHISES IN HAWAII

ILLINOIS

THE FRANCHISE AGREEMENT STATES THAT YOU MUST MEET CERTAIN MINIMUM PERFORMANCE SALES REQUIREMENTS IF YOU DO NOT MEET THESE REQUIREMENTS YOUR FRANCHISE AGREEMENT CAN BE TERMINATED BY COSTA VIDA This provision may be affected by Illinois Law, 815 ILCS §§ 705/4 and 705/41

Item 17 of the Disclosure Document and Sections 2C and 14A of the Franchise Agreement are amended, if required by law, to state

> "The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois Law, 815 ILCS §§ 705/19 and 705/20 "

Item 17 of the Disclosure Document and Sections 17 and 18D and any other choice of law, venue and jurisdictions provisions in the Franchise Agreement are amended, if required by law, to include the following

> "Provisions regarding jurisdiction and venue and choice of law may be affected by Illinois law, 815 ILCS §§ 705/4 and 705/41, respectively "
>
> "Notwithstanding anything in this Agreement to the contrary, UNLESS GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U S C SECTIONS 1051 ET SEQ) OR OTHER FEDERAL LAW OR MATTERS ARISING UNDER SECTION 4 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT WHICH SHALL BE GOVERNED THEREBY, THIS AGREEMENT, THE FRANCHISE AND THE RELATIONSHIP BETWEEN COMPANY AND FRANCHISEE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF UTAH, EXCEPT THAT (A) THE UTAH BUSINESS OPPORTUNITY DISCLOSURE ACT AND ANY OTHER STATE LAW RELATING TO (1) THE OFFER AND SALE OF FRANCHISES, (2) FRANCHISE RELATIONSHIPS OR (3) BUSINESS OPPORTUNITIES, SHALL NOT APPLY UNLESS THE APPLICABLE JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH, and (B) THE ENFORCEABILITY OF THOSE PROVISIONS OF THIS AGREEMENT WHICH RELATE TO RESTRICTIONS ON YOUR COMPETITIVE ACTIVITIES WILL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH YOUR BUSINESS IS LOCATED '

SPECIFICALLY, PROVISIONS REGARDING JURISDICTION AND VENUE AND CHOICE OF LAW MAY BE AFFECTED BY ILLINOIS LAW, 815 ILCS §§ 705/4 AND 705/41, RESPECTIVELY, AND RULE SECTION 200 608 OF THE RULES AND REGULATIONS PROMULGATED PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT "

No provision in the Disclosure Document or Franchise Agreement shall be construed to mean that you may not rely on representations in the Costa Vida Disclosure Document that we provided to you in connection with the offer and purchase of your franchise

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void "

THE ILLINOIS SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF ILLINOIS OR WHO LOCATE THEIR FRANCHISES IN ILLINOIS

MARYLAND

The Disclosure Document is amended to state

"Costa Vida has not registered the trademark, servicemark/logo in the State of Maryland You must register the name "Costa Vida Association" as a dba for the entity operating the franchise in the state where the franchise marketing area is located "

Item 17 of the Disclosure Document and Sections 2(C)(ii) and 13(C)(vii) of the Franchise Agreement are amended to state

"Any release signed in connection with the Franchise Agreement is not intended to, nor shall it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law "

The Disclosure Document and Sections 17 and 18(D) of the Franchise Agreement are amended to state

"Notwithstanding anything in this Agreement to the contrary, UNLESS GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U S C SECTIONS 1051 ET SEQ) OR OTHER FEDERAL LAW OR MATTERS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW WHICH SHALL BE GOVERNED THEREBY, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN YOU AND US WILL BE GOVERNED BY THE LAWS OF THE STATE OF UTAH, EXCEPT THAT THE UTAH BUSINESS OPPORTUNITY DISCLOSURE ACT AND ANY OTHER STATE LAW RELATING TO (1) THE OFFER AND SALE OF FRANCHISES, (2) FRANCHISE RELATIONSHIPS, OR (3) BUSINESS OPPORTUNITIES, WILL NOT APPLY UNLESS THE APPLICABLE JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH YOU MAY BRING A LAWSUIT IN MARYLAND FOR CLAIMS ARISING

UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW "

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

"Any limitation of claims provisions shall not act to reduce the three year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law "

The Disclosure Document and Franchise Agreement are amended as follows

"Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of Maryland or requiring the application of the laws of another state is void with respect to a claim arising under the Maryland Franchise Registration and Disclosure Law "

"Any claims under the Maryland Franchise Registration and Disclosure law may be brought in the State of Maryland "

"Pursuant to COMAR 02 02 0816L, the general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law "

"Any provision in the Disclosure Document or Franchise Agreement or the agreements attached as appendices that requires you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law is not intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law "

"Your acknowledgement and representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law "

THE MARYLAND SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MARYLAND OR WHO LOCATE THEIR FRANCHISES IN MARYLAND

MICHIGAN

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

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

(a) A prohibition on your right to join an association of franchisees

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

(c) A provision that permits us to terminate a franchise before the expiration of its term except for good cause Good cause shall include your failure 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

(d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation This subsection applied only if (i) the term of the franchise is less than 5 years and (ii) you are 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 you do not receive at least 6 months advance notice of our intent not to renew the franchise

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

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

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

(i) The failure of the proposed transferee to meet our then-current reasonable qualifications or standards

(ii) The fact that the proposed transferee is a competitor of us or our subfranchisor

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

(iv) You or your proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer

(h) A provision that requires you to resell to us items that are not uniquely identified with us This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a franchise for the market or appraised value of these assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c)

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

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

ESCROW REQUIREMENTS (IF ANY) ______________________________

Any questions regarding this notice should be directed to

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number (517) 373-7117

THE MICHIGAN SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR WHO LOCATE THEIR FRANCHISES IN MICHIGAN

MINNESOTA

If required by law, the Disclosure Document, Franchise Agreement, and Area Development Agreement are modified as follows

Any release signed in connection with the Franchise Agreement shall not apply to any claims arising under Minnesota Statutes 1973 Supplement, Sections 80C 01 to 80C 22, providing that a franchisee cannot be required to assent to a release, assignment, or waiver that would relieve any person from liability imposed by such statutes, provided, however that this shall not bar the voluntary settlement of disputes

With respect to the franchises governed by Minnesota law, we will comply with Minnesota Statutes Sec 80C 14, subdivisions 3, 4 and 5 which require, except in certain specific cases, that we give you 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement If Franchisor fails to give notice, the Franchise Agreement shall remain in effect from month to month until Franchisor has given the required notice

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

Minnesota Rule 2860 4400J also prohibits us from asking you to consent to the Franchisor obtaining injunctive relief We may merely seek injunctive relief Also, it is up to a court to determine if a bond is required

Provided that you are in compliance with the terms and conditions of the Franchise Agreement, we will comply with Minnesota Statutes Sec 80C 12, Subd 1(g) which requires that the franchisor protect the franchisee's right to use the trademarks, service marks, tradenames, logotypes or other commercial symbols and/or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name

We will also comply with the requirements of Minnesota Statutes Sec 80C 17, Subd 5, which requires that any action commenced under Section 80C 17 be commenced within 3 years after the cause of action accrues

THE MINNESOTA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MINNESOTA OR WHO LOCATE THEIR FRANCHISES IN MINNESOTA

NEW YORK

The cover page of the Disclosure Document will be supplemented with the following, inserted at the bottom of the cover page

REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, 120 BROADWAY, NEW YORK, NEW YORK 10271-0332 INFORMATION COMPARING FRANCHISORS IS AVAILABLE CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON YOU TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS

As a supplement to the information disclosed in this Disclosure Document, the following additional paragraphs are added

1 Except as disclosed in Item 3 of the Disclosure Document, neither we, our predecessors, Affiliates or any person identified in Item 2 of this Disclosure Document

A Has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against it or him alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations

B Has been convicted of a felony or pleaded nolo contendere to a felony charge or within the ten year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations

C Is subject to any currently effective injunctive or restrictive order or decree relating to franchises or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, trade practice law, or any national securities association or national securities exchange (as defined in the Securities and Exchange Act of 1934) suspending or expelling this person from membership in this association or exchange as a result of a concluded or pending action or proceeding brought by a public agency

2 Except as disclosed in Item 4 of the Disclosure Document, during the ten year period immediately preceding the date of this Disclosure Document, neither we, our predecessors, Affiliates or any person identified in Item 2 of this Disclosure Document has been adjudged bankrupt or reorganized due to insolvency or been a principal officer of any company or a general partner in any partnership at or within 1 year of the time that this company or partnership was adjudged bankrupt or reorganized due to insolvency or is otherwise subject to any pending bankruptcy or reorganization proceeding

3 You will not be required to indemnify us for any claims arising out of a breach of the Franchise Agreement by us or other civil wrongs committed by us

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

5 Any release signed in connection with the Franchise Agreement is subject to the proviso that all rights enjoyed by you 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 Sections 687 4 and 687 5 of the General Business Law of New York State be satisfied

6 You may terminate the Franchise Agreement and any ancillary agreements upon any other grounds available by law

7 The summary in Items 17 w Choice of Law, is amended to state the following

Utah law applies unless governed by applicable federal law The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon Franchisee by the General Business Law of the State of New York

The following modifications are made to the Franchise Agreement

1 The following sentence is added to the end of Section 4(E) "Franchisor will make no changes to the Operations Manual that would impose an unreasonable economic burden on Franchisee or unreasonably increase Franchisee's obligations "

2 Section 13A is amended by adding the following to the end of that Section "However, Franchisor will make no transfer or assignment except to a transferee or an assignee who, in our good faith judgment, is willing and able to assume Franchisor's obligations under this Agreement "

3 The following is added at the end of Sections 2(C)(ii) and 13(C)(vii) ", provided, however, that any release shall not apply to any claims arising under the provisions of Article 33 of the General Business Law of the State of New York "

4 The following is added to the end of the first sentence of Section 16(B) "Notwithstanding the foregoing, Franchisee will not be required to indemnify Franchisor for any claims arising out of a breach of the Agreement by us or other civil wrongs of us "

5 The following is added to the end of Section 18(E) "Franchisor will seek no issuance of injunctive relief which would violate New York General Business Law Section 687 5

6 The following sentence is added to the end of Sections 17 and 18(D) of the Franchise Agreement, and to and any other choice of law provisions appearing in any related documents attached as exhibits or appendices to the Franchise Agreement that are deemed to be in violation of New York law "The choice of law provisions in this Section should not be considered a waiver of any right conferred upon Franchisor or upon the Franchisee by Article 33 of the General Business Law of the State of New York "

THE NEW YORK SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NEW YORK OR WHO LOCATE THEIR FRANCHISES IN NEW YORK

NORTH DAKOTA

Sections of the Disclosure Document and Franchise Agreement providing for resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law

Sections of the Disclosure Document and Franchise Agreement relating to choice of law, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law

Sections of the Disclosure Document and Franchise Agreement requiring you to sign a general release upon renewal of the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law

Sections of the Disclosure Document and Franchise Agreement stipulating that you shall pay all costs and expenses incurred by us in enforcing the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law

Sections of the Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended if required by law

Sections of the Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended if required by law

THE NORTH DAKOTA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NORTH DAKOTA OR WHO LOCATE THEIR FRANCHISES IN NORTH DAKOTA

RHODE ISLAND

§ 19-28 1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act" The Disclosure Document and Franchise Agreement are amended accordingly if required by law

THE RHODE ISLAND SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF RHODE ISLAND OR WHO LOCATE THEIR FRANCHISES IN RHODE ISLAND

VIRGINIA

Pursuant to § 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause", as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable

THE VIRGINIA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF VIRGINIA OR WHO LOCATE THEIR FRANCHISES IN VIRGINIA

WASHINGTON

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator, if required by Washington law

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

A release or waiver of rights signed by you shall not include rights under the Washington Franchise Investment Protection Act 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, or rights or remedies under the Act may not be enforceable and are amended if required by law

Transfer fees are collectable if they reflect our reasonable estimated or actual costs in effecting a transfer, if required by Washington law

In addition to the rights and responsibilities enumerated in the Disclosure Document and Franchise Agreement concerning termination and non-renewal, Washington State residents have certain rights under the Washington Franchise Investment Protection Act

THE WASHINGTON SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF WASHINGTON OR WHO LOCATE THEIR FRANCHISES IN WASHINGTON

WISCONSIN

Item 17 of the Disclosure Document is amended to add the following

The Wisconsin Fair Dealership Law Title XIV-A Ch 135, Section 135 01-135 07 may affect the termination provision of the Franchise Agreement

THE WISCONSIN SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF WISCONSIN OR WHO LOCATE THEIR FRANCHISES IN WISCONSIN

(Signatures on following page)

ACKNOWLEDGMENT

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of __________________, 20__, and of the Franchise Disclosure Document Except in the State of Maryland, this State Addenda applies only if required by applicable state law

DATED this _______ day of ____________________, 20__

FRANCHISOR

COSTA VIDA MANAGEMENT, LLC

By ___________________________________
Title _________________________________

FRANCHISEE

____

By ___________________________________
Title _________________________________

By ___________________________________
Title _________________________________

(MUST BE SIGNED BY ALL OWNERS AND MANAGERS OF AN ENTITY FRANCHISEE)

Summary Report Lıtéra® Change-Pro TDC 7 0 0 365 Document Comparıson done on 3/27/2014 5 21 43 PM	
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Changes	
Add	106
~~Delete~~	105
~~Move From~~	2
Move To	2
Table Insert	0
~~Table Delete~~	0
Embedded Graphıcs (Vısıo, ChemDraw, Images etc)	0
Embedded Excel	0
Format Changes	0
Total Changes	215

EXHIBIT D

COSTA VIDA AREA DEVELOPMENT AGREEMENT

COSTA VIDA® AREA DEVELOPMENT AGREEMENT

Costa Vida Management, LLC
2989 West Maple Loop Drive, Suite 100
Lehi, Utah 84043

Office - (801) 797-2374
Fax - (801) 515-8319

Email ~~cclark@costavida net~~scantarero@costavida net

www costavida net

Costa Vida® AREA DEVELOPMENT AGREEMENT

____
Area Developer

____
Area

____
Date of Agreement

TABLE OF CONTENTS

COSTA VIDA MANAGEMENT, LLC
AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (the "Agreement") is made and entered into as of this ___ day of ___________, 20__, by and between Costa Vida Management, LLC, a Utah limited liability company ,with its principal place of business at 2989 West Maple Loop Drive, Suite 100, Lehi, Utah 84043 ("we", "us", the "Company" or "Franchisor") and _________________________, ("you" or "Area Developer"), a(n) __________________, whose principal address is ________________________________ [Address] The Company and Area Developer may sometimes collectively be referred to in this Agreement as the "parties "

1 <u>INTRODUCTION</u>

A <u>COSTA VIDA RESTAURANTS</u>

We own, operate, and franchise Costa Vida Restaurants, specializing in the retail sale of burritos, salads, enchiladas, tacos, quesadillas, horchatas, beverages, and other menu items and merchandise related to the Costa Vida concept, as we may periodically authorize We, or our Affiliates, have developed and own a comprehensive system for developing and operating Costa Vida Restaurants, which includes trademarks, building designs and layouts, equipment, ingredients, specifications, and recipes for authorized food products, methods of inventory control, training programs and certain operational and business standards and policies, all of which we may improve, further develop or otherwise modify (the "System" or the "Costa Vida System")

B <u>YOUR ACKNOWLEDGEMENTS</u>

You have read and understood this Agreement, our Disclosure Document, and agreements, if any You acknowledge that you have had ample time and opportunity to consult advisors of your own choosing about the potential benefits and risks of entering into this Agreement By signing this Agreement, you understand that the Costa Vida concept offers a high-quality quick casual dining experience You accept the proposition that to deliver that experience requires a different approach to the quality of food products, level of design and environment and customer experience (impacted by the quality of people and training) not typically found in quick service food establishments You understand the terms, conditions, and covenants of this Agreement and accept them as being reasonably necessary to maintain the uniformity of our high quality standards at all Costa Vida Restaurants to protect and preserve the goodwill of the Marks and the integrity of the System Standards You have conducted an independent investigation of the business contemplated by this Agreement and recognize that the restaurant industry is highly competitive, with constantly changing market conditions and consumer tastes You recognize that the nature of Costa Vida Restaurants may change over time, that an investment in Costa Vida Restaurant involves business risks and that the success of the venture is largely dependent on your own business abilities, efforts, and financial resources

We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any representation, guaranty, or warranty express or implied, as to the sales volume, income, earnings, expenses, revenues, profits or success of Costa Vida Restaurants or the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the Costa Vida Network of Restaurants You further acknowledge that you have not received or relied on any representations about the franchise, the Franchisor, or its franchising program or policies from us or our officers, directors, employees, or agents that are contrary to the statements made in our Disclosure Document or the terms of this Agreement Any information acquired by you from other Costa Vida franchisees relating to sales, income, earnings, expenses, revenues, profits or success of any such franchised Costa Vida restaurants does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information You acknowledge and agree that Costa

Vida's officers, directors, employees, and agents act only in a representative, and not in a personal, capacity in connection with any of our dealings with you

C YOUR REPRESENTATIONS

You and your Principal Owners, jointly and severally if applicable, represent and warrant to us that (1) neither you nor any of your Principal Owners has made any untrue statement of any material fact or has omitted to state any material fact in the ADA application, Personal Profile, or any other written information, you have submitted in obtaining the rights granted hereunder, (2) neither you nor any of your Owners has any direct or indirect legal or beneficial interest in any business that may be deemed a Competitive Business, except as you have otherwise completely and accurately disclosed in writing to us in connection with obtaining the rights granted hereunder, and (3) the signing and performance of this Agreement will not violate any other agreement to which you or any of your Owners may be bound You recognize that we have signed this Agreement in reliance on all of the statements, including to the ADA Application and the Personal Profile, you and your Owners have made in writing in connection with this Agreement

D CERTAIN DEFINITIONS

The terms listed below have the meanings which follow them and include the plural as well as the singular Other terms are defined elsewhere in this Agreement in the context in which they arise

"ADA Application" – The area development agreement application submitted to us by you and/or your Owners

"Affiliate" – Any person or entity that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party The term "control" 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

"Alternative Approved Supplier" – Any supplier who has been proposed by you or by another franchisee to manufacture or provide products or ingredients and who has been approved by us to do so in accordance with the terms of this Agreement

"Approved Supplier" – Any supplier, including us, an Affiliate of ours or an independent third party, whom we authorize to manufacture or provide products or ingredients

"Competitive Business" – Any retail food establishment (including any restaurant) in which any of the following categories constitutes more than twenty percent of its revenues or twenty percent of its menu (1) burritos, tacos, quesadillas (2) Latin American, Central American, or Mexican food, desserts, or beverages of any kind, as well as any business that manufactures, wholesales, and/or distributes Latin American, Central American, or Mexican food, desserts, or beverages of any kind, including tortillas and salsas Restrictions in this Agreement on competitive activities do not apply to (a) the ownership or operation of other Costa Vida Restaurants that are licensed or franchised by us or any of our Affiliates, or (b) the ownership of shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than five percent of that class of securities

"Confidential Information" – Our proprietary and Confidential Information relating to the development and operation of Costa Vida Restaurants, including (1) Operations Manual, (2) ingredients, recipes, and methods of preparation and presentation of authorized food and products, (3) site selection criteria for Costa Vida Restaurants and plans and specifications for the development of Costa Vida Restaurants, (4) sales, marketing, and advertising programs and techniques for Costa Vida Restaurants, (5) identity of suppliers and knowledge of specifications, processes, procedures, and equipment, and pricing of authorized food products, materials, supplies, and equipment, (6) knowledge of operating results and financial performance of Costa Vida Restaurants, other than Costa Vida Restaurants you own, (7) methods of inventory control, storage, product handling, training and management relating to Costa Vida Restaurants, and (8) computer systems and software programs used or useful in Costa Vida Restaurants, and (9) any and all other information that we provide you that is labeled proprietary or confidential

"Immediate Family" – Spouse, parents, brothers, sisters, and children, whether natural or adopted

"Marks" – The current and future tradenames, trademarks, service marks, and trade dress used to identify the services and/or products offered by Costa Vida Restaurants, including the marks "COSTA VIDA," "COSTA VIDA FRESH MEXICAN GRILL," and the distinctive building design and color scheme of Costa Vida Restaurants

"MSA" – A metropolitan statistical area, as determined by the U S Census Bureau

"Operating Partner" – The individual you so designate in Exhibit B and any replacement thereof approved by us

"Owner" – Each person or entity that has a direct or indirect legal or beneficial ownership interest in you, if you are a business corporation, partnership, limited liability company, or other legal entity

"Costa Vida Restaurants" – Restaurants which we, or any of our Affiliates, own, operate or franchise and which use the Marks and the System Standards

"Personal Profile" – The personal, financial, business, and other information relating to you and your Owners set forth in our personal profile form(s) which you and your Owners have completed and submitted to us before or together with the ADA Application

"Principal Owner" – Each Owner with an ownership interest greater than ten percent (10%), if you are a business corporation, partnership, limited liability company, or other legal entity

"System Standards" – The business methods, designs, and arrangements for developing and operating Costa Vida Restaurants, which include the Marks, building design and layouts, equipment, ingredients, recipes, methods of preparation and specifications for authorized food products, training, methods of inventory control and certain operating and business standards and policies, all of which we may periodically improve, further develop or otherwise modify

"Transfer of the Development Rights" – or similar words – The voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of this Agreement, of any interest in or right under this Agreement, or any form of ownership interest in Area Developer, revenues or income of your Restaurant including (1) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, membership of, or a partnership interest in, Area Developer or of any interest convertible to or exchangeable for capital stock of, membership of or a partnership interest in, Area Developer, (2) any merger or consolidation Area Developer, whether or not Area Developer is the surviving entity, (3) any transfer in, or as a result of, a divorce, insolvency, corporate, limited liability company or partnership dissolution proceeding or otherwise by operation of law, (4) any transfer upon death of Area Developer or the death of any Principal Owners of Area Developer by will, declaration of or transfer in trust or under the laws of interstate succession,

' Your Restaurant" – The Costa Vida Restaurant operated by you under a Franchise Agreement

2 DEVELOPMENT RIGHTS

A TERM AND DEVELOPMENT FEE

Unless sooner terminated in accordance with Section 9, the term of this Agreement (the "Term") starts on the dates hereof and expires on the earlier of the expiration date set forth in Exhibit A or the date upon which Area Developer opens for operation the cumulative number of Costa Vida Restaurants in the Development Area (as this term is defined in Section 2B hereof) set forth in Exhibit A You have no right to renew or extend your rights under this Agreement At the time you sign this Agreement, you must pay us the nonrefundable Development Fee set forth in Exhibit A (the "Development Fee") Any deposit we may require you to pay us in connection with the ADA Application for the rights granted hereunder will be credited against the Development Fee

B DEVELOPMENT RIGHTS

During the Term and provided you and your Affiliates are in compliance with this Agreement and all other agreements with us or any of our Affiliates (including Franchise Agreements signed pursuant to this Agreement), we will (1) grant to you, in accordance with Section 3, that cumulative number of franchises for Costa Vida Restaurants set forth in Exhibit A, all of which are to be located within the geographic area described in Exhibit A (the "Development Area"), and (2) not operate (directly or through an Affiliate), nor grant the right to operate, any Costa Vida Restaurant located within the Development Area, except for (i) franchises granted pursuant to this Agreement, (ii) Costa Vida Restaurants open (or under commitment to open) as of the date hereof, (iii) Costa Vida Restaurants or other retail food establishments using any part or all of the System Standards and/or Marks that are (A) located within retail outlets, restaurants, grocery stores, supermarkets, and other channels of distribution (including wholesale distribution of food products or merchandise to restaurants, supermarkets, grocery stores, caterers, Internet, catalogs, and other outlets), (B) located at transportation facilities (such as airport facilities, inter-MSA train and/or bus stations, turnpikes, or other limited access highway rest stops), colleges, universities, sports arenas and entertainment facilities, where any of these locations or its food operations are controlled by a third party or in our judgment should be operated by a third party (collectively "Special Locations"), or (C) retail food establishments (including other non-Costa Vida restaurants) that we purchase (or as to which we purchase the rights as franchisor) that are part of another franchise system or chain, regardless whether any or all of them are converted to use any or all of the Marks and/or System Standards or continue to be operated independently Notwithstanding any other term or condition of this Agreement to the contrary, you are not granted the right to develop a Costa Vida Restaurant within one (1) mile of another Costa Vida Restaurant (which is either open or operating or has been approved by us for development) in a geographic area not included in your Area Development Agreement

C DEVELOPMENT OBLIGATIONS

You must have open and operating in the Development Area in accordance with and pursuant to Franchise Agreements, that cumulative number of Costa Vida Restaurants set forth in Exhibit A by the corresponding dates set forth therein ("Development Schedule") Time is of the essence in this Agreement, and any requests by you to extend the Development Schedule may be granted or denied by us for any reason or no reason Your failure to develop and operate Costa Vida Restaurants in accordance with the Development Schedule is a material breach of this Agreement for which we have the right to exercise any and all rights and remedies conferred under this Agreement and applicable law, including the right, in our sole discretion, to (1) terminate this Agreement pursuant to Section 9B without prejudice to our recovery of damages, or (2) require you to pay to us (i) on demand, a fee equal to the initial franchise fees that would have been due under the franchise agreements you would have entered into if you had complied with the Development Schedule (the "Development Deficiency Initial Fee") for each Costa Vida Restaurant that you have so failed to open, and (ii) from and after this breach (until the failure to meet the Development Schedule is cured) an amount equal to the average royalties received by us from all Costa Vida Restaurants for each Costa Vida Restaurant that you have so failed to open (the "Development Deficiency Royalty Fees"), all of which amounts (inclusive of the Development Deficiency Initial Fee and the Development Deficiency Royalty Fees) represent liquidated damages Such damages are difficult to calculate with certainty but the foregoing represents a reasonable estimate of the damages we will incur as a result of your failure to comply with the Development Schedule The Development Deficiency Initial Fees and the Development Deficiency Royalty Fees are not refundable under any circumstances, provided the Development Deficiency Initial Fees shall be creditable against the initial franchise fees payable under Franchise Agreements signed pursuant to this Agreement This Section 2C shall survive the expiration or termination of this Agreement and shall continue in full force and effect until satisfied in full or by its nature expires

D OUR RESERVATION OF RIGHTS

Except as otherwise expressly provided in this Agreement, we and all of our Affiliates (and our respective successors and assigns, by purchase, merger, consolidation, or otherwise) retain all of our rights and discretion with respect to the Marks, the System Standards, and Costa Vida Restaurants anywhere in the world, and the right to engage in any business whatsoever, including the right to (1) operate, and grant to others the right to operate, Costa Vida Restaurants at these locations and on these terms and conditions as deemed appropriate (you acknowledge that these Costa Vida Restaurants may be in direct competition with your Restaurant, without regard to any adverse effects of these activities on your Restaurant and without any obligation or liability to you), (2) sell any products or services under any tradenames, trademarks, service marks or trade dress, including the Marks, through other channels of distribution (including, wholesale distribution of food products and merchandise to restaurants, supermarkets, grocery stores, caterers, Internet, catalogs, and other outlets), and (3) operate, and grant to others the right to operate, retail food establishments (including other non-Costa Vida restaurants) identified by tradenames, trademarks, service marks or trade dress, other than the Marks, pursuant to these terms and conditions as we deem appropriate You acknowledge and agree that, except as expressly provided to the contrary in Section 2B hereof, your rights hereunder shall be non-exclusive You waive, to the fullest extent permitted under law, all claims, demands or causes of action arising from or related to any of the foregoing activities by us or any of our Affiliates

E DEVELOPMENT OF TARGET STORES

1 1 1 1 If during the Term, we locate a site within the Development Area at which a Costa Vida Restaurant is not then operated but which, in our judgment, is suitable for a Costa Vida Restaurant (a "Target Site"), we will, as soon as is practicable after the site is identified (taking into consideration any applicable contractual or legal prohibitions or limitations), notify you in writing of the Target Site if we intend that the Target Site be developed and operated as a Costa Vida Restaurant Within 10 days after your receipt of our notice regarding the Target Site (including any relevant site-related materials in our possession), you will notify us if you desire to develop and operate a Costa Vida Restaurant at the Target Site described in the notice

1 1 1 2 If you timely notify us in writing that you desire to develop and operate a Costa Vida Restaurant at the Target Site and we have fully negotiated a lease or purchase agreement for the Target Site, then you will (1) obtain the consent of the landlord to execute and will execute the lease or an assignment and assumption of lease, if applicable, or obtain the consent of the seller to execute and will execute a purchase agreement or an assignment and assumption of purchase agreement, if applicable, (2) execute a Franchise Agreement and such ancillary documents as are then customarily used by us in the grant of franchises for Costa Vida Restaurant, as modified for use in connection with the Target Site (the "Franchise Documents"), and pay the fees, including the initial franchise fee, that we are then charging for new Costa Vida franchises, and (3) pay us a site location and negotiation fee plus our reasonable out-of-pocket expenses incurred in locating the Target Site and negotiating the lease or purchase agreement, all within 10 days after our delivery to you of the lease or purchase agreement, as the case may be, and the Franchise Documents We will fully cooperate with you in obtaining the landlord's consent to your execution of the lease or the seller's consent to your execution of the purchase agreement or assignment of purchase agreement, as the case may be

1 1 1 3 If you timely notify us in writing that you desire to develop and operate a Costa Vida Restaurant at the Target Site and we have not fully negotiated a lease or purchase agreement for the Target Site, then you will have 30 days in which to negotiate and deliver to us a lease or purchase agreement for the Target Site in form for execution If we disapprove the lease or purchase agreement for failure to meet our requirements, you will have 10 days within which to negotiate and deliver to us a revised lease or purchase agreement for the Target Site in form for execution If we approve the lease or the purchase agreement for the Target Site, then you will (1) execute the lease or purchase agreement, as applicable, (2) execute the Franchise Documents and pay the fees, including the initial franchise fee that we are then charging for new Costa Vida franchises, and (3) pay to us a site location fee plus our reasonable out-of-pocket expenses in locating the Target Site and, to the extent applicable, partially negotiating the lease or purchase agreement, all within 10 days after our delivery of the Franchise Documents to you

1 1 1 4 If you (1) decline the option to develop a Target Site, (2) fail to timely notify us of your election to develop a Target Site, or (3) fail to timely execute the approved lease or purchase agreement and Franchise Documents for a Target Site and pay the applicable fees as provided above, then we or one of our Affiliates may develop and operate a Costa Vida Restaurant at the Target Site or grant a franchise to a third party to develop and operate a Costa Vida Restaurant at the Target Site Any Target Site, developed by us or one of our Affiliates will not count towards the Development Schedule and put You in material breach and default of this agreement

1 1 1 5 Any Target Site for which you execute the Franchise Documents and develop and open a Costa Vida Restaurant will count towards the Development Schedule

1 1 1 6 We are not required to give notice to you or to offer you a franchise to develop a Costa Vida Restaurant with regard to any Target Site or Conversion Site (defined below) in the Development Area, and we may develop and open (or franchise others to develop and operate) a Costa Vida Restaurant at the Target Site or Conversion Site, after the total number of sites for which you have executed a Franchise Agreement and accepted as Target Sites or Conversion Sites equals the number required under your Development Schedule

F CONVERSION SITES

(1) If, during the Term, we acquire the shares or assets (which may include furniture, fixtures, equipment, leasehold improvements and/or leasehold interests) of any business operating retail outlets at one or more sites located within the Development Area which meets our

specifications and standards for conversion to Costa Vida Restaurants (the "**Conversion Sites**"), and we determine in our sole discretion to convert the Conversion Sites within your Development Area to Costa Vida Restaurants, we will offer to sell those Conversion Sites to you for the price paid by us for those Conversion Sites if

(A) The sale will not, in our judgment, conflict with any existing legal obligation of us or the business being acquired,

(B) The sale will not, in our judgment, preclude the completion of the acquisition on the terms agreed to by us and the seller,

(C) The sale will not, in our judgment, interfere with any other legal agreement, arrangement or combination or affect federal or state income tax consequences arising from the acquisition in a manner adverse to any of the parties to the acquisition,

(D) You agree, at our option, to include in your purchase (at a price determined on the same basis as for Conversion Sites) certain acquired stores which fall within the Development Area but which do not meet our criteria for conversion to Costa Vida Restaurants and which may have to be closed or sold to a third party subsequent to your acquisition, and

(E) You agree to (i) execute, concurrently with your purchase, the appropriate Franchise Documents and pay the fees, including the initial franchise fee, that we are then charging for new Costa Vida Restaurants franchises, for each Conversion Site in the Development Area, (ii) convert each Conversion Site to a Costa Vida Restaurant as soon as practicable thereafter (but in no event later than the date reasonably specified by us) in accordance with our standards and specifications, and (iii) close or sell, within the reasonable time period specified by us, any acquired sites which are not suitable for conversion

(2) The price to be paid by you for the Conversion Sites will include that portion of the direct and indirect costs and liabilities that would be incurred or assumed by us in making the acquisition and allocated to the Conversion Sites whether paid or owed to the seller of the Conversion Sites, an Affiliate or third parties and other expenses allocated or otherwise related to the Conversion Sites (including losses, whether from continuing operations or closing acquired units) plus interest at our cost of money on the balance of such amounts from time to time

(3) You will have 30 days after receipt of our offer in which to accept or reject the offer by written notice to us If accepted, you will have 30 days from the date of acceptance within which to complete the acquisition

(4) If you reject or fail to timely accept our offer to sell you the Conversion Sites within the Development Area or we are unable to extend such offer to you for any of the reasons stated above, you agree that we can acquire the Conversion Sites and operate (or franchise others to operate) those sites as Costa Vida Restaurants or other Costa Vida outlets

(5) Any Conversion Sites for which you execute the Franchise Documents and develop and open a Costa Vida Restaurant will count towards your Development Schedule

(6) For purposes of this Section 2(F), all references to us include our Affiliates

3 **Grant of Franchises**

A Site Selection Assistance

We may furnish you with our standard site selection criteria and assistance for Costa Vida Restaurants as we may periodically establish We may also provide such on-site evaluation of sites as we deem necessary or appropriate If we deem it necessary to provide an on-site evaluation of the proposed site, you must coordinate and arrange for the visit by our representative or agent, and you may be required to pay our related travel expenses

B Site Evaluation and Approval

We will approve sites for the cumulative number of Costa Vida Restaurants set forth in Exhibit A located within the Development Area in accordance with the following provisions

(1) You must complete and submit to us, in accordance with procedures we periodically establish our then current site proposal application(the "Site Proposal Package"), containing demographic information, traffic patterns, access, visibility, location of other retail food establishments (including other Costa Vida Restaurants) and size, condition, configuration, appearance and other physical characteristics of the site and all other information that we reasonably require for each site for a Costa Vida Restaurant that you propose to develop and operate and that you in good faith believe to conform to our then-current standard selection criteria for Costa Vida Restaurants,

(2) We will approve or reject each site for which you submit to us a complete Site Proposal Package in accordance with Section 3B (1) and, if we approve the site, we will do so by delivering our standard Site Approval Letter Our Site Approval Letter, duly signed by us, is the exclusive means by which we approve a proposed site, and no other direct or indirect representation, approval or acceptance, whether in writing or verbally, by any of our officers, employees or agents, shall be effective or bind us We will use all reasonable efforts to make a site approval decision and, if the site is approved, deliver a Site Approval Letter to you within 30 days after we receive the complete Site Proposal Package and any other materials we have requested In deciding whether to approve or reject a site you propose, we may consider these factors as we, in our sole discretion, deem appropriate, including the general location and neighborhood, demographic information, traffic patterns, access, visibility, location of other retail food establishments (including other Costa Vida Restaurants) and size, condition, configuration, appearance and other physical characteristics of the site Neither our approval of a proposed site, nor any information communicated to you regarding our standard site selection criteria or the proposed site, nor any information communicated to you regarding our standard site selection criteria or the proposed site, constitutes a warranty or representation of any kind, express or implied, as to the suitability of the proposed site merely signifies that we are willing to grant a franchise for a Costa Vida Restaurant at that location in accordance with the terms of this Agreement Your decision to develop and operate a Costa Vida Restaurant at any site is based solely on your own independent investigation of the suitability of the site for a Costa Vida Restaurant In consideration of our approval of a proposed site, you and your Owners agree to release us, and our Affiliates, shareholders, members, officers, directors, employees, agents, successors and assigns from any and all loss, damages and liability arising from or in connection with the selection and/or approval of this site for the development of a Costa Vida Restaurant

(3) If you, one of your Owners, or one of your Affiliates at any time owns the Premises, you must immediately notify us and we may require that you or this Owner or Affiliate (1) enter into an agreement with us in recordable form granting us the right and option, in the event of a

termination (for whatsoever reason) of the Franchise Agreement, to lease the Premises at fair market rental rates for a term coterminus with the term of the Franchise Agreement for these Premises, or (2) enter into a prime lease with us at fair market rental rates for a term coterminus with the term of the Franchise Agreement for these Premises and a sublease with us on the same terms as the prime lease The prime lease and sublease referenced in the preceding sentence shall be on the then current lease and the sublease forms used by us

If the lease for your Restaurant expires or is terminated before the end of the term, you may move your Restaurant to another location chosen in accordance with our site evaluation and approval process found in Section 3B The new location (1) must be in the original Restaurant's Protected Area, as determined by us, and (2) may in no case infringe upon a franchise agreement or other agreement applicable to another Restaurant

(4) You must provide any other information or materials as we may require, such as a letter of intent or other document which confirms your favorable prospects for obtaining the proposed site

If you have not obtained legal possession of the Premises within 120 days of the date of Site Approval Letter, we have the right to retract this approval

C FINANCIAL QUALIFICATIONS

In conjunction with our decision whether to accept or reject a proposed site, we may require that you and your Principal Owners furnish us financial statements (historical and pro forma), statements of the sources and uses of capital funds, budgets and other information regarding yourself, your Principal Owners and each legal entity, if any, involved in the development, ownership and operation of any Costa Vida Restaurant you propose, as well as any then existing Costa Vida Restaurants you or your Affiliates own, All information shall be verified by you and your Principal Owners as being complete and accurate in all respects, shall be submitted to us in accordance with our requirements and will be relied on by us in determining whether to grant a franchise for the proposed Costa Vida Restaurant We may refuse to grant you a franchise for a Costa Vida Restaurant if you fail to demonstrate sufficient financial and management capabilities to properly develop and operate the proposed Costa Vida Restaurant and the then-existing Costa Vida Restaurants you and your Affiliates own We will evaluate these financial and management capabilities in accordance with the then-current standards we use to establish Costa Vida Restaurants in other comparable market areas

D GRANT OF FRANCHISE

If we accept a proposed site pursuant to Section 3B, and you demonstrate the requisite financial and management capabilities (if requested by us) pursuant to Section 3C, then we agree to offer you the rights to a franchise to operate a Costa Vida Restaurant at the proposed site by delivering to you our then-current form of standard franchise agreement, together with all standard ancillary documents (including exhibits, addendum, riders, collateral assignments of leases, Principal Owner guarantees and other related documents) that we then customarily use in granting franchises for the operation of Costa Vida Restaurants in the state in which the Costa Vida Restaurant is to be located (the "Franchise Agreement"), as follows

(1) The Franchise Agreement must be signed by you and your Owners and returned to us not earlier than seven calendar days and not later than 15 business days after we deliver it to you If we do not receive the fully signed Franchise Agreement and payment of the initial franchise fee as required hereunder, we may revoke our offer to grant you a franchise to operate a Costa Vida Restaurant at the proposed site and may revoke our acceptance of the proposed

site Concurrently with your signing and delivery to us of each Franchise Agreement, you and your Owners and Affiliates must, except if limited or prohibited by applicable law, sign and deliver to us a general release in form and substance satisfactory to us, of any and all claims against us, our Affiliates and shareholders, members, officers, directors, employees, agents, successors and assigns, and

(2) The initial franchise fee payable for each Costa Vida Restaurant required to be developed by Area Developer pursuant to this Agreement shall be Thirty Thousand Dollars ($30,000), payable at least 30 days before the scheduled opening of your Restaurant, and the royalty fees shall not exceed the percentage set forth in our standard form Franchise Agreement being offered as of the date of this Agreement Fifteen Thousand Dollars ($15,000) of the Development Fee paid in accordance with Section 2A will be applied against the initial franchise fee payable under each Franchise Agreement entered into pursuant to the terms of this Agreement You acknowledge and agree that no portion of the Development Fee shall be refunded for any Costa Vida Restaurant that you have failed to develop in accordance with the terms of this Agreement

E RESTRICTIONS ON DEBT

In connection with the development of the Development Area, including payment to us of the Development Fee set forth in Exhibit A, the payment of franchise fees and the costs and expenses to be incurred pursuant to Franchise Agreements, you and each Owner represent, warrant, covenant and agree that neither you nor any Owner borrowed any funds or otherwise incurred any debt to obtain any funds for the payment of any fees, costs, and expenses, except as specifically permitted in this Section 3E You and each Owner shall not, without our prior written consent, which we may grant or deny in our sole discretion, directly or indirectly borrow any money or incur any debt or liability (other than lease obligations for the Costa Vida Restaurant's land and building and trade payables in the ordinary course of business) to develop the Development Area or to establish, operate and maintain the Costa Vida Restaurants, which may be established in the Development Area pursuant to this Agreement, except that you shall be allowed to borrow, in connection with each Costa Vida Restaurant an amount not to exceed seventy five percent of the cost of the leasehold improvements, furniture, fixtures, kitchen equipment, and signs required for the opening of each Costa Vida Restaurant, provided however, that this borrowing shall have a repayment term of no more than ten years from the date of the opening of the Costa Vida Restaurant For purposes of this Section 3E, any equity or other interests that we deem to be substantially similar to debt or borrowed funds (e g equity interests with preferences, dividends, etc) shall be deemed debt or borrowed funds You shall not extend, renew, refinance, modify, or amend any debt or liability permitted by this Section 3E without our prior written consent, which consent we may grant or deny in our sole discretion

F ANNUAL REPORTS

You must furnish us (1) within 90 days after the end of each calendar year, (i) a consolidated year-end balance sheet and income statement and statement of cash flow for you and all of your Affiliates that develop, own or operate Costa Vida restaurants, all prepared in accordance with generally accepted accounting principles, consistently applied, reflecting all year-end adjustments and accrual, (ii) similar information from all Principal Owners who have signed guarantees of this Agreement, and (iii) such summaries of financial information as we may require, and (2) within 30 days of our request, such other information as we may periodically require, including sales mix data, food and labor cost reports, sales and income tax statements and a consolidated Business Plan for all Costa Vida Restaurants that you and your Affiliates own or operate All reports shall use our then-current standard chart of accounts You must sign a verification that the information in each such report and financial statement is complete and accurate We reserve the right to require that your financial statements be audited, at your expense, by an independent certified public accountant approved by us We reserve the right to publish or disclose information that we obtain under this Section in any data compilations, collections, or aggregations that we deem appropriate, in our sole discretion, including financial information relating to your individual Restaurant

Additionally, you must complete and submit to us a franchise financial qualification summary in the form designated by us, as it may periodically change, with your submission

4 YOUR ORGANIZATION AND MANAGEMENT

A ORGANIZATIONAL DOCUMENTS

If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you and each of your Principal Owners represent, warrant, and agree that (1) you are duly organized and validly existing under the laws of the state of your organization, and, if a foreign business corporation, partnership, limited liability company or other legal entity, you are duly qualified to transact business in the state(s) in which the Development Area is located, (2) you have the authority to sign and deliver this Agreement and to perform your obligations hereunder, (3) true and complete copies of the articles or certificate of incorporation, articles of organization, operating agreement or principles, partnership agreement, bylaws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents relating to your ownership, organization, capitalization, management and control ("Organizational Documents") shall be promptly delivered to us for our approval, which approval shall not be unreasonably withheld, (4) any and all amendments, deletions and additions to your Organizational Documents shall be promptly delivered to us for our approval, which approval shall not be unreasonably withheld, (5) your activities are restricted to those necessary solely for the development, ownership and operation of Costa Vida Restaurants in accordance with this Agreement and in accordance with any other agreements entered into with us or any of our Affiliates, (6) the articles or certificate of incorporation, articles of organization, operating agreement or principles, partnership agreement or other organizational documents recite that the issuance, transfer or pledge of any direct or indirect legal or beneficial ownership interest is restricted by the terms of this Agreement, (7) all certificates representing direct or indirect legal or beneficial ownership interests now or hereafter issued must bear a legend in conformity with applicable law reciting or referring to these restrictions, and (8) you will deliver to us a Secretary/Clerk's Certificate or other evidence satisfactory to us, that the signing, delivery and performance of this Agreement, each Franchise Agreement, and all other agreements and ancillary documents contemplated hereby or thereby have been duly authorized by all necessary action by your corporation, partnership, limited liability company or other legal entity, as applicable

B DISCLOSURE OF OWNERSHIP

You and each of your Principal Owners represent, warrant and agree that Exhibit B is current, complete and accurate You agree that the updated Exhibit B will be furnished promptly to us, so that Exhibit B (as so revised and signed by you) is at all times current, complete and accurate Each person who is or becomes a Principal Owner must sign an agreement in the form we may choose to prescribe, undertaking to be jointly and severally by the terms of this Agreement, the current form of which is attached as Exhibit C Each person who is or becomes an Owner, but not a Principal Owner, must sign an agreement in the form we prescribe, undertaking to be bound by the confidentiality and non-competition covenants contained in this Agreement, the current form of which is attached as Exhibit D Each Owner must be an individual acting in his/her individual capacity, unless we waive this requirement

C OPERATING PARTNER/MANAGEMENT OF BUSINESS

If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you must designate in Exhibit B as the "Operating Partner" an individual approved by us who must (1) in our discretion, own and control, or have the right to own and control (subject to terms and conditions reasonably acceptable to us), not less than a ten percent interest in your equity, (2) have the authority to bind you regarding all operational decisions with respect to your Costa Vida Restaurants, and (3) have completed our training to our satisfaction

You (or your Operating Partner) (1) shall exert your full-time and best efforts to the development and operation of all Cost Vida Restaurants you own, and (2) may not engage in any other business activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations hereunder You must provide us with a copy of any proposed arrangement, agreement or contract, and all amendments, with your Operating Partner for our prior review and approval, and upon approval thereof, signed copies thereof The agreement should include a provision that if the Operating Partner is terminated, for whatever reason, he/she shall not for a period of two years after this termination, recruit or hire any person who is an employee of yours, ours, or any Costa Vida Restaurant operated by us, our Affiliates, or any franchisee of ours without obtaining the employer's consent, which consent may be withheld for any reason We shall have no responsibility, liability or obligation to any party to any such arrangement, agreement or contract, or any amendments, on account of our approval thereof or otherwise, and you must indemnify and hold us harmless with respect thereto Each of your Restaurants at all times must be managed by you (or your Operating Partner) or by an on-site general or assistant manager, kitchen manager, or a shift supervisor who has completed our training programs to our satisfaction If the relationship with your Operating Partner terminates, you must hire a successor Operating Partner within one calendar year from the termination date of the former Operating Partner Failure to notify us of your Operating Partner's termination or failure to hire or select a successor Operating Partner who satisfies the requirements provided for in this Section will be considered as a breach of this Agreement

Before opening your first Restaurant, you (or your Operating Partner) and any other personnel who are intended to have, or who actually have, responsibilities for more than one Costa Vida Restaurant must complete the appropriate training program to our satisfaction Thereafter, subsequently hired personnel must complete the appropriate training program to our satisfaction before assuming their position

D KICKOFF MEETINGS

We periodically hold an "Owner's Kickoff Meeting" and a "Marketing Kickoff Meeting" The "Owner's Kickoff Meeting" is to acquaint you and your Operating Partner with Costa Vida's System Standards You and your Operating Partner are required to attend an "Owner's Kickoff Meeting" as soon as possible after entering into this Agreement Your Marketing Director, Operating Partner, or other designated member of your organization must also attend at least one "Marketing Kickoff Meeting" They should attend the next "Marketing Kickoff Meeting" after you enter into this Agreement or the next meeting after joining the organization

5 RELATIONSHIP OF THE PARTIES

A INDEPENDENT CONTRACTORS

Neither this Agreement nor the dealings of the parties pursuant to this Agreement shall create any fiduciary relationship or any other relationship of trust or confidence between the parties Franchisor and Area Developer, as between themselves, are and shall be independent contractors

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 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 take or withhold an action, 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 our judgment of what is in the best interest of our franchise network, at the time our decision is made or our right or discretion is exercised, without regard to whether (1) other reasonable alternative decisions or actions could have been made by us, (2) our decision or the action we take promotes our financial or other individual interest, (3) our decision or the action we take applies differently to you and one or more other franchisees or our company-owned or company-affiliated operations, or (4) 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 this 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

Nothing contained in this Agreement, or arising from the conduct of the parties hereunder, is intended to make either party a general or special agent, joint venturer, partner or employee of the other for any purpose whatsoever You must conspicuously identify yourself in all dealings with customers, lessors, contractors, suppliers, public officials, employees, and others as the owner of development rights granted hereunder and must place these other notices of independent ownership on such forms, business cards, stationery, advertising, and other materials as we may periodically require

You may not make any express or implied agreements, warranties, guarantees or representations or incur any debt in our name or on our behalf or represent that the relationship of the parties is anything other than that of independent contractors We will not be obligated by or have any liability under any agreements made by you with any third party or for any representations made by you to any third party We will not be obligated for any damages to any person or property arising directly or indirectly out of the operation of your business hereunder

B INDEMNIFICATION

You must indemnify us, our Affiliates and our respective directors, officers, employees, shareholders, members, agents, successors and assigns (collectively "Indemnitees"), and to hold the Indemnitees harmless to the fullest extent permitted by law, from any and all losses and expenses (as defined below) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement which arises directly or indirectly from, or as a result of, a claim of a third party against any one or more of the Indemnitees in connection with the development, ownership, operation or closing of any of your Costa Vida Restaurants (collectively "Event"), and regardless of whether it resulted from any strict or vicarious liability imposed by law on the Indemnitees, provided, however, that this indemnity will not apply to any liability arising from a breach of this Agreement by the Indemnitees or the gross negligence or willful acts of Indemnitees The term "losses and expenses" includes compensatory, exemplary, and punitive damages, fines and penalties, attorney's fees, experts' fees, court costs, costs associated with investigating and defending against claims, settlement amounts, judgments, compensation for damages to our reputation and goodwill, and all other costs associated with any of the foregoing losses and expenses We agree to give you reasonable notice of any Event of which we become aware for which indemnification may be required and we may elect (but are not obligated) to direct the defense thereof, provided that the selection of counsel shall be subject to your consent, which consent shall not be unreasonably withheld or delayed We may, in our reasonable discretion, take such actions as we deem necessary and appropriate to investigate, defend, or settle any Event or take other remedial or corrective actions as may be necessary for the protection of Indemnitees or Costa Vida Restaurants generally, provided however, that any settlement shall be subject to your consent, which consent shall not be unreasonably withheld or delayed Further, notwithstanding the foregoing, if the insurer on a policy or policies obtained in compliance with your Franchise Agreement agrees to undertake the defense of an Event (an "Insured Event"), we agree not to exercise our right to select counsel to defend Event if this would cause your insurer to deny coverage We reserve the right to retain counsel to represent us with respect to an Insured Event at our sole cost and expense This Section 5B shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement

C OWNERSHIP OF THE MARKS

Your right to use the Marks arises solely from, and is limited to, Franchise Agreements entered into between you and us Your right is limited to conducting business pursuant to and in compliance with Franchise Agreements entered into between you and us Your unauthorized use of any of the Marks constitutes a breach of these Agreements and this Agreement and an infringement of our rights to the Marks Neither this Agreement nor any of the Franchise Agreements entered into between you and us, confer on you any goodwill or other interests in the Marks Your use of the Marks and any goodwill established thereby inures to our exclusive benefit All provisions of the Franchise Agreements applicable to the Marks apply to any additional or substitute Marks we authorize you to use You may not use any Mark (or any abbreviation, modification or colorable imitation) as a part of any corporate or legal business name or in any other manner including any Internet related use such as an electronic media identifier, for websites, web pages or domain names not expressly authorized by us in writing You may not at any time during or after the Term, contest, or assist any other person or entity in contesting, the validity or ownership of any of the Marks

6 RESTRICTIVE COVENANTS

A CONFIDENTIAL INFORMATION

You acknowledge that we possess proprietary knowledge consisting of the ingredients and methods of preparation of food products sold at and operating procedures of Costa Vida Restaurants, and other Confidential Information We may disclose Confidential Information to you, your Owners, or your personnel in the training program, Operating Manual and/or in guidance furnished to you during the term of the Agreement

We will disclose parts of our Confidential Information to you solely for your use in connection with this Agreement The Confidential Information is proprietary and includes our trade secrets During the Term and thereafter (1) you and your Owners may not use the Confidential Information in any other business or capacity (you and your Owner's acknowledge this use is an unfair method of competition), (2) you and your Owners must maintain the confidentiality of the Confidential Information, (3) you and your Owners may not make unauthorized copies of any portion of the

Confidential Information disclosed in written, electronic, or other form, (4) you and your Owners must implement all reasonable procedures we periodically prescribe to prevent unauthorized use or disclosure of the Confidential Information, including the use of nondisclosure agreements with your Owners, officers, directors, Operating Partners, general managers, assistant managers, prep cooks, and the like, and you and your Owners must deliver these agreements to us, (5) you and your Owners must not disclose during or after the Term of the Franchise Agreement any of the Confidential Information, (6) you, your Owners, general managers, prep cooks, assistant managers, team trainers, shift supervisors, and all other personnel who prepare the food will be required to sign a standard confidentiality agreement for any trade secrets and Confidential Information herein described and to conform with the covenants not to compete, and (7) you and/or your Owners must immediately notify us if there is an improper disclosure and if it is determined that there was negligence in protecting the behavior, you can be sued for damages

At the end of the Term, you and your Owners must deliver to us all Confidential Information in your possession or control Your restrictions on disclosure and use of Confidential Information do not apply to information or techniques which are or become generally known in the restaurant industry (other than through your own disclosure), provided you obtain our prior written consent to this disclosure or use If any of the Confidential Information which has been disclosed to you pursuant to this Agreement becomes generally known in the food service industry other than through your default in the obligations under this Agreement, and you desire to be released from the secrecy obligations under this Section in respect to this information, we will not unreasonably withhold our consent to this release

B IN-TERM COVENANTS

During the Term, neither you nor any of your Owners may, without our prior consent (which consent may be withheld at our discretion)

(1) directly or indirectly (such as through a member of his/her or their Immediate Families) own any legal or beneficial interest in, or render services or give advice to (i) any Competitive Business located anywhere, or (ii) any entity located anywhere which grants franchises, licenses or other interests to others to operate any Competitive Business, or

(2) divert or attempt to divert any business or customer of Costa Vida Restaurants to any competitor or do anything injurious or prejudicial to the goodwill associated with the Marks or the System

C INFORMATION EXCHANGE

All recipes, processes, ideas, concepts, methods, techniques, or materials used or useful to a restaurant, grocery store, or other business offering food products, whether or not constituting protectable intellectual property, that you create, or that are created on your behalf, in connection with the development or operation of your Restaurants must be promptly disclosed to us If we adopt any of them as part of the System Standards, they will be deemed to be our sole and exclusive property and deemed to be works made-for-hire for us You must sign whatever assignment or other documents we request to evidence our ownership or to assist us in securing intellectual property rights in these recipes, processes, ideas, concepts, methods, techniques, or materials

7 FRANCHISOR'S RIGHTS TO TRANSFER

A FRANCHISOR'S RIGHTS

This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interest in this Agreement

8 AREA DEVELOPER'S RIGHTS TO TRANSFER

A FRANCHISOR'S APPROVAL

Your rights and duties under this Agreement are personal to you or, if you are a business corporation, partnership, limited liability company or other legal entity, your Owners Accordingly, neither you nor any of your Owners may transfer the Franchise without our approval and without complying with all of the provisions of Section 8 Any transfer without this approval or compliance constitutes a breach of this Agreement and is void and of no force or effect You may not under any circumstance directly or indirectly subfranchise or sublicense any of your rights hereunder

B CONDITIONS FOR APPROVAL

If we have not exercised our right of first refusal under Section 8F, we will not unreasonably withhold our approval of a Transfer of the Development Rights that meets all of the reasonable restrictions, requirements and conditions we impose on the transfer, the transferor(s) and/or the transferee(s), including the following

(1) you are operating your opened Restaurants in accordance with this Agreement, the Franchise Agreements, and all other associated agreements,

(2) you and your Owners and Affiliates must be in compliance with the provisions of this Agreement, all Franchise Agreements signed pursuant hereto and all other agreements with us or any of our Affiliates,

(3) the proposed transferee, or its owners (if the proposed transferee is a corporation, partnership, limited liability company or other legal entity), must provide us on at timely basis all information we request, must be individuals acting in their individual capacities who are of good character and reputation, who must have sufficient business experience, aptitude and financial resources to develop, open and operate Costa Vida Restaurants within the Development Area pursuant to this Agreement, and who must otherwise meet our approval,

(4) the proposed transferee may not be an entity, or be affiliated with an entity, that is required to comply with reporting and information requirements of the Securities Exchange Act of 1934, as amended,

(5) the transferee (and its owners) must agree to be bound by all of the provisions of this Agreement for the remainder of its Term,

(6) at our discretion, we may require that the transferee must acquire, in a concurrent transaction, all of your rights, and the rights of your Owners and Affiliates, under all agreements between you or your Affiliates and us or our Affiliates, including all Franchise Agreements for Costa Vida Restaurants signed by you or your Owners or Affiliates pursuant to this Agreement or pursuant to any other development or similar agreement with us,

(7) you or the transferee must pay us a transfer fee equal to Ten Thousand Dollars ($10,000), plus Ten Thousand Dollars ($10,000) for each Costa Vida Restaurant for which a Franchise Agreement has been signed pursuant hereto (as required under the terms of these

Franchise Agreements), plus any transfer fee required by any other agreement between you or your Affiliates and us or our Affiliates,

(8) you and your Owners and Affiliates must, unless limited or prohibited by applicable law, sign a general release, in form and substance satisfactory to us, of any and all claims against us, our Affiliates, shareholders, members, officers, directors, employees, agents, successors and assigns,

(9) we must not have disapproved the material terms and conditions of this transfer (including the price and terms of payment and the amount to be financed by the transferee in connection with this transfer, which shall not in any event exceed seventy-five percent of the purchase price for the assets or stock to be transferred) on the basis that they are so burdensome as to be likely, in our reasonable judgment, to adversely affect the transferee's operation of Costa Vida Restaurants or its compliance with its franchise agreements, any area development agreements and any other agreements being transferred,

(10) if you (or any of your Owners or Affiliates) finance any part of the sale price of the transferred interest, you and/or your Owners or Affiliates must agree that all obligations of the transferee, and security interests reserved by any of them in the assets transferred, will be subordinate to the transferee's obligations to pay all amounts due us and our Affiliates and to otherwise comply with this Agreement, any franchise agreement being transferred or any franchise agreement signed by the transferee,

(11) you and your Owners must sign a non-competition covenant, in form and substance satisfactory to us, in favor of us and the transferee agreeing that, for a period of two years, starting on the effective date of the transfer, you and your Owners will not directly or indirectly (such as through members of his/her or their Immediate Families) (i) own any legal or beneficial interest in, or render services or give advice to (1) any Competitive Business that is operating within the Development Area, (2) any Competitive Business that is located within five mile radius of any other Costa Vida Restaurant in operation or under construction as of the effective date of this transfer, or (3) any entity which grants franchises, licenses or other interests to others to operate any Competitive Business, and (ii) recruit or hire any person who is an employee of ours or of any Costa Vida Restaurant operated by us, our Affiliates or any franchisee of ours without obtaining the employer's consent, which consent may be withheld for any reason,

(12) you and your Owners and Affiliates must sign these other documents and do these other things as we may reasonably require to protect our rights under this Agreement, any Franchise Agreements and any other agreements being transferred

C EFFECT OF APPROVAL

Our approval of a Transfer of the Development Rights does not constitute (1) a representation as to the fairness of the terms of any agreement or arrangement between you or your Owners and the transferee or as to the prospects of success by the transferee, or (2) a release of you and your Owners, a waiver of any claims against you or your Owners or a waiver of our right to demand the transferee's compliance with this agreement Any approval shall apply only to the specific Transfer of the Development Rights being proposed and shall not constitute an approval of, or have any bearing on, any other proposed Transfer of the Development Rights

D SPECIAL TRANSFERS

Section 8B (7) shall not apply to any Transfer of the Development Rights among any of your then-current Owners or to any Transfer of the Development Rights to any member of your Immediate Family or the Immediate Family of a then-current Owner of Area Developer (if you are a corporation, partnership, limited liability company or other legal entity) On 30 days' notice to us, you (if you are an individual or partnership) may transfer this Agreement, in conjunction with a transfer of all of the Franchise Agreements signed pursuant hereto and all of the assets of the Costa Vida Restaurants operated pursuant thereto, by an agreement in form and substance approved by us, to an entity which conducts no business other than the development and operation of Costa Vida Restaurants and of which you own and control all of the equity and voting power None of the foregoing assignments shall relieve you or your Principal Owners of your obligations hereunder, and you and your Principal Owners shall remain jointly and severally liable for all obligations hereunder

E DEATH OR DISABILITY OF AREA DEVELOPER

Upon your death or permanent disability, or the death or permanent disability of the Operating Partner or an Owner of a controlling interest in Area Developer, the executor, administrator or other personal representative of this person shall transfer his/her interest in this Agreement or his/her interest in Area Developer to a third party approved by us in accordance with all of the applicable provisions of Section 8 within a reasonable period of time, not to exceed nine months from the date of death or permanent disability

F FRANCHISOR'S RIGHT OF FIRST REFUSAL

If you or any of your Owners desire to Transfer the Development Rights for legal consideration, you or this Owner must obtain a *bona fide*, signed written offer from a responsible and fully dislodged purchaser and must deliver immediately to us a complete and accurate copy of this offer If the offeror proposes to buy any other property or rights from you or any of your Owners or Affiliates (other than rights under area development agreements or to other franchise agreements for Costa Vida Restaurants) as part of the *bona fide* offer, the proposal for this property or rights must be set forth in a separate, contemporaneous offer that is fully disclosed to us, and the price and terms of purchase offered to you or your Owners for the Transfer of the Development Rights must reflect the *bona fide* price offered therefore and may not reflect any value for any other property or rights

We have the option, exercisable by notice delivered to you or your Owners within 30 days from the date of delivery of a complete and accurate copy of this offer to us, to purchase this interest for the price and on the terms and conditions contained in this offer, provided that (1) we may substitute cash for any form of payment proposed in this offer, (2) our credit shall be deemed equal to the credit of any proposed purchaser, and (3) we will have not less than 90 days from the option exercise date to consummate the transaction We have the right to investigate and analyze the business, assets and liabilities and all other matters we deem necessary or desirable to make an informed investment decision with respect to the fairness of the terms of our right of first refusal We may conduct an investigation and analysis in any manner we deem reasonably appropriate and you and your Owners must cooperate fully with us in connection therewith

If we exercise our option to purchase, we are entitled to purchase an interest subject to all representations and warranties, closing documents, releases, non-competition covenants and indemnities as we reasonably may require, provided if we exercise our option as a result of a written offer reflected in a fully negotiated definitive agreement with the proposed purchaser, we will not be entitled to any additional representations, warranties, closing documents or indemnities that will have a materially adverse effect on your rights and obligations under the definite agreement If we do not exercise our option to purchase, you or your Owners may complete the sale to this offeror pursuant to and on the exact terms of this offer, subject to our approval of the transfer as provided in Section 8B and 8C, provided that if the sale to this offeror is not completed within 90 days after delivery of this offer to us, or if there is a material change in the terms of the offer, you must promptly notify us and we will have an additional option to purchase (on the terms of the revised offer, if any, and otherwise as set forth herein) during the thirty-day period following your notification of the expiration of the ninety-day period or the material change to the terms of the offer

G SECURITIES OFFERINGS

If we choose to issue a public offering neither you nor any of your Owners may issue or sell, or offer to issue or sell, any of your Costa Vida securities or any Costa Vida securities of any of your Affiliates, regardless of whether a sale or offer would be required to be registered pursuant to the provisions of the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction, without obtaining our prior consent and complying with all of our requirements and restrictions concerning use of information about us and our affiliates Neither you nor any of your Owners may issue or sell your securities or the securities of any of your Affiliates if (1) these securities would be required to be registered pursuant to the Securities Act of 1933, as amended, or these securities would be owned by more than thirty-five persons, or (2) after this issuance or sale, you or this Affiliate would be required to comply with the reporting and information requirements of the Securities Exchange Act of 1934, as amended

Any proposed private placement of your or your Affiliate's securities must be approved by us, provided however, that we shall not be responsible for its contents and you shall indemnify and hold us harmless from any and all claims associated with such private placement The offering memorandum or information used in connection with the private placement will clearly identify that it is not an offering by us and that we have not participated in its preparation and have not supplied any financial information, projections, budgets, cost estimates, or similar information contained therein, all of which shall be your sole responsibility Each recipient of information relating to the private placement must maintain it in confidence, and you shall be responsible for any disclosure

9 TERMINATION OF AGREEMENT

A IMMEDIATE TERMINATION

You are in material breach and deemed to be in default of this Agreement, and this Agreement will automatically terminate without notice, at our discretion, if any of the following events occur

(1) you become insolvent by reason of your inability to pay your debts as they mature,

(2) you become insolvent by reason of your Restaurant's assets are less than the value of your liabilities,

(3) you are adjudicated bankrupt or insolvent,

(4) you file a petition in bankruptcy, reorganization or similar proceeding under the bankruptcy laws of the United States or have such a petition filed against you which is not discharged within 30 days,

(5) a receiver or other custodian, permanent or temporary, is appointed for your business, assets or property,

(6) you request the appointment of a receiver or make a general assignment for the benefit of creditors,

(7) final judgment against you in the amount of Twenty-Five Thousand Dollars ($25,000) or more remains unsatisfied of record for 30 days or longer,

(8) your bank accounts, property or accounts receivable are attached,

(9) execution is levied against your business or property,

(10) suit is filed to foreclose any lien or mortgage against any of your assets and this suit is not dismissed within 30 days,

(11) if you voluntarily dissolve or liquidate or have a petition filed for corporate or partnership dissolution and this petition is not dismissed within 30 days,

(12) you are otherwise in violation of any of the Anti-Terrorism Laws

You expressly waive all rights under the provisions of the bankruptcy or other applicable laws and rules, and consent to the immediate termination of this Agreement as provided herein You agree not to seek an order from any court, tribunal, or agency in any jurisdiction relating to bankruptcy, insolvency, reorganization or any similar proceedings that would have the effect of staying or enjoining this provision

B ~~TERMINATION OF~~ NOTICE OF TERMINATION

In addition to our right to terminate pursuant to other provisions of this Agreement and under applicable law, we have the right to terminate this Agreement, effective upon delivery of notice of termination to you, if you or any of your Principal Owners or Affiliates

(1) fail to meet the Development Schedule,

(2) make an unauthorized Transfer of the Development Rights or fail to Transfer the Development Rights or the interest of a deceased or disabled Owner as required hereby,

(3) make any material misstatement or omission in the Personal Profile, the ADA Application or in any other information, report or summary provided to us at any time,

(4) are convicted of, or plead no contest to, a felony or other crime or offense that we reasonably believe may adversely affect the System Standards or the goodwill associated with the Marks,

(5) make any unauthorized use or disclosure of any Confidential Information,

(6) fail or refuse to comply with any other provision of this Agreement and do not correct this failure within 30 days after notice of this failure to comply is delivered to you,

(7) are in breach of any Franchise Agreement such that we have the right to terminate the Franchise Agreement, whether or not we elect to exercise our right to terminate the Franchise Agreement,

(8) are in breach of any other agreement between you or any of your affiliates and us or any of our Affiliates such that we have a right to terminate any such agreement, whether or not we elect to exercise our right to terminate this agreement,

(9) if we determine that any applicable federal or state statute, regulation, rule or law, which is enacted, promulgated or amended after the date hereof, may have material adverse effect on our rights, remedies or discretion in franchising Costa Vida Restaurants, or

(10) you fail to notify us of your Operating Partner's termination and/or fail to hire or select a successor Operating Partner who satisfies the requirements provided for in Section 4C will be considered as a breach of this Agreement

The Development Fee shall be fully earned by us upon signing of this Agreement for administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the rights granted to you herein We have no obligation whatsoever to refund any portion of the Development Fee upon any termination, except that we will refund the unapplied portion of the Development Fee in the event of a termination pursuant to Section 9B (9)

10 EFFECT OF TERMINATION OR EXPIRATION

A PAYMENT OF AMOUNTS OWED TO US

Within 30 days after the effective date of termination or expiration (without renewal) of this Agreement, you must pay us and our Affiliates all royalties, advertising fund contributions, amounts owed for purchases from us or our Affiliates, interest due on any of the foregoing and all other amounts owed to us or our Affiliates which are then unpaid

B POST-TERM COVENANTS

For a period of two years, starting on the effective date of termination or expiration (without renewal) of this Agreement, neither you nor any of your Owners directly or indirectly (such as through his/her or their Immediate Families) own a legal or beneficial interest in, or render services or give advice to (1) any Competitive Business operating within the Development Area, (2) any Competitive Business operating within a radius of five miles of any Costa Vida Restaurant in operation or under construction on the effective date of termination or expiration, (3) any entity which grants franchises or licenses other interests to others to operate any Competitive Business, or (4) recruit or hire any person who is an employee of ours or of any Costa Vida Restaurant operated by us, our Affiliates or another franchisee of ours without obtaining the employer's consent, which consent may be withheld for any reason

You and each of your Owners expressly acknowledge the possession of skills and abilities of a general nature and the opportunity for exploiting these skills in other ways, so that enforcement of the covenants contained in this Section will not deprive any of you of your personal goodwill or ability to earn a living If you or any of your Owners fail or refuse to abide by any of the foregoing covenants and we obtain enforcement in a judicial proceeding, the obligations under the breached covenant will continue in effect for a period of time ending two years after the date of the order enforcing the covenant

C CONTINUING OBLIGATIONS

All obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect until they are satisfied in full or by their nature expire

D OUR OPTION TO PURCHASE YOUR ASSETS

We shall have the right to purchase the assets of your Restaurant, upon termination or expiration (without renewal) of this Agreement We shall have the right, exercisable by giving notice thereof ("Appraisal Notice") within 10 days after the date of this termination or expiration, to require that a determination be made of the "Fair Market Value" (as defined below) of any or all of the assets of your Restaurants which you own, including inventory of non-perishable products, materials, supplies, furniture, equipment, signs, and any and all leasehold improvements, fixtures, building and land, but excluding any cash and short-term investments and any items not meeting our specifications for Costa Vida Restaurants (the "Purchased Assets") Notwithstanding the foregoing, if you notify us not less than 180 days nor more than 270 days before expiration, then we agree, if we desire to exercise our right to purchase, to give you the Appraisal Notice at least 120 days before the date of expiration of this Agreement

Upon delivery of the Appraisal Notice, you may not sell or remove any of the assets of your Restaurants from the Premises (other than in the ordinary course of business) and must give us, our designated agents and the "Appraiser" (as defined below) full access to your Restaurants and all of your books and records at any time during customary business hours to conduct inventories and determine the purchase price for the Purchased Assets

The Fair Market Value shall be determined based upon the amount which an arm's length purchaser would be willing to pay for the Purchased Assets, assuming that the Purchased Assets would be used for the operation of a Costa Vida Restaurant under a valid franchise agreement reflecting the then-current (or if we are not offering franchises at that time, then the most recent) standard terms upon which we offer or offered franchises for Costa Vida Restaurants Under no circumstances does this calculation contemplate that any value be attributed to any goodwill associated with the Marks or any value be attributed to other Intellectual Property or the System Standards, provided, however, that an amount may, if appropriate, be attributed to the going concern value of your Restaurants You and we hereby agree that the valuation methodology described herein is a fair and reasonable method by which to value the Purchased Assets

Notwithstanding, the mutually agreeable valuation methodology, if you and we are unable to agree on the final calculation of the Fair Market Value of the Purchased Assets upon applying the agreed to valuation methodology, within 15 days after the Appraisal Notice, then Fair Market Value will be determined by a member of a nationally recognized accounting firm (other than a firm which conducts audits of our or your financial statements) mutually selected by you and us who has experience in the valuation of Restaurant Businesses (the "Appraiser") If we are unable to agree on the Appraiser within 30 days after the Appraisal Notice, either party may demand the appointment of an Appraiser be made by the director of the Regional Office of the American Arbitration Association located nearest to Salt Lake City, Utah, and this person shall be the Appraiser

The Appraiser will make his or her determination and submit a written report (the "Appraiser Report") to you and us as soon as practicable, but in no event more than 60 days after his or her appointment Each party may submit in writing to the Appraiser its judgment of Fair Market Value (together with its reason therefore), however, the Appraiser shall not be limited to these submissions and may make such independent investigations as he or she reasonably determines to be necessary The Appraiser's fees and costs shall be borne equally by the Parties

We have the option, exercisable by delivering notice thereof within 30 days after submission of the Appraisal Report (or the date that an agreement is reached, if the Parties agree to the Fair Market Value), to agree to purchase the Purchased Assets at Fair Market Value We shall have the unrestricted right to assign this option to purchase separate and apart from the remainder of this Agreement

If we exercise our option to purchase, the purchase price for the Purchased Assets will be paid in cash at the closing, which will occur at the place, time and date we designate, but not later than 60 days after the exercise of our option to purchase the Purchased Assets At the closing, we will be entitled to all representations, warranties, title insurance policies and other closing documents and post-closing indemnifications as we reasonably require, including (1) instruments transferring good and marketable title to the Purchased Assets, free and clear of liens, encumbrances, and liabilities, to us or our designee, with all sales and other transfer taxes paid by you, and (2) an assignment of all leases of assets used in the operation of your Restaurants, including land, building and/or equipment (or if an assignment is prohibited, a sublease to us or our designee for the full remaining term and on the same terms and conditions as your lease, including renewal and/or purchase options), provided, however, that if any of your Owners or Affiliates directly or indirectly owns the land, building and/or equipment of your Restaurants, you will, at our option, cause this Owner or Affiliate to grant to us a lease at reasonable and customary rental rates and other terms prevailing in the community where your Restaurants are located Any dispute concerning the rental rates and terms of this lease shall be resolved by the Appraiser

If you cannot deliver clear title to all of the Purchased Assets, or if there are other unresolved issues, the closing of the sale may, at our option, be accomplished through an escrow on these terms and conditions as we deem appropriate, including the making of payments, to be deducted from the purchase price, directly to third parties to obtain clear title to all of the Purchased Assets Further, you and we shall comply with any applicable bulk sales provisions of the Uniform Commercial Code as enacted in the state where the Premises are located and all applicable state and local sales and income tax notification and/or escrow procedures We have the right to set off against and reduce the purchase price by any and all amounts owed by you or any of your Owners or Affiliates to us or any of our Affiliates

Upon delivery of the Appraisal Notice and pending (1) determination of Fair Market Value, (2) our option period, and (3) the closing of the purchase, we may authorize continued temporary operations of your Restaurant pursuant to the terms of this Agreement, subject to the supervision and control of one or more of our appointed managers

11 DISPUTE RESOLUTION

You and your Owners irrevocably submit to the jurisdiction of the courts of the State of Utah in any suit, action or proceeding, arising out of or relating to this Agreement or any other dispute between you and us, and you irrevocably agree that all claims in respect of any such suit, action or proceeding must be brought and/or defended except with respect to matters that are under the exclusive jurisdiction of the Federal Courts of the United States, which shall be brought and/or defended in the Federal District Court sitting in Salt Lake City, Utah You irrevocably waive, to the fullest extent you may lawfully do so, the defense of an inconvenient forum to the maintenance of this suit, action or proceeding and agree that service of process for purposes of any such suit, action or proceeding need not be personally served or served within the State of Utah but may be served with the same effect as if you were served within the State of Utah, by certified mail or any other means permitted by law addressed to you at the address set forth herein Nothing contained herein shall affect our rights to bring a suit, action, or proceeding in any other appropriate jurisdiction, including any suit, action or proceeding brought by us to enforce any judgment against you entered by a State or Federal Court

The provisions of this Section 11A shall continue in full force and effect subsequent to and notwithstanding expiration and termination of this Agreement

12 MISCELLANEOUS

A SEVERABILITY AND SUBSTITUTION OF PROVISIONS

Every part of this Agreement shall be considered severable If for any reason any part of this Agreement is held to be invalid, that determination shall not impair the other parts of this Agreement If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope or in terms of geographic area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy

If any applicable law requires a greater prior notice of the termination of or refusal to enter into a successor franchise than is required hereunder, a different standard of "good cause", or the taking of some other action not required hereunder, the prior notice, "good cause" standard and/or other action required by this law shall be substituted for the comparable provisions hereof If any provision of this Agreement or any specification, standard or operation procedure prescribed by us is invalid or unenforceable under applicable law, we have the right, in our sole discretion, to modify this invalid or unenforceable provision, specification, standard or operating procedure if required to make it valid and enforceable

Nothing in this Agreement or any related agreement is intended to disclaim Franchisor's representations made in the Uniform Franchise Disclosure Document

B WAIVER OF OBLIGATIONS

We and you may be written instrument unilaterally waive or reduce any obligation of the other under this Agreement Any such waiver granted shall be without prejudice to any other rights the waiving party may have, will be subject to continuing review by this party and may be revoked, in this party's sole discretion, at any time and for any reason, effective upon delivery to the other party of 10 days' prior notice You and we shall not be deemed to have waived any right reserved by this Agreement or be deemed to have modified this Agreement by virtue of any custom or practice of the parties at variance with it, any failure, refusal or neglect by you or us to exercise any right under this Agreement (except as provided in Section 12C) or to insist upon exact compliance by the other with its obligations hereunder, any waiver, forbearance, delay, failure or omission by us to exercise any right, whether of the same, similar or different nature, with respect to other Costa Vida Restaurants, or the acceptance by us of any payments due from you after any breach of this Agreement

C EXERCISE OF RIGHTS

Except as otherwise expressly provided herein, the rights of Franchisor and Area Developer hereunder are cumulative and no exercise or enforcement by Franchisor or Area Developer of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Area Developer of any other right or remedy hereunder which Franchisor or Area Developer is entitled to enforce by applicable law Notwithstanding the foregoing, and except as otherwise prohibited or limited by applicable law, any failure, neglect, or delay of a party to assert any breach or violation of any legal or equitable right arising from or in connection with this Agreement shall constitute a waiver of this right and shall preclude the exercise or enforcement of any legal or equitable remedy arising therefrom, unless written notice specifying this breach or violation is provided to other party within twenty-four months after the later (1) the date of this breach or violation, or (2) the date of discovery of the facts (or the date the facts could have been discovered, using reasonable diligence) giving rise to this breach or violation

D INJUNCTIVE RELIEF

We may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause us irreparable harm We may have this injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and your sole remedy in the event of the entry of this injunction, shall be its dissolution, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived) You and each of your Owners acknowledge that any violation of Section 6, 8B (11), or 10B would result in irreparable injury to us for which no adequate remedy at law may be available Accordingly, you and each of your Owners consent to the issuance of an injunction prohibiting any conduct in violation of any of those Sections and agree that the existence of any claim you or any of your Owners may have against us, whether arising from this Agreement, shall not constitute a defense to the enforcement of any of those Sections

E ATTORNEYS' FEES

In a judicial proceeding, the non-prevailing party agrees to reimburse the prevailing party for all of the prevailing party's costs and expenses, including reasonable accounting, paralegal, expert witness and attorneys' fees

F GOVERNING LAW

This Agreement shall be construed under the laws of the State of Utah, provided the foregoing shall not constitute a waiver of any of your rights under any applicable franchise law of another state Otherwise, in the event of any conflict of law, Utah law will prevail, without regard to its conflict of law principles However, if any provision of this Agreement would not be enforceable under Utah law, and if the Development Area is predominantly located outside of Utah and this provision would be enforceable under the laws of the state in which the Development Area is located, then this provision shall be construed under the laws of that state Nothing in this Section 12F is intended to subject this Agreement to any franchise or similar law, rule or regulation of the State of Utah or any other state or political subdivision to which it otherwise would not be subject

G SUCCESSORS AND ASSIGNS

This Agreement is binding on the parties and their respective executors, administrators, heirs, assigns and successors in interest This Agreement is fully transferable and assignable by us, whether by operation of law or otherwise, and shall inure to the benefit of any transferee or other legal successor to our interests herein

H LIMITATIONS ON LEGAL ACTIONS

Except with respect to your obligations regarding use of the Marks in Section 5 and the Confidential Information in Section 6A, we and you (and your Owners) each waives, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other You and each of your Owners waive to the fullest extent permitted by applicable law, the right to recover consequential damages for any claim directly or indirectly arising from or relating to this Agreement

You agree that, for our franchise system to function properly, we should not be burdened with costs of litigating system-wide disputes Accordingly, any disagreement between you (and your Owners) and us shall be considered unique as to its facts and shall not be brought as a class action, and you (and each of your Owners) waive any right to proceed against us or any of our shareholders, members, Affiliates, officers, directors, employees, agents, successors and assigns by way of class action, or by way of a multi-plaintiff, consolidated or collective action In any legal action between the parties, the court shall not be precluded from making its own independent determination of the issues in question, notwithstanding the similarity of issues in any other legal action involving us and any other franchisee, and each party waives the right to claim that a prior disposition of the same or similar issues precludes this independent determination

Furthermore, the parties agree that any legal action in connection with this Agreement shall be tried to the court sitting without a jury, and all parties waive any right to have any action tried by jury

I CONSTRUCTION

The language of this Agreement shall be construed according to its fair meaning and not strictly against any party The introduction, personal guarantees, exhibits and riders (if any) to this Agreement, are a part of this Agreement, which constitutes the entire Agreement of the parties with respect to the subject matter thereof Except as otherwise expressly provided herein, there are no other oral or written agreements, understandings, representations or statements relating to the subject matter of this Agreement, other than the Disclosure Document, that either party may or does rely on or that will have any force or effect Nothing in this Agreement shall be deemed to confer any rights or remedies on any person or legal entity not a party This Agreement shall not be modified except by written agreement signed by both parties

The headings of Sections are for convenience only and do not limit or construe their contents The word "including" shall be construed to include the words "without limitation" The term "Area Developer" or "you" is applicable to one or more persons, a corporation, limited liability company, or a partnership and its owners, as the case may be If two or more persons are at any time Area Developer hereunder, whether as partners, joint venturers or otherwise, their obligations and liabilities to us shall be joint and several References to a controlling interest in an entity shall mean more than fifty percent of the equity or voting control of this entity

This Agreement may be signed in multiple copies, each of which shall be deemed an original Time is of the essence in this Agreement

J APPROVAL AND CONSENTS

Whenever this Agreement requires the approval or consent of either party, the other party shall make written request therefore, and this approval or consent shall be obtained in writing, provided however, unless specified otherwise in this Agreement, this party may withhold approval or consent, for any reason or for no reason at all Furthermore, unless specified otherwise in this Agreement, no such approval or consent shall be deemed to constitute a warranty or representation of any kind, express or implied, and the approving or consenting party shall have no responsibility, liability or obligation arising therefrom

K NOTICE AND PAYMENTS

All notices, requests and reports permitted or required to be delivered by this Agreement shall be deemed delivered

(1) at the time delivered by hand to the recipient party or any officer, director, or partner of the recipient party,

(2) on the same day of the transmission by facsimile, telegraph or other reasonably reliable electronic communication system,

(3) one business day after being placed in the hands of a commercial courier service for guaranteed overnight delivery, or

(4) five business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified in writing All notices to us must include a copy to our General Counsel and our Chief Executive Officer to be effective These notices, requests, and reports shall be sent to us at the address identified in this Agreement unless and until a different address has been designated by written notice to the other party No restrictive endorsement on any check or in any letter or other communication accompanying any payments shall bind us, and our acceptance of any such payments shall not constitute an accord and satisfaction

L PROVISIONS CONCERNING COMPLIANCE WITH ANTI-TERRORISM LAWS

(1) You, your Owners and your Affiliates agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below) In connection with this compliance, you, your Owners and your Affiliates certify, represent, and warrant that none of your property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that you, your Owners, and your Affiliates are not otherwise in violation of any of the Anti-Terrorism Laws

(2) For the purposes of this Section 12L, "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 the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war

(3) You, your Owners and your Affiliates certify that none of you, your Owners and your Affiliates, your employees, or anyone associated with you is listed in the Annex to Executive Order 13225 You agree not to hire any individual who is listed in the Annex (The Annex is available at http //www treasury gov/offices/enforcement/ofac/sanctions/terrorism html)

(4) You, your Owners, and your Affiliates certify that you have no knowledge or information that, if generally known, would result in you, your Owners and your Affiliates, your employees, or anyone associated with you to be listed in the Annex to Executive Order 13224

(5) You, your Owners, and your Affiliates are solely responsible for ascertaining what actions must be taken by you to comply with the Anti-Terrorism Laws, and you specifically

acknowledge and agree that your indemnification responsibilities set forth in Section 5B of this Agreement pertain to your obligations under this Section 12L

(6) Any misrepresentation by you under this Section 12L or any violation of the Anti-Terrorism Laws by you, your Owners and your Affiliates, or your employees shall constitute grounds for immediate termination of this Agreement and any other Agreement you have entered with us or one of our Affiliates, in accordance with the terms of Section 9A of this Agreement

M RECEIPT OF DISCLOSURE DOCUMENT AND AGREEMENT

You acknowledge having received our Disclosure Document at least 14 calendar days before signing this Agreement You also acknowledge having received this Agreement, with all blanks completed, at least seven calendar days before you signed it

(Signatures on following page)

IN WITNESS WHEREOF, the parties have signed and delivered this Agreement on the day and year first above written

FRANCHISOR

COSTA VIDA MANAGEMENT, LLC
a Utah limited liability company

By ____________________________

Print Name ________________________
Title ____________________________
Date ____________________________

AREA DEVELOPER

____
(Name of corporation, partnership, limited liability company or other legal entity)

By ____________________________

Print Name ________________________
Title ____________________________
Date ____________________________

By ____________________________
Print Name ________________________
Title ____________________________
Date ____________________________

By ____________________________
Print Name ________________________
Title ____________________________
Date ____________________________

By ____________________________
Print Name ________________________
Title ____________________________
Date ____________________________

EXHIBIT A

DEVELOPMENT AREA AND SCHEDULE

Costa Vida Managment, LLC, ("we", "us", the "Company" or "Franchisor") and ______________, ("you" or "Area Developer") have, this ___ day of _______, 20__, entered into a certain Costa Vida Area Development Agreement ("Area Development Agreement") and desire to supplement its terms, as set out below

1 The Term expires on ________________, 20___ _____________ (Area Developer's Initials)

2 The Development Area is geographic are described as follows and shown on the map attached as Exhibit A-1

____

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____

____________________ (Area Developer's Initials)

3 You acknowledge and agree that you must have open and in operation in the Development Area, pursuant to Franchise Agreements, that cumulative number of Costa Vida Restaurants set forth below as of each of the following dates

Cumulative Number of Costa Vida Restaurants	Dates

____________________ (Area Developer's Initials)

For purposes hereof, no Costa Vida Restaurants that are open and operating as of the date of this Agreement shall be counted for purposes of the Development Schedule In addition, a Costa Vida Restaurant that is permanently closed after having been opened, other than as result of non-compliance by you with the terms of the applicable Franchise agreement, shall be deemed open for a period of six months after the last day it was open for business, provided that (i) during this period of time, you continuously and diligently take such actions as may be required to develop and open a substitute Costa Vida Restaurant within the Development Area pursuant to a new Franchise Agreement therefore, and (ii) by the end of this period you have the substitute Costa Vida Restaurant open and operating in compliance with the Franchise Agreement therefore ________________ (Area Developer's Initials)

4 The Development Fee shall be $ ______________________ and is determined by multiplying Fifteen Thousand Dollars ($15,000) by the total number of Franchise Agreements to be entered into pursuant to this Agreement (the "Development Fee") ________________ (Area Developer's Initials)

(Signatures on following page)

IN WITNESS WHEREOF, the undersigned have signed this Agreement on the date first above written

FRANCHISOR

COSTA VIDA MANAGEMENT, LLC
a Utah limited liability company

By ______________________
Print Name ______________________
Title ______________________
Date ______________________

STATE OF ______________)
ss
COUNTY OF ______________)

The foregoing instrument was acknowledged before me this ____________ day of ____________
______,
20____ by ______________________
NOTARY PUBLIC ______________________
Residing at______________________
My Commission Expires ______________

AREA DEVELOPER

____
(Name of corporation, partnership, limited liability company or other legal entity)

By ______________________
Print Name ______________________
Title ______________________
Date ______________________

By ______________________
Print Name ______________________
Title ______________________
Date ______________________

By ______________________
Print Name ______________________
Title ______________________
Date ______________________

By ______________________
Print Name ______________________
Title ______________________
Date ______________________

By ______________________
Print Name ______________________
Title ______________________
Date ______________________

EXHIBIT A-1

DEVELOPMENT AREA MAP
(attach)

EXHIBIT B

AREA DEVELOPER AND ITS OWNERS OWNERSHIP ADDENDUM

Costa Vida Management, LLC, ("we", "us", the "Company" or "Franchisor") and ____________________, ("you" or "Area Developer") have, this ___ day of _______, 20__, entered into a certain Costa Vida Area Development Agreement ("Area Development Agreement") and desire to supplement its terms, as set out below The parties therefore agree as follows

1 Operating Partner

The name, home address, and social security number of the Operating Partner is as follows

Name	Home Address	SSN
______________________________	______________________________	_______________

2 Entity Type of Area Developer

(a) Corporation or Limited Liability Company

Area Developer was organized on the _____ day of ____________, 20_____, under the laws of the State of ________________ Its Federal Identification Number is _________________________________ It has not conducted business under any name other than its corporate or company name The following is a list of all of Area Developer's directors and officers or managing members as of the _____ day of ____________, 20__

Director/Officer/Managing Member's Names	Position(s) Held
____	______________________________
____	______________________________
____	______________________________
____	______________________________
____	______________________________

(b) Partnership

Area Developer is a [general] [limited] partnership formed on the ___ day of _______, 20__, under the laws of the State of __________________________________ Its Federal Identification Number is ____________________ It has not conducted business under any name other than its partnership name The following is a list of all of Area Developer's general partners as of the _____ day of _______, 20__

General Partner's Names

____

____

____

____

3 Owners

Area Developer and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of Area Developer, including the full name, mailing address, and social security number of each Owner, and fully describes the nature and extent of each Owner's interest in Area Developer Area Developer and each Owner as to his/her ownership interest in Area Developer, represents and warrants that each Owner is the sole and exclusive legal beneficial owner of his/her ownership interest in Area Developer, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by the Agreement

Owner's Name & SSN	Owners Address	Ownership Percentage
____________________	____________________	__________
____________________	____________________	__________
____________________	____________________	__________
____________________	____________________	__________
____________________	____________________	__________
____________________	____________________	__________
____________________	____________________	__________
____________________	____________________	__________
____________________	____________________	__________

2 Change You must immediately notify us in writing of any change in the information contained in this Addendum and, at our request, prepare and sign a new Addendum containing the correct information

3 Date of Addendum The date of this Addendum this ___ day of ___________, 20__

(Signatures on following page)

IN WITNESS WHEREOF, the undersigned have signed this Agreement on the date first above written

FRANCHISOR	**AREA DEVELOPER**
COSTA VIDA MANAGEMENT, LLC, a Utah limited liability company	______________________________ (Name of corporation, partnership, limited liability company or other legal entity)
By ______________________________	By ______________________________
Print Name ______________________	Print Name ______________________
Title ___________________________	Title ___________________________
Date ___________________________	Date ___________________________

By ________________________________
Print Name ________________________
Title ____________________________
Date ____________________________

By ________________________________
Print Name ________________________
Title ____________________________
Date ____________________________

By ________________________________
Print Name ________________________
Title ____________________________
Date ____________________________

By ________________________________
Print Name ________________________
Title ____________________________
Date ____________________________

By ________________________________
Print Name ________________________
Title ____________________________
Date ____________________________

EXHIBIT C

GUARANTY

In consideration of, and as an inducement to, the signing of a Costa Vida Management, LLC Area Development Agreement dated ____________, 20___ (the "Agreement') by and between Costa Vida Management, LLC ("Franchisor") and ____ ("Area Developer"), each of the undersigned owners of a ten percent or greater interest in Area Developer for themselves, their heirs, legal representatives, successors and assigns (collectively the "Guarantors") do hereby personally, unconditionally, individually, jointly and severally (1) guarantee to Franchisor and to its successors and assigns, for the term of Agreement and thereafter as provided in the Agreement, that Area Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement (and any modification or amendment to the Area Development Agreement) including the payment of all continuing license fees, marketing fees and all other fees and charges accruing pursuant to the Area Development Agreement and that each and every representation of Area Developer made in connection with the Agreement (and any modification or amendment to the Area Development Agreement) are true, correct and complete in all respects at and as of the time given, and (2) agree personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement (and any modification or amendment to the Area Development Agreement)

Each of the Guarantors further agrees as follows

1 The Guarantors, individually, jointly and severally, shall be personally bound by each and every condition and term contained in the Area Development Agreement as though each of the Guarantors had signed an Area Development Agreement containing the identical terms and conditions of the Area Development Agreement, including the provisions relating to confidentiality and non-competition covenants This Guaranty shall continue in favor of Franchisor notwithstanding any extension, modification, or alteration of the Area Development Agreement, and notwithstanding any assignment of the Area Development Agreement, with or without the Franchisor's consent No extension, modification, alteration or assignment of the Area Development Agreement shall in any manner release or discharge the Guarantors, and each of the Guarantors consents to any such extension, modification, alteration or assignment

2 Each Guarantor's liability under this Guaranty is primary and independent of the liability of Area Developer and any other Guarantors Each Guarantor waives any right to require Franchisor to proceed against any other person or to proceed against or exhaust any security held by Franchisor at any time or to pursue any right of action accruing to Franchisor under the Area Development Agreement Franchisor may proceed against each Guarantor and Area Developer, jointly and severally or may, at its option, proceed against each Guarantor without having commenced any action, or having obtained any judgment, against Area Developer or any other Guarantor Each Guarantor waives the defense of the statute of limitations in any action under this Guaranty or for the collection of any indebtedness or the performance of any obligation guaranteed pursuant to this Guaranty Each Guarantor waives any right that the undersigned may have to require that an action be brought against Area Developer or any other person as a condition of liability Each Guarantor waives any and all other notices and legal or equitable defenses to which the undersigned may be entitled

3 The Guarantors unconditionally, individually, jointly and severally agree to pay all attorneys' fees and all costs and other expenses incurred in any collection or attempted collection of this Guaranty or in any negotiations relative to the obligations guaranteed or in enforcing this Guaranty against Area Developer

4 Each Guarantor waives notice of any demand by Franchisor, any notice of default in the payment of any amounts contained or reserved in the Area Development Agreement (and any modification or amendment to the Area Development Agreement), or any other notice of default or nonperformance of any obligations under the Area Development Agreement Each Guarantor waives protest and notice of default to any party with respect to indebtedness, default or nonperformance of any obligations under the Area Development Agreement (and any modification or amendment to the Area Development Agreement)

Each Guarantor expressly agrees that the validity of this Guaranty and its obligations shall in no way be terminated, affected or impaired by reason of any waiver by Franchisor, or its successors or assigns, or the failure of Franchisor to enforce any of the terms, covenants or conditions of the Area Development Agreement or this Guaranty, or the granting of any indulgence or extension of time to Area Developer, all of which may be given or done without notice to the Guarantors

5 This Guaranty shall extend, in full force and effect, to any assignee or successor of Franchisor and shall be binding upon the Guarantors and each of their respective successors and assigns

6 Until all obligations of Area Developer to Franchisor have been paid or satisfied in full, the Guarantors have no remedy or right of subrogation and each Guarantor waives any right to enforce any remedy which Franchisor has or may in the future have against Area Developer and any benefit of, and any right to participate in, any security now or in the future held by Franchisor

7 All existing and future indebtedness of Area Developer to each Guarantor is hereby subordinated to all indebtedness and other monetary obligations guaranteed in this Guaranty and, without the prior written consent of Franchisor, shall not be paid in whole or in part to any Guarantor, nor will any Guarantor accept any payment of or on account of any this indebtedness while this Guaranty is in effect, unless at the time of this payment, all indebtedness and other monetary obligations to Franchisor are current under the terms of the Area Development Agreement

8 Each Guarantor consents and agrees that the undersigned shall render any payment or performance required under this Guaranty shall be joint and several This liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Franchisor may periodically grant to Area Developer or to any other person including the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable until satisfied in full

9 Each Guarantor waives acceptance and notice of acceptance by Franchisor of the foregoing undertakings Each Guarantor waives notice of any amendment to the Agreement

You and your owners irrevocably submit to the jurisdiction of the courts of the State of Utah in any suit, action or proceeding, arising out of or relating to this Guaranty or any other dispute between you and us, and you irrevocably agree that all claims in respect of any such suit, action or proceeding must be brought and/or defended except with respect to matters that are under the exclusive jurisdiction of the Federal Courts of the United States, which shall be brought and/or defended in the Federal District Court sitting in Salt Lake City, Utah You irrevocably waive, to the fullest extent you may lawfully do so, the defense of an inconvenient forum to the maintenance of this suit, action, or proceeding and agree that service of process for purposes of any such suit, action, or proceeding need not be personally served or served within the State of Utah, by certified mail or any other means permitted by law addressed to you at the address set forth herein Nothing contained herein shall affect our rights to bring a suit, action or proceeding in any other appropriate jurisdiction, including any suit, action or proceeding brought by us to enforce any judgment against you entered by a State or Federal Court

(Signatures on following page)

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his/her signature as of the _____ day of _____________, 20__

"GUARANTOR(S)"

By ______________________________
Print Name ________________________
Title _____________________________
Date _____________________________

By ______________________________
Print Name ________________________
Title _____________________________
Date _____________________________

By ______________________________
Print Name ________________________
Title _____________________________
Date _____________________________

By ______________________________
Print Name ________________________
Title _____________________________
Date _____________________________

By ______________________________
Print Name ________________________
Title _____________________________
Date _____________________________

By ______________________________
Print Name ________________________
Title _____________________________
Date _____________________________

STATE OF ______________)
ss
COUNTY OF ____________)

The foregoing instrument was acknowledged before me this _____ day of ___________, 20___ by _______________________________________

My Commission Expires
____

____
NOTARY PUBLIC
Residing at_____________________

EXHIBIT D

INVESTOR PERSONAL COVENANTS REGARDING CONFIDENTIALITY & NON-COMPETITION

In conjunction with your investment in ______________________ ("Area Developer") a ___________, you ("Investor" or "you"), acknowledge and agree as follows

1 Area Developer owns and operates, or is developing, a Costa Vida Restaurant or to be located at __________________________ pursuant to an Area Development Agreement dated _____________, 20____ ('Area Development Agreement") with Costa Vida Management, LLC, which Area Development Agreement requires persons with legal or beneficial ownership interests in Area Developer under certain circumstances to be personally bound by the confidentiality and non-competition covenants contained in the Area Development Agreement All capitalized terms contained herein shall have the same meaning set forth in the Area Development Agreement

2 You own or intend to own the percentage legal or beneficial ownership interest in Area Developer, set forth beneath your signature below, and acknowledge and agree that your signing of this Agreement is a condition to this ownership interest and that you have received good and valuable consideration for signing this Agreement Costa Vida may enforce this Agreement directly against you and your Owners (as defined below)

3 If you are a corporation, partnership, limited liability company or other entity, all persons who have a legal or beneficial interest in you ("Owners") must also sign this Agreement

4 You and your Owners, if any, may gain access to parts of Costa Vida's Confidential Information as a result of investing in Area Developer The Confidential Information is proprietary and includes Costa Vida's trade secrets You and your Owners hereby agree that while you and they have a legal or beneficial ownership interest in Area Developer and thereafter you and they (a) will not use the Confidential Information in any other business or capacity (this use being an unfair method of competition), (b) will maintain the confidentiality of the Confidential Information, and (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form If you or your Owners cease to have an interest in Area Developer, you and your Owners, if any, must deliver to Costa Vida any of this Confidential Information in your or their possession or control

5 During the term of the Area Development Agreement and during this time as you and your Owners, if any, have any legal or beneficial ownership interest in Area Developer, you and your Owners, if any, agree that you and they will not, without Costa Vida's written consent (which consent may be withheld at Costa Vida's discretion) directly or indirectly (such as through an Affiliate or through your or their Immediate Families) own any legal or beneficial interest in, or render services or give advice in connection with (a) any Competitive Business located anywhere, or (b) any entity located anywhere which grants franchises, or licenses to others to operate any Competitive Business

6 For a period of two years, starting on the earlier to occur of the date you or Owners cease to have any legal or beneficial ownership interest in Area Developer and the effective date of termination or expiration (without renewal) of the Area Development Agreement, neither you nor any of your Owners directly or indirectly (such as through an Affiliate or through you or their Immediate Families) shall own a legal or beneficial interest in, or render services or give advice to (a) any Competitive Business operating within a radius of five miles of any Costa Vida Restaurant then in operation or under construction,(b) any entity which grants franchises or licenses other interests to

others to operate any Competitive Business, or (c) recruit or hire any person who is an employee of yours, ours or of any Costa Vida Restaurant operated by us, our Affiliates or any Area Developer of ours without obtaining the employer's consent, which consent may be withheld for any reason If you or any of your Owners fail to or refuse to abide by any of the foregoing covenants and Costa Vida obtains enforcement in a judicial proceeding, the obligations under the breached covenant will continue in effect for a period of time ending two years after the date of the order enforcing the covenant

7 You and each of your Owners expressly acknowledge the possession of skills and abilities of a general nature and the opportunity to exploit these skills in other ways, so that enforcement of the covenants contained in Sections 5 and 6 will not deprive any of you of your personal goodwill or ability to earn a living If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope or in terms of geographic area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforceable to the fullest extent permissible under applicable law and public policy In addition to relief as may be available at equity or law, Costa Vida may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause it irreparable harm You and each of your Owners acknowledge that any violation of Sections 4, 5, or 6 hereof would result in irreparable injury for which no adequate remedy at law may be available If Costa Vida files a claim to enforce this Agreement and prevails in this proceeding, you must reimburse Costa Vida for all its costs and expenses, including reasonable attorneys' fees

8 This Confidentiality Agreement does not supersede nor cancel any prior understandings and agreements you and your Owners had with respect to these matters, including any provision of the Area Development Agreement and the Prospective Candidate Confidentiality Agreement previously entered into pertaining to confidentiality You and your Owners have read this Confidentiality Agreement thoroughly, understand it, and sign it freely and voluntarily

(Signatures on following page)

IN WITNESS WHEREOF, the undersigned have signed this Agreement on the date first above written

INVESTOR

If an individual

If a corporation, partnership, limited liability company or other legal entity

____

(Name of corporation, partnership, limited liability company or other legal entity)

By

____

Print Name ______________________
Title ______________________
Date

____

% Ownership of Franchisee

____

By

____

Print Name ______________________
Title ______________________
Date

____

% Ownership of Franchisee

____

OWNERS

By

____

Print Name ______________________
Title ______________________
Date

____

By

____

Print Name ______________________
Title ______________________
Date

____

By

____

Print Name ______________________
Title ______________________
Date

____

By

____

Print Name ______________________
Title ______________________
Date

____

STATE OF ______________)
) ss
COUNTY OF ____________)

The foregoing instrument was acknowledged before me this _____ day of ___________, 20___ by ______________________________________

My Commission Expires

____

____
NOTARY PUBLIC
Residing at______________________

EXHIBIT E

STATE SPECIFIC ADDENDA TO AREA DEVELOPMENT AGREEMENT

The following modifications are to the Costa Vida Management, LLC Disclosure Document and may supersede certain portions of the Area Development Agreement dated ________________, 20__

The following states have statutes that may supersede the Area Development Agreement in your relationship with us, including the areas of termination and renewal of your franchise ARKANSAS [Stat Section 70-807], CALIFORNIA [Bus & Prof Code Sections 20000-20043], CONNECTICUT [Gen Stat Section 42-133e et seq], DELAWARE [Code, Tit 6, Ch 25, Sections 2551-2556], HAWAII [Rev Stat Section 482E-1], ILLINOIS [Rev Stat 815 ILCS 705/19 and 705/20], INDIANA [Stat Sections 23-2-2 7 and 23-2-2 5], IOWA [Code Sections 523H 1-523H 17], MARYLAND [Maryland Franchise Registration and Disclosure Law, MD Code Ann , Bus Reg Sections 14-201 to 14-233 (2004 Repl Vol)], MICHIGAN [Stat Section 19 854(27)], MINNESOTA [Stat Section 80C 14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat Section 407 400], NEBRASKA [Rev Stat Section 87-401], NEW JERSEY [Stat Section 56 10-1], SOUTH DAKOTA [Codified Laws Chapter 37-5B], VIRGINIA [Code 13 1-517-574], WASHINGTON [Code Section 19 100 180], WISCONSIN [Stat Section 135 03] These and other states may have court decisions that may supersede the Area Development Agreement in your relationship with us including the areas of termination and renewal of your franchise

CALIFORNIA

The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the FDD

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

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise If the Area Development Agreement contains a provision that is inconsistent with the law, the law will control

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

The Area Development Agreement contains a covenant not to compete which extends beyond the termination of the franchise This provision may not be enforceable under California law

The Area Development Agreement requires application of the laws of the State of Utah This provision may not be enforceable under California law

The following paragraph is added to ITEM 19 of the Franchise Disclosure Document

> The earnings claims figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales

figure to obtain your net income or net profit You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business Franchisees or former franchisees listed in the Franchise Disclosure Document may be one source of this information

Costa Vida's Uniform Resource Locator ('URL") address for locating its internet website is http //www costavida net OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS at www corp ca gov

THE CALIFORNIA SECTION OF THIS ADDENDUM APPLIES ONLY TO AREA DEVELOPERS WHO ARE RESIDENTS OF CALIFORNIA OR WHO LOCATE THEIR FRANCHISES IN CALIFORNIA

HAWAII

1 The following list reflects the status of our franchise registrations in the states which have franchise registration and/or disclosure laws

This registration is currently effective in California and Washington

There are no states which have refused, by order or otherwise, to register these franchises

There are no states which have revoked or suspended the right to offer these franchises

2 The Area Development Agreement has been amended as follows

The Hawaii Franchise Investment Law provides rights to the Area Developer concerning non-renewal, termination and transfer of the Area Development Agreement If the Area Development Agreement, and more specifically, Sections 2, 8 and 9 contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control

Section 8(B)(8) of the Area Development Agreement requires Area Developers to sign a general release as a condition of transfer of the Area Development Agreement, this release shall exclude claims arising under the Hawaii Franchise Investment Law

Section 9A(i) of the Area Development Agreement, which terminates the Area Development Agreement upon the bankruptcy of the Area Developer may not be enforceable under federal bankruptcy law (11 U S C Section 101, *et seq*)

3 The Receipt Pages are amended to add the following

THIS AREA DEVELOPMENT AGREEMENT WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING

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

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE AREA DEVELOPMENT AGREEMENT AND THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE AREA DEVELOPER

THE HAWAII SECTION OF THIS ADDENDUM APPLIES ONLY TO AREA DEVELOPERS WHO ARE RESIDENTS OF HAWAII OR WHO LOCATE THEIR FRANCHISES IN HAWAII

ILLINOIS

THE AREA DEVELOPMENT AGREEMENT MAY STATE THAT YOU MUST MEET CERTAIN MINIMUM PERFORMANCE SALES REQUIREMENTS IF YOU DO NOT MEET THESE REQUIREMENTS YOUR AREA DEVELOPMENT AGREEMENT CAN BE TERMINATED BY COSTA VIDA This provision may be affected by Illinois Law, 815 ILCS §§ 705/4 and 705/41

Section 9 of the Area Development Agreement is amended, if required by law, to state

> "The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois Law, 815 ILCS §§ 705/19 and 705/20"

Sections 11 and 12F and any other choice of law, venue and jurisdictions provisions in the Area Development Agreement are amended, if required by law, to include the following

> "Provisions regarding jurisdiction and venue and choice of law may be affected by Illinois law, 815 ILCS §§ 705/4 and 705/41, respectively"
>
> "Notwithstanding anything in this Agreement to the contrary, EXCEPT IF GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U S C SECTIONS 1051 ET SEQ) OR OTHER FEDERAL LAW OR MATTERS ARISING UNDER SECTION 4 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT WHICH SHALL BE GOVERNED THEREBY, THIS AGREEMENT, THE FRANCHISE AND THE RELATIONSHIP BETWEEN COMPANY AND AREA DEVELOPER SHALL BE GOVERNED BY THE LAWS OF THE STATE OF UTAH, EXCEPT THAT (A) THE UTAH BUSINESS OPPORTUNITY DISCLOSURE ACT AND ANY OTHER STATE LAW RELATING TO (1) THE OFFER AND SALE OF FRANCHISES, (2) FRANCHISE RELATIONSHIPS OR (3) BUSINESS OPPORTUNITIES, SHALL NOT APPLY UNLESS THE APPLICABLE JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH, and (B)

THE ENFORCEABILITY OF THOSE PROVISIONS OF THIS AGREEMENT WHICH RELATE TO RESTRICTIONS ON YOUR COMPETITIVE ACTIVITIES WILL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH YOUR BUSINESS IS LOCATED "

SPECIFICALLY, PROVISIONS REGARDING JURISDICTION AND VENUE AND CHOICE OF LAW MAY BE AFFECTED BY ILLINOIS LAW, 815 ILCS §§ 705/4 AND 705/41, RESPECTIVELY, AND RULE SECTION 200 608 OF THE RULES AND REGULATIONS PROMULGATED PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT "

No provision in the Area Development Agreement shall be construed to mean that you may not rely on representations in the Costa Vida Disclosure Document that we provided to you in connection with the offer and purchase of your franchise

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void "

THE ILLINOIS SECTION OF THIS ADDENDUM APPLIES ONLY TO AREA DEVELOPERS WHO ARE RESIDENTS OF ILLINOIS OR WHO LOCATE THEIR FRANCHISES IN ILLINOIS

MARYLAND

The Disclosure Document is amended to state

"Costa Vida has not registered the trademark, servicemark/logo in the State of Maryland You must register the name "Costa Vida Association" as a dba for the entity operating the franchise in the state where the franchise marketing area is located "

Section 8(B)(8) of the Area Development Agreement is amended to state

"Any release signed in connection with the Area Development Agreement is not intended to, nor shall it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law "

Sections 11 and 12(F) of the Area Development Agreement are amended to state

"Notwithstanding anything in this Agreement to the contrary, EXCEPT IF GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U S C SECTIONS 1051 ET SEQ) OR OTHER FEDERAL LAW OR MATTERS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW WHICH SHALL BE GOVERNED THEREBY, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN YOU AND US WILL BE GOVERNED BY THE LAWS OF THE STATE OF UTAH, EXCEPT THAT THE UTAH BUSINESS OPPORTUNITY DISCLOSURE ACT AND ANY OTHER STATE LAW RELATING TO (1) THE OFFER AND SALE OF FRANCHISES, (2) FRANCHISE RELATIONSHIPS, OR (3) BUSINESS OPPORTUNITIES, WILL NOT APPLY UNLESS THE APPLICABLE JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO

THIS PARAGRAPH YOU MAY BRING A LAWSUIT IN MARYLAND FOR CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW "

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

"Any limitation of claims provisions shall not act to reduce the three year statute of limitations afforded an Area Developer for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law "

The Disclosure Document and Area Development Agreement are amended as follows

"Any provision in the Area Development Agreement restricting jurisdiction or venue to a forum outside of Maryland or requiring the application of the laws of another state is void with respect to a claim arising under the Maryland Franchise Registration and Disclosure Law "

"Any claims under the Maryland Franchise Registration and Disclosure law may be brought in the State of Maryland "

"Pursuant to COMAR 02 02 0816L, the general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law "

"Any provision in the Area Development Agreement or the agreements attached as appendices that requires you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law is not intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law "

"Your acknowledgement and representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law "

THE MARYLAND SECTION OF THIS ADDENDUM APPLIES ONLY TO AREA DEVELOPERS WHO ARE RESIDENTS OF MARYLAND OR WHO LOCATE THEIR FRANCHISES IN MARYLAND

MICHIGAN

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

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

(a) A prohibition on your right to join an association of franchisees

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

(c) A provision that permits us to terminate a franchise before the expiration of its term except for good cause Good cause shall include your failure to comply with any lawful provision of the Area Development 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

(d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) you are 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 you do not receive at least 6 months advance notice of our intent not to renew the franchise

(e) A provision that permits us to refuse to renew an Area Development Agreement on terms generally available to other area developers of the same class or type under similar circumstances This section does not require a renewal provision

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

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

(i) The failure of the proposed transferee to meet our then-current reasonable qualifications or standards

(ii) The fact that the proposed transferee is a competitor of us or our subfranchisor

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

(iv) You or your proposed transferee's failure to pay any sums owing to us or to cure any default in the Area Development Agreement existing at the time of the proposed transfer

(h) A provision that requires you to resell to us items that are not uniquely identified with us This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a franchise for the market or appraised value of these assets if you have breached the lawful provisions of the Area

Development Agreement and have failed to cure the breach in the manner provided in subdivision (c)

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

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

ESCROW REQUIREMENTS (IF ANY) ______________________________

Any questions regarding this notice should be directed to

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number (517) 373-7117

THE MICHIGAN SECTION OF THIS ADDENDUM APPLIES ONLY TO AREA DEVELOPERS WHO ARE RESIDENTS OF MICHIGAN OR WHO LOCATE THEIR FRANCHISES IN MICHIGAN

<u>MINNESOTA</u>

If required by law, the Area Development Agreement is modified as follows

Any release signed in connection with the Area Development Agreement shall not apply to any claims arising under Minnesota Statutes 1973 Supplement, Sections 80C 01 to 80C 22, providing that an area developer cannot be required to assent to a release, assignment, or waiver that would relieve any person from liability imposed by such statutes, provided, however that this shall not bar the voluntary settlement of disputes

With respect to the franchises governed by Minnesota law, we will comply with Minnesota Statutes Sec 80C 14, subdivisions 3, 4 and 5 which require, except in certain specific cases, that we give you 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Area Development Agreement If Franchisor fails to give notice, the Area Development Agreement shall remain in effect from month to month until Franchisor has given the required notice

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

Minnesota Rule 2860 4400J also prohibits us from asking you to consent to the Franchisor obtaining injunctive relief We may merely seek injunctive relief Also, it is up to a court to determine if a bond is required

Provided that you are in compliance with the terms and conditions of the Area Development Agreement, we will comply with Minnesota Statutes Sec 80C 12, Subd 1(g) which requires that the franchisor protect the area developer's right to use the trademarks, service marks, tradenames, logotypes or other commercial symbols and/or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name

We will also comply with the requirements of Minnesota Statutes Sec 80C 17, Subd 5, which requires that any action commenced under Section 80C 17 be commenced within 3 years after the cause of action accrues

THE MINNESOTA SECTION OF THIS ADDENDUM APPLIES ONLY TO AREA DEVELOPERS WHO ARE RESIDENTS OF MINNESOTA OR WHO LOCATE THEIR FRANCHISES IN MINNESOTA

NORTH DAKOTA

Sections of the Disclosure Document and Area Development Agreement providing for resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law

Sections of the Disclosure Document and Area Development Agreement relating to choice of law, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law

Sections of the Disclosure Document and Area Development Agreement requiring you to sign a general release upon renewal of the Area Development Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law

Sections of the Disclosure Document and Area Development Agreement stipulating that you shall pay all costs and expenses incurred by us in enforcing the Area Development Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law

Sections of the Area Development Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended if required by law

Sections of the Area Development Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended if required by law

THE NORTH DAKOTA SECTION OF THIS ADDENDUM APPLIES ONLY TO AREA DEVELOPERS WHO ARE RESIDENTS OF NORTH DAKOTA OR WHO LOCATE THEIR FRANCHISES IN NORTH DAKOTA

RHODE ISLAND

§ 19-28 1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act" The Area Development Agreement is amended accordingly if required by law

THE RHODE ISLAND SECTION OF THIS ADDENDUM APPLIES ONLY TO AREA DEVELOPERS WHO ARE RESIDENTS OF RHODE ISLAND OR WHO LOCATE THEIR FRANCHISES IN RHODE ISLAND

VIRGINIA

Pursuant to § 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise If any provision of the Area Development Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any grounds for default or termination stated in the Area Development Agreement does not constitute "reasonable cause", as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable

THE VIRGINIA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF VIRGINIA OR WHO LOCATE THEIR FRANCHISES IN VIRGINIA

WASHINGTON

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator, if required by Washington law

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

A release or waiver of rights signed by you shall not include rights under the Washington Franchise Investment Protection Act 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, or rights or remedies under the Act may not be enforceable and are amended if required by law

Transfer fees are collectable if that they reflect our reasonable estimated or actual costs in effecting a transfer, if required by Washington law

In addition to the rights and responsibilities enumerated in the Area Development Agreement concerning termination and non-renewal, Washington State residents have certain rights under the Washington Franchise Investment Protection Act

THE WASHINGTON SECTION OF THIS ADDENDUM APPLIES ONLY TO AREA DEVELOPERS WHO ARE RESIDENTS OF WASHINGTON OR WHO LOCATE THEIR FRANCHISES IN WASHINGTON

WISCONSIN

Item 17 of the Disclosure Document is amended to add the following

The Wisconsin Fair Dealership Law Title XIV-A Ch 135, Section 135 01-135 07 may affect the termination provision of the Franchise Agreement and the Area Development Agreement

THE WISCONSIN SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF WISCONSIN OR WHO LOCATE THEIR FRANCHISES IN WISCONSIN

ACKNOWLEDGMENT

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Area Development Agreement dated the _____ day of _________________, 20__ Except in the State of Maryland, this State Addenda applies only if required by applicable state law

DATED this _______ day of ___________________, 20__

FRANCHISOR

COSTA VIDA MANAGEMENT, LLC

By ____
Title ____

AREA DEVELOPER

____

By ____
Title ____

By ____
Title ____

(MUST BE SIGNED BY ALL OWNERS AND MANAGERS OF AN ENTITY FRANCHISEE)

Summary Report Lıtéra® Change-Pro TDC 7 0 0 365 Document Comparıson done on 3/27/2014 5 24 11 PM	
Style Name Default Style	
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Changes	
Add	36
~~Delete~~	35
~~Move From~~	0
Move To	0
Table Insert	0
~~Table Delete~~	0
Embedded Graphıcs (Vısıo, ChemDraw, Images etc)	0
Embedded Excel	0
Format Changes	0
Total Changes	71

EXHIBIT E

COSTA VIDA OPERATIONS MANUAL TABLE OF CONTENTS

COSTA VIDA OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT F

FINANCIAL STATEMENTS

EXHIBIT G

STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The followıng modıficatıons are to the COSTA VIDA MANAGEMENT, LLC Franchıse Dısclosure Document and may supersede certaın portıons of the Franchıse Agreement dated ___________________, 20__

The followıng states have statutes that may supersede the Franchıse Agreement ın your relatıonshıp wıth us, ıncludıng the areas of termınatıon and renewal of your franchıse ARKANSAS [Stat Sectıon 70-807], CALIFORNIA [Bus & Prof Code Sectıons 20000-20043], CONNECTICUT [Gen Stat Sectıon 42-133e et seq], DELAWARE [Code, Tıt 6, Ch 25, Sectıons 2551-2556], HAWAII [Rev Stat Sectıon 482E-1], ILLINOIS [Rev Stat 815 ILCS 705/19 and 705/20], INDIANA [Stat Sectıons 23-2-2 7 and 23-2-2 5], IOWA [Code Sectıons 523H 1-523H 17], MARYLAND [Maryland Franchıse Regıstratıon and Dısclosure Law, MD Code Ann , Bus Reg Sectıons 14-201 to 14-233 (2004 Repl Vol)], MICHIGAN [Stat Sectıon 19 854(27)], MINNESOTA [Stat Sectıon 80C 14], MISSISSIPPI [Code Sectıon 75-24-51], MISSOURI [Stat Sectıon 407 400], NEBRASKA [Rev Stat Sectıon 87-401], NEW JERSEY [Stat Sectıon 56 10-1], SOUTH DAKOTA [Codıfied Laws ~~Chapter~~Sectıon 37-5~~B~~A-51], VIRGINIA [Code 13 1-517-574], WASHINGTON [Code Sectıon 19 100 180], WISCONSIN [Stat Sectıon 135 03] These and other states may have court decısıons that may supersede the Franchıse Agreement and the Area Development Agreement ın your relatıonshıp wıth us ıncludıng the areas of termınatıon and renewal of your franchıse

Provısıons ın the Franchıse Agreement and the Area Development Agreement that provıde for termınatıon upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U S C Sectıon 101 et seq)

CALIFORNIA

The Calıfornıa Franchıse Investment Law requıres that a copy of all proposed agreements relatıng to the sale of the franchıse be delıvered together wıth the Dısclosure Document

Neıther we, nor any person or franchıse broker dısclosed ın Item 2 of the FDD ıs subject to any currently effectıve order of any natıonal securıtıes assocıatıon or natıonal securıtıes exchange, as defined ın the Securıtıes Exchange Act of 1934, 15 U S C A 78a et seq , suspendıng or expellıng these persons from membershıp ın thıs assocıatıon or exchange

Calıfornıa Busıness and Professıons Code Sectıons 20000 through 20043 provıde rıghts to you concernıng termınatıon or non-renewal of a franchıse If the Franchıse Agreement contaıns a provısıon that ıs ınconsıstent wıth the law, the law wıll control

Prospectıve franchısees are encouraged to consult prıvate legal counsel to determıne the applıcabılıty of Calıfornıa and federal laws (such as Busıness and Professıons Code Sectıon 20040 5, Code of Cıvıl Procedure Sectıon 1281, and the Federal Arbıtratıon Act) to any provısıons of a franchıse agreement restrıctıng venue to a forum outsıde the State of Calıfornıa

The Franchıse Agreement contaıns a covenant not to compete whıch extends beyond the termınatıon of the franchıse Thıs provısıon may not be enforceable under Calıfornıa law

The Franchıse Agreement requıres applıcatıon of the laws of the State of Utah Thıs provısıon may not be enforceable under Calıfornıa law

The followıng paragraph ıs added to ITEM 19 of thıs Franchıse Dısclosure Document

The earnings claims figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figure to obtain your net income or net profit You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business Franchisees or former franchisees listed in the Franchise Disclosure Document may be one source of this information

Costa Vida's Uniform Resource Locator ("URL") address for locating its internet website is http //www costavida net OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS at www corp ca gov

THE CALIFORNIA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF CALIFORNIA OR WHO LOCATE THEIR FRANCHISES IN CALIFORNIA

HAWAII

1 The following list reflects the status of our franchise registrations in the states which have franchise registration and/or disclosure laws

This registration is not currently effective in any state

This proposed registration is on file with or will shortly be on file with the States of California, Hawaii, Illinois, Minnesota, New York, North Dakota, South Dakota and Washington

There are no states which have refused, by order or otherwise, to register these franchises

There are no states which have revoked or suspended the right to offer these franchises

2 The Franchise Agreement has been amended as follows

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement If the Franchise Agreement, and more specifically, Sections 2(C), 13, and 14 contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control

Sections 2(C)(ii) and 13(C)(vii) of the Franchise Agreement require you to sign a general release as a condition of renewal and transfer of the franchise, such release shall exclude claims arising under the Hawaii Franchise Investment Law

Section 13A(i) of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U S C Section 101, *et seq*)

3 The Receipt Pages are amended to add the following

THIS FRANCHISE WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND

CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING

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

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

THE HAWAII SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF HAWAII OR WHO LOCATE THEIR FRANCHISES IN HAWAII

ILLINOIS

THE FRANCHISE AGREEMENT STATES THAT YOU MUST MEET CERTAIN MINIMUM PERFORMANCE SALES REQUIREMENTS IF YOU DO NOT MEET THESE REQUIREMENTS YOUR FRANCHISE AGREEMENT CAN BE TERMINATED BY COSTA VIDA This provision may be affected by Illinois Law, 815 ILCS §§ 705/4 and 705/41

Item 17 of the Disclosure Document and Sections 2C and 14A of the Franchise Agreement are amended, if required by law, to state

> "The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois Law, 815 ILCS §§ 705/19 and 705/20 "

Item 17 of the Disclosure Document and Sections 17 and 18D and any other choice of law, venue and jurisdictions provisions in the Franchise Agreement are amended, if required by law, to include the following

> "Provisions regarding jurisdiction and venue and choice of law may be affected by Illinois law, 815 ILCS §§ 705/4 and 705/41, respectively "

> "Notwithstanding anything in this Agreement to the contrary, EXCEPT IF GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U S C SECTIONS 1051 ET SEQ) OR OTHER FEDERAL LAW OR MATTERS ARISING UNDER SECTION 4 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT WHICH SHALL BE GOVERNED THEREBY, THIS AGREEMENT, THE FRANCHISE AND THE RELATIONSHIP BETWEEN COMPANY AND FRANCHISEE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF UTAH, EXCEPT THAT (A) THE UTAH BUSINESS OPPORTUNITY DISCLOSURE ACT AND ANY OTHER STATE LAW RELATING TO (1) THE OFFER AND SALE OF FRANCHISES, (2) FRANCHISE RELATIONSHIPS OR (3) BUSINESS

OPPORTUNITIES, SHALL NOT APPLY UNLESS THE APPLICABLE JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH, and (B) THE ENFORCEABILITY OF THOSE PROVISIONS OF THIS AGREEMENT WHICH RELATE TO RESTRICTIONS ON YOUR COMPETITIVE ACTIVITIES WILL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH YOUR BUSINESS IS LOCATED "

SPECIFICALLY,, PROVISIONS REGARDING JURISDICTION AND VENUE AND CHOICE OF LAW MAY BE AFFECTED BY ILLINOIS LAW, 815 ILCS §§ 705/4 AND 705/41, RESPECTIVELY, AND RULE SECTION 200 608 OF THE RULES AND REGULATIONS PROMULGATED PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT "

No provision in the Disclosure Document or Franchise Agreement shall be construed to mean that you may not rely on representations in the Costa Vida Disclosure Document that we provided to you in connection with the offer and purchase of your franchise

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void "

THE ILLINOIS SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF ILLINOIS OR WHO LOCATE THEIR FRANCHISES IN ILLINOIS

MARYLAND

The Disclosure Document is amended to state

"Costa Vida has not registered the trademark, servicemark/logo in the State of Maryland You must register the name "Costa Vida Association" as a dba for the entity operating the franchise in the state where the franchise marketing area is located "

Item 17 of the Disclosure Document and Sections 2(C)(ii) and 13(C)(vii) of the Franchise Agreement are amended to state

"Any release signed in connection with the Franchise Agreement is not intended to, nor shall it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law "

The Disclosure Document and Sections 17 and 18(D) of the Franchise Agreement are amended to state

"Notwithstanding anything in this Agreement to the contrary, EXCEPT IF GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U S C SECTIONS 1051 ET SEQ) OR OTHER FEDERAL LAW OR MATTERS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW WHICH SHALL BE GOVERNED THEREBY, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN YOU AND US WILL BE GOVERNED BY THE LAWS OF THE STATE OF UTAH, EXCEPT THAT THE UTAH BUSINESS OPPORTUNITY DISCLOSURE ACT AND ANY OTHER STATE LAW RELATING TO (1) THE OFFER AND SALE OF FRANCHISES, (2) FRANCHISE RELATIONSHIPS, OR (3) BUSINESS OPPORTUNITIES, WILL NOT APPLY UNLESS THE APPLICABLE JURISDICTIONAL REQUIREMENTS ARE MET

INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH YOU MAY BRING A LAWSUIT IN MARYLAND FOR CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW "

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

"Any limitation of claims provisions shall not act to reduce the three year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law "

The Disclosure Document and Franchise Agreement are amended as follows

"Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of Maryland or requiring the application of the laws of another state is void with respect to a claim arising under the Maryland Franchise Registration and Disclosure Law "

"Any claims under the Maryland Franchise Registration and Disclosure law may be brought in the State of Maryland "

"Pursuant to COMAR 02 02 0816L, the general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law "

"Any provision in the Disclosure Document or Franchise Agreement or the agreements attached as appendices that requires you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law is not intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law "

"Your acknowledgement and representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law "

THE MARYLAND SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MARYLAND OR WHO LOCATE THEIR FRANCHISES IN MARYLAND

MICHIGAN

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

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

(a) A prohibition on your right to join an association of franchisees

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

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

(d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation This subsection applied only if (i) the term of the franchise is less than 5 years and (ii) you are 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 you do not receive at least 6 months advance notice of our intent not to renew the franchise

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

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

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

(i) The failure of the proposed transferee to meet our then-current reasonable qualifications or standards

(ii) The fact that the proposed transferee is a competitor of us or our subfranchisor

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

(iv) You or your proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer

(h) A provision that requires you to resell to us items that are not uniquely identified with us This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c)

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

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

ESCROW REQUIREMENTS (IF ANY) ______________________________

Any questions regarding this notice should be directed to

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number (517) 373-7117

THE MICHIGAN SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR WHO LOCATE THEIR FRANCHISES IN MICHIGAN

MINNESOTA

If required by law, the Disclosure Document, Franchise Agreement, and Area Development Agreement are modified as follows

Any release signed in connection with the Franchise Agreement shall not apply to any claims arising under Minnesota Statutes 1973 Supplement, Sections 80C 01 to 80C 22, providing that a franchisee cannot be required to assent to a release, assignment, or waiver that would relieve any person from liability imposed by such statutes, provided, however that this shall not bar the voluntary settlement of disputes

With respect to the franchises governed by Minnesota law, we will comply with Minnesota Statutes Sec 80C 14, subdivisions 3, 4 and 5 which require, except in certain specific cases, that we give you 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement If Franchisor fails to give notice, the Franchise Agreement shall remain in effect from month to month until Franchisor has given the required notice

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

Minnesota Rule 2860 4400J also prohibits us from asking you to consent to the Franchisor obtaining injunctive relief We may merely seek injunctive relief Also, it is up to a court to determine if a bond is required

Provided that you are in compliance with the terms and conditions of the Franchise Agreement, we will comply with Minnesota Statutes Sec 80C 12, Subd 1(g) which requires that the franchisor protect the franchisee's right to use the trademarks, service marks, tradenames, logotypes or other commercial symbols and/or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name

We will also comply with the requirements of Minnesota Statutes Sec 80C 17, Subd 5, which requires that any action commenced under Section 80C 17 be commenced within 3 years after the cause of action accrues

THE MINNESOTA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MINNESOTA OR WHO LOCATE THEIR FRANCHISES IN MINNESOTA

NEW YORK

The cover page of the Disclosure Document will be supplemented with the following, inserted at the bottom of the cover page

REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, 120 BROADWAY, NEW YORK, NEW YORK 10271-0332 INFORMATION COMPARING FRANCHISORS IS AVAILABLE CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON YOU TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS

As a supplement to the information disclosed in this Disclosure Document, the following additional paragraphs are added

1 Except as disclosed in **Item 3** of the Disclosure Document, neither we, our predecessors, Affiliates or any person identified in **Item 2** of this Disclosure Document

A Has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against it or him alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations

B Has been convicted of a felony or pleaded *nolo contendere* to a felony charge or within the ten year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded *nolo contendere* to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations

C Is subject to any currently effective injunctive or restrictive order or decree relating to franchises or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, trade practice law, or 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 as a result of a concluded or pending action or proceeding brought by a public agency

2 Except as disclosed in **Item 4** of the Disclosure Document, during the ten year period immediately preceding the date of this Disclosure Document, neither we, our predecessors, Affiliates or any person identified in **Item 2** of this Disclosure Document has been adjudged bankrupt or reorganized due to insolvency or been a principal officer of any company or a general partner in any partnership at or within 1 year of the time that such company or partnership was adjudged bankrupt or reorganized due to insolvency or is otherwise subject to any pending bankruptcy or reorganization proceeding

3 You will not be required to indemnify us for any claims arising out of a breach of the Franchise Agreement by us or other civil wrongs committed by us

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

5 Any release signed in connection with the Franchise Agreement is subject to the proviso that all rights enjoyed by you 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 Sections 687 4 and 687 5 of the General Business Law of New York State be satisfied

6 You may terminate the Franchise Agreement and any ancillary agreements upon any other grounds available by law

7 The summary in **Items 17 w** , Choice of Law, is amended to state the following

Utah law applies unless governed by applicable federal law The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon Franchisee by the General Business Law of the State of New York

The following modifications are made to the Franchise Agreement

1 The followmg sentence is added to the end of Section 4(E) "Franchisor will make no changes to the Operations Manual that would impose an unreasonable economic burden on Franchisee or unreasonably increase Franchisee's obligations "

2 Section 13A is amended by adding the following to the end of that Section "However, Franchisor will make no transfer or assignment except to a transferee or an assignee who, in our good faith judgment, is willing and able to assume Franchisor's obligations under this Agreement "

3 The following is added at the end of Sections 2(C)(ii) and 13(C)(vii) ", provided, however, that any release shall not apply to any claims arising under the provisions of Article 33 of the General Business Law of the State of New York "

4 The following is added to the end of the first sentence of Section 16(B) 'Notwithstanding the foregoing, Franchisee will not be required to indemnify Franchisor for any claims arising out of a breach of the Agreement by us or other civil wrongs of us "

5 The following is added to the end of Section 18(E) "Franchisor will seek no issuance of injunctive relief which would violate New York General Business Law Section 687 5

6 The following sentence is added to the end of Sections 17 and 18(D) of the Franchise Agreement, and to and any other choice of law provisions appearing in any related documents attached as exhibits or appendices to the Franchise Agreement that are deemed to be in violation of New York law "The choice of law provisions in this Section should not be considered a waiver of any right conferred upon Franchisor or upon the Franchisee by Article 33 of the General Business Law of the State of New York "

THE NEW YORK SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NEW YORK OR WHO LOCATE THEIR FRANCHISES IN NEW YORK

NORTH DAKOTA

Sections of the Disclosure Document and Franchise Agreement providing for resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law

Sections of the Disclosure Document and Franchise Agreement relating to choice of law, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law

Sections of the Disclosure Document and Franchise Agreement requiring you to sign a general release upon renewal of the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law

Sections of the Disclosure Document and Franchise Agreement stipulating that you shall pay all costs and expenses incurred by us in enforcing the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law

Sections of the Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended if required by law

Sections of the Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended if required by law

THE NORTH DAKOTA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NORTH DAKOTA OR WHO LOCATE THEIR FRANCHISES IN NORTH DAKOTA

RHODE ISLAND

§ 19-28 1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act" The Disclosure Document and Franchise Agreement are amended accordingly if required by law

THE RHODE ISLAND SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF RHODE ISLAND OR WHO LOCATE THEIR FRANCHISES IN RHODE ISLAND

VIRGINIA

Pursuant to § 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise If any provision of the Franchise Agreement or the Area Development Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any grounds for default or termination stated in the Franchise Agreement or the Area Development Agreement does not constitute "reasonable cause", as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable

THE VIRGINIA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF VIRGINIA OR WHO LOCATE THEIR FRANCHISES IN VIRGINIA

WASHINGTON

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator, if required by Washington law

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

A release or waiver of rights signed by you shall not include rights under the Washington Franchise Investment Protection Act 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, or rights or remedies under the Act may not be enforceable and are amended if required by law

Transfer fees are collectable ıf that they reflect our reasonable estımated or actual costs ın effectıng a transfer, ıf requıred by Washıngton law

In addıtıon to the rıghts and responsıbılıtıes enumerated ın the Dısclosure Document and Franchıse Agreement concernıng termınatıon and non-renewal, Washıngton State resıdents have certaın rıghts under the Washıngton Franchıse Investment Protectıon Act

THE WASHINGTON SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF WASHINGTON OR WHO LOCATE THEIR FRANCHISES IN WASHINGTON

WISCONSIN

Item 17 of the Dısclosure Document ıs amended to add the followıng

The Wısconsın Faır Dealershıp Law Tıtle XIV-A Ch 135, Sectıon 135 01-135 07 may affect the termınatıon provısıon of the Franchıse Agreement

THE WISCONSIN SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF WISCONSIN OR WHO LOCATE THEIR FRANCHISES IN WISCONSIN

ACKNOWLEDGMENT

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of _________________, 20__, and of the Franchise Disclosure Document Except in the State of Maryland, this State Addenda applies only if required by applicable state law

DATED this ______ day of ___________________, 20__

FRANCHISOR

COSTA VIDA MANAGEMENT, LLC

By ____
Title ______________________________________

FRANCHISEE

____

By ____
Title ______________________________________

By ____
Title ______________________________________

(MUST BE SIGNED BY ALL OWNERS AND MANAGERS OF AN ENTITY FRANCHISEE)

EXHIBIT H

DEFINITIONS

EXHIBIT H

DEFINITIONS

The terms listed below have the meanings which follow them and include the plural as well as the singular Other terms are defined elsewhere in the Franchise Agreement and Area Development Agreement in the context in which they arise

"ADA Application" – The area development agreement application submitted to us by you and/or your Owners

"Affiliate" – Any person or entity that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party The term "control" 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

"Alternative Approved Supplier" – Any supplier who has been proposed by you or by another franchisee to manufacture or provide products or Ingredients and who has been approved by us to do so in accordance with the terms of this Agreement

"Approved Supplier" – Any supplier, including us, an Affiliate of ours or an independent third party, whom we authorize to manufacture or provide products, services or Licensed Ingredients

"Competitive Business" – Any retail food establishment (including any restaurant) in which any of the following categories constitutes more than 20% of its revenues or 20% of its menu (1) burritos, tacos, quesadillas, or (2) Latin American, Central American, or Mexican food, desserts, or beverages of any kind, as well as any business that manufactures, wholesales, and/or distributes Latin American, Central American, or Mexican food, desserts, or beverages of any kind, including tortillas and salsas Restrictions in this Agreement on competitive activities do not apply to (a) the ownership or operation of other Costa Vida Restaurants that are licensed or franchised by us or any of our Affiliates, or (b) the ownership of shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities

"Confidential Information" – Our proprietary and confidential information relating to the development and operation of Costa Vida Restaurants, including (1) Operations Manual, (2) ingredients, recipes, and methods of preparation and presentation of authorized food and products, (3) site selection criteria for Costa Vida Restaurants and plans and specifications for the development of Costa Vida Restaurants, (4) sales, marketing, and advertising programs and techniques for Costa Vida Restaurants, (5) identity of suppliers and knowledge of specifications, processes, procedures, and equipment, and pricing of authorized food products, materials, supplies, and equipment, (6) knowledge of operating results and financial performance of Costa Vida Restaurants, other than Costa Vida Restaurants you own, (7) methods of inventory control, storage, product handling, training and management relating to Costa Vida Restaurants, (8) computer systems and software programs used or useful in Costa Vida Restaurants, and (9) any and all other information that we provide you that is labeled proprietary or confidential

"Controlling Interest" – An interest, the ownership of which empowers the holder to exercise a controlling influence over the management, policies or personnel of an Entity Ownership of 10% or more of the equity or voting securities of a corporation, limited liability company or limited liability partnership or ownership of any general partnership interest in a general or limited partnership will be deemed conclusively to constitute a Controlling Interest in the corporation, limited liability company, or partnership, as the case may be

"Copyrights" – Works of authorship and other categories of work entitled to copyright protection that we license for use in connection with the operation of Costa Vida Restaurants and for which we or any of our Affiliates claim copyright protection

"Costa Vida Products" – Products approved or required by us or our Affiliates for sale at or from Costa Vida Restaurants, including Mexican and southwestern cuisine, other food items, beverages, clothing, accessories, and other products approved by us or our Affiliates, provided that we have the right to modify and/or discontinue the use of the foregoing products at any time and include additional or substitute products

"Costa Vida Restaurants" – Restaurants featuring Mexican fare with a custom prepared-to-order food service counter, or any other outlet selling any Costa Vida Products for on- or off-premises consumption and services, all as designated by us and developed and operated with our approval and consent, which we, or any of our Affiliates, own, operate or franchise and which use the Marks and the System

"Designated Supplier" – Any supplier, including us, an Affiliate of ours or an independent third party, whom we authorize to manufacture Proprietary Ingredients and products

"Designated Marketing Area" or "DMA" – Each Costa Vida Restaurant shall be assigned to a particular Costa Vida marketing area based on television market designations which are determined by the latest TV viewing and other media usage patterns for a particular area Nielsen Media Research, a leading national media company, studies each county, determines which TV stations are predominately watched by the people living there, and assigns each county to the DMA from which the most watched TV stations originate Costa Vida Restaurants in each DMA may be assigned to a specific DMA Marketing Cooperative

"Entity" – A corporation, general partnership, joint venture, limited partnership, limited liability partnership, limited liability company, trust, estate or other business entity

"Entity Owner" or "Principal Owner" or "Owner" – With respect to an Entity, any shareholder owning directly or beneficially 10% or more of any class of securities of the Entity, any general partner or co-venturer in the Entity, any partner in a limited liability partnership or member in a limited liability company owning directly or beneficially 10% or more of the ownership interests in the limited liability partnership or limited liability company, the trustees or administrators of any trust or estate, and any beneficiary of a trust or estate owning, directly or beneficially, 10% or more of the interests in the trust or estate If any Entity Owner within the scope of this definition is itself an Entity (including an Entity Owner that is an Entity Owner because of this sentence), the terms "Entity Owner" and "Principal Owner" also include Entity Owners and Principal Owners (as defined in the preceding sentence) in the Entity It is the intent of this definition to "trace back" and include within the definition of Entity Owner and Principal Owner all natural persons owning the requisite interests to qualify as Entity Owners or Principal Owners

"Gross Revenues" – The aggregate amount of all sales of food, beverages, and other products and merchandise sold and rendered at the Premises or otherwise rendered in connection with your Restaurant or your use of the Marks, including monies derived from sales at or away from your Restaurants, whether for cash or credit, but excluding (1) all federal, state, or municipal sales or service taxes collected from customers and paid to the appropriate taxing authorities, and (2) all customer refunds and adjustments and promotional discounts made by your Restaurant

"Immediate Family" – Spouse, parents, brothers, sisters, and children, whether natural or adopted

"Ingredients" – Spices and other ingredients from which the distinctive food products are made for Costa Vida Restaurants

"Intellectual Property" – The Copyrights, Marks, and Patents

"Internet" – All communications between computers and between computers and television, telephone, facsimile and similar communications devices, including the World Wide Web, proprietary online services, email, news groups, RSS feeds, and electronic bulletin boards

"Licensed Ingredients" – Those ingredients we periodically authorize to be produced by Approved Suppliers

"LMF" – The Local Marketing Fund

"MAC" – The Marketing Advisory Council

"MAF" – The Marketing Administration Fee

"Marks" –The trademarks, trade names, service marks, logos and other commercial symbols which we authorize franchisees to use to identify Costa Vida Products and/or services offered by Costa Vida Restaurants, including the trademarks and service marks COSTA VIDA™ and COSTA VIDA FRESH MEXICAN GRILL™ and the Trade Dress (defined below) and the goodwill associated therewith, provided that we have the right to modify and/or discontinue the use of these trademarks, trade names, service marks, logos and other commercial symbols and the Trade Dress, and establish, in the future, additional or substitute trademarks, trade names, service marks, logos, commercial symbols or Trade Dress

"MSA" – A metropolitan statistical area, as determined by the U S Census Bureau

"NMF" – Our National Marketing Fund

"Operating Partner" – The individual you so designate in Exhibit C to the Franchise Agreement and any replacement thereof approved by us

"Operations Manual" – All information for the development, establishment and operation of a Costa Vida Restaurant which contains any mandatory or suggested standards, specifications or operating procedures, whether such information is communicated in writing, electronically (such as in bulletins, updates, guidelines, newsletters, emails, videotapes, audio tapes, compact discs, computer diskettes, CD-ROMs, presentations, limited access intranet sites, portable storage media, and alternative or supplemental means of communicating information by other media), all as supplemented and amended periodically, including information with respect to training, management, quality assurance, health, safety, recruitment, security, site selection, site approval processes, standards, customer services, owner's manuals, training manuals, approved suppliers, and operating system manuals

"Owner" – Each person or entity that has a direct or indirect legal or beneficial ownership interest in you, if you are a business corporation, partnership, limited liability company, or other legal entity

"Patents" – The current and future patents and patent applications, if any, that cover business methods, processes, products, structures, equipment, and designs that we license for use in connection with the operation of Costa Vida Restaurants

"Personnel" – All persons employed by you in connection with the development, management, or operation of your Restaurant, including persons in general and district management positions for your Costa Vida Restaurants, general managers, prep cooks, assistant managers, team trainers, shift supervisors, hourly associates, and all other persons who work in or for your Restaurant

'Personal Profile" – The personal, financial, business, and other information relating to you and your Owners in our personal profile form(s) which you and your Owners have completed and submitted to us before or together with the ADA Application

"POS" – Point-of-Sales System

"Reporting Period' – A one week period from 12 00 a m , MST on Monday to 11 59 p m , MST on Sunday

"Restricted Person" – You, each of your Entity Owners, if you are an Entity, and the spouses, natural and adopted children, and siblings of any of you and your Entity Owners

"System," "System Standards" or "Costa Vida System" – The business formats, signs, equipment, methods, procedures, designs, layouts, specifications, and arrangements for developing and operating Costa Vida Restaurants, which include the Marks, Trade Dress, building design and layouts, equipment, ingredients, recipes, methods of preparation and specifications for authorized food products, training, methods of inventory control and certain operating and business standards and policies, all of which we may improve, further develop or otherwise modify periodically

"Trade Dress" means the designs, color schemes, decor and images which we authorize and require our franchisees to use in the development and operation of Costa Vida Restaurants, which we or our Affiliates have the right to revise and further develop at any time

"Transfer of the Development Rights" – or similar words – The voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of this Agreement, of any interest in or right under this Agreement, or any form of ownership interest in Area Developer, revenues or income of your Restaurant including (1) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, membership of, or a partnership interest in, Area Developer or of any interest convertible to or exchangeable for capital stock of, membership of or a partnership interest in, Area Developer, (2) any merger or consolidation Area Developer, whether or not Area Developer is the surviving entity, (3) any transfer in, or as a result of, a divorce, insolvency, corporate, limited liability company or partnership dissolution proceeding or otherwise by operation of law, (4) any transfer upon death of Area Developer or the death of any Principal Owners of Area Developer by will, declaration of or transfer in trust or under the laws of interstate succession

"Transfer the Franchise" – or similar words – The voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of this Agreement, of any interest in or right under this Agreement, or any form of ownership interest in you or the assets, revenues or income of your Restaurant including (1) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, membership of, or a partnership interest in, you or of any interest convertible to or exchangeable for capital stock of, membership of or a partnership interest in, Franchisee, (2) any merger or consolidation between you and another entity, whether or not you are the surviving entity, (3) any transfer in, or as a result of, a divorce, insolvency, corporate, limited liability company or partnership dissolution proceeding or otherwise by operation of law, (4) any transfer upon your death or the death of any of your Principal Owners by will, declaration of or transfer in trust or under the laws of interstate succession, or (5) any foreclosure upon your Restaurant or the transfer, surrender or loss by you of possession, control or management of your Restaurant

"Your Restaurant" – The Costa Vida Restaurant operated by you under a Franchise Agreement

EXHIBIT I

RECEIPTS

RECEIPT

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

If Costa Vida Management, LLC offers you a franchise, Costa Vida must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to Costa Vida or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law

> New York and Rhode Island law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship
>
> Michigan and Washington require that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

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

The name, principal business address and telephone number of the franchise seller offering the franchise is
Sean Collins, ~~Jason Stowe~~Terry Jennings, and Scott Jenkins, 2989 West Maple Loop Drive, Suite 100, Lehi, Utah 84043
(801) 797-2374

Issuance Date March ~~8~~27, ~~2013~~2014
~~Amended April 26, 2013~~

Costa Vida authorizes the agent listed in Exhibit A to receive service of process for Costa Vida in your state

I received a Disclosure Document dated ______March ~~8~~27, ~~2012~~2014 that included the following Exhibits

Exhibit A	Schedule of State Administrators and Agents For Service of Process		
Exhibit B	List of Franchisees and Former Franchisee		
Exhibit C	Costa Vida Franchise Agreement, including the following Exhibits		
		Exhibit A	Acknowledgement Addendum
		Exhibit B	Ownership Addendum
		Exhibit C	Guaranty
		Exhibit D	Lease Addendum
		Exhibit E	Confirmation of Term Commencement Date
		Exhibit F	Investor personal Covenants Regarding Confidentiality & Non-Competition
		Exhibit G	Authorization Agreement For Prearranged Payments
		Exhibit H	Site Selection Addendum
		Exhibit I	Assignment of Telephone Number(s)
		Exhibit J	SBA Addendum
		Exhibit K	State Specific Addenda
Exhibit D	Costa Vida Area Development Agreement, including the following Exhibits		
		Exhibit A	Development Area and Schedule
		Exhibit A-1	Development Area Map
		Exhibit B	Area Developer and Its Owners Ownership Addendum
		Exhibit C	Guaranty

	Exhibit D	Investor Personal Covenants Regarding Confidentiality and Non-Competition
	Exhibit E	State Specific Addenda
Exhibit E	Costa Vida Operations Manual Table of Contents	
Exhibit F	Audited Financial Statements for the fiscal years ended December 31, ~~2010~~2011, December 31, ~~2011~~2012 and December 31, ~~2012~~2013	
Exhibit G	State Specific Addenda	
Exhibit H	Definitions	
Exhibit I	Receipts	

There are three available options for you to acknowledge receipt of this Disclosure Document It is necessary for you to select one of the options, by signing and dating this receipt and checking the appropriate box, and then follow the instructions required by the option you select

	Option 1 Please print, sign, and return to us via first class mail a paper copy of this receipt, at the address on the state cover page of the Disclosure Document
	Option 2 Please print, sign, and transmit to us this receipt via facsimile at the fax number listed on the state cover page of the Disclosure Document
	Option 3 Please print, sign, scan and email to us this receipt to the email address listed on the state cover page of the Disclosure Document

Date ______________________ Date ______________________

______________________ ______________________

Signature of Prospective Franchisee Signature of Prospective Franchisee

Print Name ______________________ Print Name ______________________

[OUR COPY]

RECEIPT

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> New York and Rhode Island law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship
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(801) 797-2374

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		Exhibit A	Development Area and Schedule
		Exhibit A-1	Development Area Map

	Exhibit B	Area Developer and Its Owners Ownership Addendum
	Exhibit C	Guaranty
	Exhibit D	Investor Personal Covenants Regarding Confidentiality and Non-Competition
	Exhibit E	State Specific Addenda
Exhibit E	Costa Vida Operations Manual Table of Contents	
Exhibit F	Audited Financial Statements for the fiscal years ended December 31, ~~2010~~2011, December 31, ~~2011~~2012 and December 31, ~~2012~~2013	
Exhibit G	State Specific Addenda	
Exhibit H	Definitions	
Exhibit I	Receipts	

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