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Department of
Business Oversight

FRANCHISE DISCLOSURE DOCUMENT

Eliodoro Casa Mexico, Inc , a California corporation
4076 East Ave
Livermore, California 94550
Telephone (925) 371-0690
Email Lopezlopezgille@yahoo com
Website www casamexicorestaurant com

The franchisee will operate a restaurant under the name Eliodoro Casa Mexico featuring a variety of food and drinks from Mexico, and particularly the Baja region of Old Mexico, including enchiladas, tacos, fajitas, burritos, margaritas, and other specialty drinks The total initial investment necessary to begin operations ranges from $826,000 to $1,752,000 This includes $30,000 that must be paid to the franchisor or an affiliate

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**

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact Guillermo Lopez at 4076 East Ave, Livermore, California 94550, telephone (925) 371-0690

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

Buying a franchise is a complex investment The information in this disclosure document can help you make up your mind More information on franchising such as "*A Consumer's Guide to Buying a Franchise,*" which can help you understand how to use this disclosure document, is available from the Federal Trade Commission You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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

Issuance Date July 10, 2017

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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 franchise administrator 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

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION IN THE STATE IN WHICH OUR HEADQUARTERS IS LOCATED, CURRENTLY, CALIFORNIA OUT OF STATE MEDIATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO MEDIATE OR ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective Date See the next page for state effective dates

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

California Pending

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Exhibits

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC ADDENDA TO THE FRANCHISE AGREEMENT THE ADDITIONAL DISCLOSURES TO THE FRANCHISE DISCLOSURE DOCUMENT APPEAR IN THE STATE ADDENDA AT EXHIBIT E THE STATE SPECIFIC ADDENDA TO THE FRANCHISE AGREEMENT, IF ANY, APPEAR IN EXHIBIT D

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, "Eliodoro Casa Mexico," "we" or "us" mean the franchisor – Eliodoro Casa Mexico, Inc , a California corporation "You" means the person who buys the franchise If the franchisee is a corporation, partnership, limited liability company or other entity, "you" may also refer to its owners Eliodoro Casa Mexico was formed on September 30, 2016 Our principal business address is 4076 East Ave, Livermore, California 94550, telephone (925) 371-0690

We do not have any predecessors or parents or affiliates that offer franchises or provide products or services to our franchisees

Our agents for service of process are disclosed in Exhibit B

We do not operate restaurants ourselves, but we may do so in the future Our affiliate, Casa Mexico, Inc , a California corporation, has operated a restaurant under the name Casa Mexico in Livermore, California since 1998

We are in the business of franchising the right to operate restaurants under the name "Eliodoro Casa Mexico" featuring a variety of food and drinks from Mexico, and particularly the Baja region of Old Mexico, including enchiladas, tacos, fajitas, burritos, margaritas, and other specialty drinks, in a home style, authentic Mexican American setting

We may permit you to conduct catering activities We reserve the right to develop a catering and delivery program If we do so, we may require you to participate We may occasionally consider agreements under different terms for non-traditional locations

The general market for the goods and services offered by your Eliodoro Casa Mexico restaurant is the general public and is well developed and competitive Your competitors include other Mexican casual dining restaurants and other restaurants serving a wide variety of other foods

In addition to laws and regulations that apply to businesses generally, you may be subject to regulations relating to the operation of an eating and drinking establishment in your state, city or county, including those governing construction, site location, the sale of food and alcoholic beverages and menu-labeling, as well as public health and safety codes and ordinances These include regulations concerning smoking, sanitation, discrimination, employment and sexual harassment laws as well as the Americans with Disabilities Act, which requires readily accessible accommodations for disabled individuals and may affect your operations It is your responsibility to comply with these laws and to obtain approval for an on-premises liquor license for your Eliodoro Casa

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Mexico restaurant before you open for business You may experience delays in obtaining this license Therefore, you should apply for the license as soon as you are approved as a franchisee You should consult with your own independent advisors and the government agencies in your state for information on how these laws apply to you Among the laws and regulations that apply to businesses generally, you must comply with the Patient Protection and Affordable Care Act, 42 USC 18001

We began offering franchises as of the date this Disclosure Document was issued Neither we nor our affiliates offer franchises in other lines of business

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer, Chief Financial Officer and Director Guillermo Lopez

Mr Lopez founded and has served as our Chief Executive Officer, Chief Financial Officer and Director since our initial organization in September 2016 He founded and has served as President of Casa Mexico, Inc since 2004

Secretary and Director Angelica Lopez

Ms Lopez has served as our Secretary and as a Director since our initial organization in September 2016 Before that, from 2004 to the present, Ms Lopez has been Secretary of Casa Mexico, Inc

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item

ITEM 5

INITIAL FEES

Except as described below, all franchisees pay a $35,000 initial franchise fee in a lump sum when they sign the Franchise Agreement for their Eliodoro Casa Mexico franchise

Franchisees that are subsequently granted the right to develop additional locations after their first location is already open pay a reduced initial franchise fee equal to two-thirds of the then-current initial franchise fee

The initial franchise fee is not refundable

ITEM 6

OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty Fee	5% of gross revenues	Weekly every Wednesday	See Note 1
System Marketing Fund Fee	Up to 2% of gross revenues, currently 1%	Weekly every Wednesday	See Note 2
Real Estate Fee	Our cost up to $10,000	Upon demand	See Note 3
Initial Training Fee	$200 per day per additional trainee	Upon demand	See Note 4
Additional Training Fee	Our then-current fee, currently $350 per trainer per day plus travel expenses	Upon demand	See Note 5
Technology Fee	Up to $300 per month, currently $50 per month	Monthly on the 1st of each month	See Note 6
Transfer Fee	75% of then-current initial franchise fee if buyer is a new franchisee, 50% of then-current initial franchise fee if buyer is an existing franchisee, $1,500 if transfer is between current owners or to new minority shareholder	Upon franchisee's application to transfer	See Note 7
Audit Fee	Cost of the audit	Upon demand	See Note 8
Successor Agreement Fee	$5,000	90 days before the beginning of renewal term	See Note 9
Mystery Shopper Fee	Up to $150 per month	Upon demand	See Note 10
Quality Assurance Audit Fee	Cost of audit	Upon demand	See Note 11

Name of Fee	Amount	Due Date	Remarks
Alternative Supplier Evaluation Fee	Evaluation costs plus travel expenses	Upon demand	See Note 10
Relocation Fee	25% of the then-current initial franchise fee plus travel expenses	Upon demand	See Note 12
Advisory Council Program Fee	Dues assessed	Upon demand	See Note 14
Grand Opening Advertising Expenditure	$5,000 minimum	Upon demand	See Note 15
Insufficient Funds Fee	$100 per occurrence	Upon demand	See Note 16
Late Fee	2% per month	When payment or report is overdue	See Note 17
Reimbursement	Our cost	Upon demand	See Note 18
Indemnification	Payment of our losses and costs	Upon demand	See Note 19
Cost of Appraisal	50% of cost	Upon demand	See Note 20
Costs and Attorney's Fees	Attorney's fees and costs	Upon determination of prevailing party	See Note 21

All fees are imposed by and are payable to us, unless otherwise noted We may vary the frequency and method of payment We may require you to pay fees via electronic withdrawal from your bank account All fees are uniformly imposed and are non-refundable, unless otherwise noted If you are located in a state in which we do not have an office or other physical presence, and the state or local taxing authority imposes a tax on any payment you are required to make to us (either by requiring you to withhold the amount of the tax or by requiring us to pay it), you must pay us the difference between the payment as originally calculated and the payment we receive from you after deducting the tax if we do not receive a refund or credit

Notes

1 Gross revenues means all revenues you receive from the operation of the franchised business (including any payments under your business interruption insurance coverage) deducting only amounts paid to any governmental tax authority and any customer refunds made in accordance with our policy The royalty fee must be paid by electronic funds transfer (EFT) and be accompanied by a detailed summary of your overall business activity on a form we designate

2 We have established a system marketing fund to which you will be required to contribute a percentage of your gross revenues

3 If we engage a real estate tenant representative firm to provide site selection services, you must pay the cost of using the firm's services, which we estimate may be up to $10,000 This cost may increase in the future We may collect this payment on behalf of the third party provider

4 We do not charge a separate fee for providing initial training to the first 3 persons who attend at the same time We may charge a fee to provide initial training to additional or replacement personnel or to persons who attend at different times

5 We may charge a fee for additional training we may require you and your personnel to attend in the future If you request additional training and we agree to provide it, we will also charge this fee

6 This fee may be used to cover the costs of your point-of-sale system and items such as licensing or help desk fees for point-of-sale and other software, fees for a franchise portal, and fees for exposure on our website We may collect all or a portion of this fee for a third party vendor

7 You must pay this fee when you submit an application to transfer We retain our expenses if we do not consent to the transfer If you are an individual and you are transferring to a wholly-owned entity, you do not pay a transfer fee, but you must reimburse us for our out-of-pocket expenses in documenting the transfer There are other conditions to your ability to transfer See Item 17

8 If during an audit we determine that you have underpaid or underreported fees due to us by 2% or more for the period audited, then you must pay the cost of the audit

9 You must pay this fee at least 90 days before the beginning of the renewal term of your Franchise Agreement If we do not consent to the renewal of your franchise because you do not comply with all of the conditions to renewal, we will retain this fee You must be in good standing to renew There are other conditions to renewal See Item 17

10 If we establish a mystery shop program, you must pay the cost of such a program, which we estimate will be up to $150 per month This cost may increase in the future We may collect this payment on behalf of the third party provider

11 If we contract with a supplier to conduct quality assurance audits, you may have to pay the cost of the audit by paying the supplier directly or reimbursing us for the cost

12 If you request our approval for an alternative supplier for any products or services you use in your Eliodoro Casa Mexico restaurant, you must reimburse us for the costs plus travel expenses for us to evaluate and approve an alternative supplier

13 If you request our approval for you to relocate your business and we agree, you must pay this fee to us and reimburse us any travel expenses for our assistance in evaluating the new site, reviewing your building plans and other services

14 If we form a franchisee advisory council, we may require you to participate If we do so, you must pay any dues assessed

15 We reserve the right to collect this amount from you to implement grand opening advertising on your behalf

16 We will collect monies from you via electronic funds transfer In the event of insufficient funds within your account (or, if we change your method of payment, a returned check) you must pay a fee of $100 per occurrence

17 If you do not pay any amount when due, you must pay a late charge of 2% per month, or the maximum rate permitted by law, if less

18 If you fail to obtain insurance as required by the Franchise Agreement, we may obtain insurance on your behalf and you must reimburse us for the cost of obtaining such insurance If you default on your lease and we choose to make expenditures to cure your default, you must reimburse us

19 You must hold harmless, indemnify and defend us and our affiliates, partners, officers, directors, owners, agents and representatives and pay for any claims and losses to us resulting from your actions or failure to act

20 If we exercise our right to purchase the assets of your business upon termination or expiration of the Franchise Agreement, and you and we do not agree on the fair market value of the assets, we will jointly select an appraiser and each pay 50% of the cost of the appraisal of the assets

21 If there is a dispute between us, the prevailing party will be entitled to attorney's fees and costs If we obtain injunctive relief against you because you breach the Franchise Agreement's provisions concerning use of our trademarks, trade secrets or confidential information or if you do not comply with your obligations under the Franchise Agreement upon termination or expiration, you must also reimburse us for our attorney's fees and costs

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
INITIAL FRANCHISE FEE (Note 1)	$35,000	Lump Sum	At signing of Franchise Agreement	Us
LEASEHOLD IMPROVEMENTS (Note 2)	$100,000 - $650,000	As incurred	As incurred	Landowner

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TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
KITCHEN EQUIPMENT AND OVENS	$250,000 - $350,000	As incurred	As incurred	Lessor, Utility Companies
SIGNAGE	$15,000 - $20,000	As incurred	As incurred	Suppliers and Us
POS AND COMPUTER HARDWARE AND SOFTWARE	$18,000 - $25,000	As incurred, before opening	As incurred	Suppliers
FURNITURE & BACK OFFICE EQUIPMENT	$200,000 - $300,000	As incurred, before opening	As incurred	Suppliers
SMALLWARES	$25,000 - $35,000	As incurred	As incurred	Suppliers
OPENING INVENTORY AND SUPPLIES (Note 3)	$50,000 - $80,000	Lump sum	As incurred	Suppliers
INITIAL TRAINING EXPENSE (Note 4)	$5,000 - $15,000	As incurred	During training	Airlines, hotels, restaurants and other vendors
LIQUOR AND OTHER LICENSES	$50,000 - $70,000	As incurred	Upon application	Regulatory Agencies
LEASE, UTILITY AND SECURITY DEPOSITS	$10,000 - $30,000	As incurred	As incurred	Landlord, Utilities
PROFESSIONAL FEES (Note 5)	$10,000 - $20,000	As incurred	As incurred	Attorney, Advisors
DESIGN AND ARCHITECTURAL FEES	$10,000 - $25,000	As incurred	As incurred	Architects
INSURANCE	$8,000 - $12,000	As incurred	As incurred	Insurance Company

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
GRAND OPENING ADVERTISING (Note 6)	$10,000 - $25,000	As incurred	As incurred	Media and other vendors
ADDITIONAL FUNDS - 3 Months (Note 7)	$30,000 - $60,000	As incurred	As incurred	Employees and suppliers
TOTAL (Note 8)	$826,000 - $1,752,000			

All figures in Item 7 are estimates only Actual costs will vary for each franchisee depending on a number of factors The amounts payable to us are nonrefundable unless otherwise noted The refundability of other amounts depends upon your agreement with the applicable supplier or other party

Notes

1 If you open additional locations, you pay a reduced initial franchise fee of two-thirds of the then-current initial franchise fee when you sign the Franchise Agreement for each additional location

2 The estimates in this chart are based on a restaurant with approximately 3,500 to 5,000 square feet It includes amounts needed for construction, remodeling, decorating costs and any other leasehold improvements

3 This estimate is also based on a restaurant with approximately 3,500 to 5,000 square feet The amount of initial inventory you purchase will depend on the size and type of geographic location of your Eliodoro Casa Mexico restaurant and the demographics of the population in the area

4 This amount includes our estimate of the cost for you to travel to initial training This amount varies depending on how far you are from our training location in Livermore, California and on the number of people attending training

5 This figure includes our estimate of the cost for you to consult with independent legal and other professional advisors

6 This figure estimates the amounts that you spend on marketing and promotions upon opening your business As of the date this Disclosure Document was issued, you must spend at least $5,000 on grand opening advertising

7 This estimates your start-up expenses These expenses include payroll costs, but do not include any salary for you or your owners We base our estimate of these expenses on research of current standards and adaptations of our affiliate, Eliodoro Casa Mexico, Inc 's, experience You may have additional expenses in starting the business

8 These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business Your actual costs will depend on factors such as how closely you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions, the local market, the prevailing wage rate, competition, and your customers You should review these figures carefully with a business advisor before making any decision to purchase the franchise

We do not offer direct or indirect financing to franchisees for any items

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Products and Services

All of the ingredients, products, goods, services, supplies, furniture, fixtures, equipment, inventory, and computer hardware and software you purchase or lease for use in the establishment or operation of your Eliodoro Casa Mexico restaurant must meet the specifications, requirements, and standards described in our Brand Standards Manual We reserve the right to sell branded or proprietary products, such as ingredients, prepared foods, retail merchandise and other items, to franchisees and to receive revenue from these sales

You must purchase all products, equipment, supplies and services required or used in the operation of your Eliodoro Casa Mexico restaurant only from (a) manufacturers, suppliers or distributors from time to time designated in writing by us, (b) such other suppliers selected by you and approved by us in the manner and subject to the conditions described in the next paragraph, or (c) from us or our affiliate, if available

We may issue specifications and standards for products and equipment to franchisees or to approved suppliers Our criteria for supplier approval are available to franchisees in the Brand Standards Manual

Alternative Suppliers

In order to obtain our consent to an alternative supplier, you must meet the following conditions We are not required to consent to suppliers you propose even if they meet these conditions

(1) You must send a written request to us,

(2) You must reimburse us for our evaluation costs plus travel expenses in evaluating the proposed supplier, which may include research, due diligence or testing,

(3) The supplier must demonstrate that it can supply an item or service meeting our specifications This may mean providing us with samples and allowing our representatives to inspect its facility,

(4) The supplier must demonstrate its financial soundness, its reputation in the business community and the reliability of its product or service,

(5) The supplier or provider must maintain the insurance coverage we require and name both you and us as additional insureds with the right to notice before modification or cancellation of coverage, and

(6) If the item will bear our trademark, we may require the supplier to sign a license agreement which may include a royalty payment to us

We generally will notify you whether or not we consent to a supplier within 90 days We may notify you that the consent to a supplier is revoked at any time If we revoke consent to a supplier, you must immediately stop using that supplier

We and our affiliate are not currently the only approved suppliers for any of the products or services described in this Item, but we may be in the future

Officer-Owned Suppliers

Our officer does not own an interest in any supplier as of the date this Disclosure Document was issued except for the franchisor and its affiliate

Computer System

You must use the computer system we specify As of the date this Disclosure Document was issued, we require that you purchase the computer equipment we specify from Softec Systems We charge a monthly technology fee that is $50 as of the date this Disclosure Document was issued but that may increase up to $300 per month, to provide software that we may require, technological services, such as a help desk, and an Intranet and website support You must obtain these services from us or our designated supplier

Accounting

We do not require you to hire an accountant or bookkeeper, but you must use our mandated chart of accounts, income statement and balance sheet format in preparing financial statements If you are not tracking information and generating financial statements in a manner consistent with our requirements for financial reporting and analysis, we may require you to use a third party accounting firm that we designate for accounting services to you You must submit financial statements and reports we require in the format we designate

Architect and Contractor

You must use one of our designated architects to work with you to develop floor plans and construction drawings for your Eliodoro Casa Mexico restaurant You must also use contractors who meet our standards and qualifications for contractors, including that the contractors be commercially licensed and insured and have experience in building restaurants We recommend that you obtain three construction bids for your location We may identify contractors that meet our standards and specifications, but you will not be required to use the contractors we identify, and you will retain the final decision in hiring a contractor We also reserve the right to review the construction process and require you to submit to us the construction bids you receive

Location and Lease

You must obtain our approval of the lease or contract for the location from which you will operate your Eliodoro Casa Mexico restaurant You are responsible for all costs to negotiate and sign the lease or contract We may require you to include certain terms in your lease including a conditional lease assignment to us or our nominee if your Franchise Agreement expires or is terminated We may require that the lease contain the following terms

(1) your right to assign the lease to us or our nominee without the landlord's consent or a rent increase or penalty,

(2) the landlord's acknowledgement that you may not transfer or sublet without our consent,

(3) the landlord's consent to our signage,

(4) the landlord's agreement to notify us if you default and to grant us the option (exercised at our discretion) to cure such default,

(5) that no change may be made to the lease without our consent,

(6) if the Franchise Agreement terminates or expires, the landlord's agreement that the lease will transfer to us or our nominee immediately at our option upon notice by us without rent increase or penalty,

(7) that the landlord may rely on our notice,

(8) that our notice operates as an assignment of your lease to us, but does not include liability for your prior acts or omissions,

(9) that the landlord must provide to us, upon our request, all reports, information and data about the property,

(10) that we may enter the premises and make alterations after the expiration or termination of the Franchise Agreement, and

(11) that we are a third party beneficiary of the lease

Insurance

You must obtain the insurance coverage required by the Franchise Agreement and as we may periodically notify you from a carrier with a Best's rating of at least A The required coverage currently includes public liability insurance, personal injury insurance, automobile insurance covering your vehicles, property damage insurance, worker's compensation insurance, including employer's liability, with limits as required by law, business interruption coverage and any other specialty coverage we require, in the minimum amounts of $1,000,000 per occurrence and $3,000,000 in the aggregate, and including such other limits and coverage as we may periodically require The required coverage is subject to change We must be listed as additional insured on all of the above policies, and you must provide us with evidence of coverage

Marketing

You must obtain our consent to all marketing, advertising and publicity materials you use to promote your Eliodoro Casa Mexico restaurant before you use them You must provide any proposed materials to us at least 10 days before the deadline for submitting them for publication You must conduct grand opening advertising for your Eliodoro Casa Mexico restaurant for which you must spend a minimum of $5,000 You must also obtain our prior consent to the activities you propose to conduct as part of your grand opening advertising

Rebates

As of the date this Disclosure Document was issued, neither we nor our affiliate receive revenues on account of purchase or leases by franchisees, nor do we receive rebates or other benefits from your purchases or leases from suppliers We do reserve the right to do so

Other Information

We negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees As of the date this Disclosure Document was issued, we have negotiated purchase arrangements with US Foods for the purchase of products for the benefit of franchisees

We do not provide material benefits to franchisees based on use of designated or approved suppliers as of the date this Disclosure Document was issued, but we may do so in the future

We do not have any purchasing or distribution cooperatives as of the date this Disclosure Document was issued

We estimate that the required purchases and leases described in this Item will constitute approximately 60% or more of all purchases and leases you will incur to establish your Eliodoro Casa Mexico restaurant and approximately 40% of all purchases and leases you will incur to operate your Eliodoro Casa Mexico restaurant

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Agreement	Disclosure Document Item
a	Site selection and acquisition/lease	Section 1D of Franchise Agreement	Items 8 and 11
b	Pre-opening purchases/leases	Section 3B of Franchise Agreement	Items 5, 7 and 8
c	Site development and other pre-opening requirements	Section 1D of Franchise Agreement	Items 7, 8 and 11
d	Initial and ongoing training	Section 2A of Franchise Agreement	Item 11
e	Opening	Section 1D(8) of Franchise Agreement	Item 11
f	Fees	Sections 1D(7), 1D(9), 1E(2)(c), 2A, 3B(2)(a), 3E, 4, 6, 8B, 8C, 13D, 14B(3)(g), 15 and 16J of Franchise Agreement	Items 5 and 6
g	Compliance with standards and policies/Operating Manual	Section 2C of Franchise Agreement	Item 11
h	Trademarks and proprietary information	Sections 5 and 10 of Franchise Agreement	Items 13 and 14
i	Restrictions on products/services offered	Section 3 of Franchise Agreement	Item 16
j	Warranty and customer service requirements	Section 3 of Franchise Agreement	Item 11
k	Territorial development and sales quotas	Section 1B of Franchise Agreement	Item 12

	Obligation	Section in Agreement	Disclosure Document Item
l	Ongoing product/service purchases	Section 3B of Franchise Agreement	Item 8
m	Maintenance, appearance and remodeling requirements	Section 3C of Franchise Agreement	Items 8 and 11
n	Insurance	Section 4 of Franchise Agreement	Item 8
o	Advertising	Section 9 of Franchise Agreement	Items 6 and 11
p	Indemnification	Section 15 of Franchise Agreement	Item 6
q	Owner's participation/ management/staffing	Section 3E of Franchise Agreement	Item 15
r	Records and reports	Section 7 of Franchise Agreement	Item 6
s	Inspections and audits	Section 8 of Franchise Agreement	Item 6
t	Transfer	Section 14 of Franchise Agreement	Item 17
u	Renewal	Section 1E of Franchise Agreement	Item 17
v	Post-termination obligations	Section 13 of Franchise Agreement	Item 17
w	Non-competition covenants	Section 11 of Franchise Agreement	Item 17
x	Dispute resolution	Sections 16F, 16J and 16P of Franchise Agreement	Item 17
y	Other Spousal Consent of spouse (Note 1), Owner Guaranty and Confidentiality and Non-Competition Agreements (Note 2)	Exhibits b and D to Franchise Agreement	Item 22

Notes

(1) The spouse of an individual franchisee (and the spouse of each owner of a franchisee that is an entity) must sign a spousal consent (Exhibit B of Franchise Agreement)

(2) Each individual who owns an interest in a franchisee that is a business entity (and that individual's spouse) may be required to sign an agreement to maintain confidentiality and not to compete and an agreement guaranteeing all obligations of the "Franchisee" under the Franchise Agreement (Exhibit D of the Franchise Agreement)

ITEM 10

FINANCING

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

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, Eliodoro Casa Mexico, Inc is not required to provide you with any assistance

Before you begin to operate your Eliodoro Casa Mexico restaurant, we

(1) Will provide you with assistance in selecting a location for your Eliodoro Casa Mexico restaurant We may select one or more real estate tenant representative firms that can assist you in locating acceptable sites, and if we do so, you must retain the services of such firms You select the location for your business subject to our acceptance in writing You must submit your request in a format that we require You must obtain our acceptance before signing a lease or contract for the site We do not own premises or lease them to franchisees In general, the factors that we may consider include the general location and neighborhood of the business, zoning of the site, demographics, locations of any other Mexican restaurants in the general area, proximity of complementary businesses, traffic flow, parking, rent, size, layout, physical characteristics of the location and lease terms (See Franchise Agreement, Section 1D(1))

You must submit a proposed location acceptable to us within 90 days after signing the Franchise Agreement We will accept or reject your proposed location within 30 days after receiving the request and all of the information we require concerning the proposed location If we cannot agree with you on a proposed site, then you must find another site and request that we accept it You must obtain our consent to a location within 4 months after signing the Franchise Agreement

If you are constructing a facility, you must open your Eliodoro Casa Mexico restaurant within 9 months after signing the Franchise Agreement If you are leasing a facility, you must open your Eliodoro Casa Mexico restaurant within 8 months after signing the Franchise Agreement If you do not do so, your Franchise Agreement may terminate If a specific location for your Eliodoro Casa Mexico restaurant has not been identified at the time you sign the Franchise Agreement, we will identify a general geographic area in your Franchise Agreement to assist you in focusing your site selection effort Once your location has been identified, your location and territory will be inserted as an exhibit to the Franchise Agreement Your lease must contain the provisions described in Item 8

(2) Will review with you a preliminary layout for an Eliodoro Casa Mexico restaurant (See Franchise Agreement, Section 1D(4))

(3) Will designate one or more architects with whom you must work to develop floor plans and full construction drawings for your location and deliver prototype drawings for a conceptual appearance of an Eliodoro Casa Mexico restaurant (See Franchise Agreement, Section 1D(4))

(4) Will review your architect's floor plans and full construction drawings for your Eliodoro Casa Mexico restaurant, for which our consent is required (See Franchise Agreement, Section 1D(4))

(5) Will prescribe standards and qualifications for you to identify contractors (Franchise Agreement, Section 1D(5))

(6) Will evaluate your location before your opening to the public to determine if it is ready to open (See Franchise Agreement, Section 1D(8))

(7) Will prescribe the menu items for your Eliodoro Casa Mexico restaurant (See Franchise Agreement, Section 3A(1))

(8) May designate and negotiate pricing with suppliers for merchandise, equipment, inventory and supplies (See Franchise Agreement, Section 3B(1))

(9) Will assist you in placing orders for your initial inventories (See Franchise Agreement, Section 3B(1))

(10) Will provide you with the initial training program described below (See Franchise Agreement, Section 2A)

(11) Will assist you in devising your grand opening advertising promotions strategy, which we must approve (See Franchise Agreement, Section 9B)

(12) Will loan to you 1 copy of the Brands Standards Manual, which we may modify from time to time A copy of the table of contents of the Brand Standards Manual is attached as Exhibit F to this Disclosure Document The Brand Standards Manual has a total of 281 pages (See Franchise Agreement, Section 2C)

We anticipate that franchisees will typically open their restaurants approximately 8 to 9 months after signing the Franchise Agreement The factors that affect this are locating a satisfactory site, whether you construct a facility or lease a facility, obtaining a lease, construction of improvements to the site, financing, obtaining building permits, obtaining a liquor license, zoning and local ordinances, acquisition of sufficient inventory, weather conditions, shortages and any delays in installation of equipment, fixtures and signs

During the operation of your business, we

(1) May furnish advice and guidance to you on the operation of your Eliodoro Casa Mexico restaurant (See Franchise Agreement, Section 2D)

(2) Will provide yearly refresher training, which you would be required to attend (See Franchise Agreement, Section 2A(4))

(3) May organize franchisee meetings periodically, which you may be required to attend (See Franchise Agreement, Section 2A(4))

(4) Will provide additional training if you request it (and we agree) or we determine that it is necessary (See Franchise Agreement, Section 2A(4))

(5) May prepare and disseminate promotional and advertising materials for your use (See Franchise Agreement, Section 9C)

(6) Will evaluate and decide whether or not to approve any advertising materials you propose to use (See Franchise Agreement, Section 9C)

(7) May establish a mystery shop program, in which you may be required to participate (See Franchise Agreement, Section 8B)

Advertising and Marketing

We have established a system marketing fund to which you are required to contribute As of the date this Disclosure Document was issued, you must contribute 1% of your gross revenues to the system marketing fund, but we may increase this amount to up to 2% of gross revenues We may elect to disseminate advertising through television, radio and print media such as magazines, billboards, flyers or mailers and newspapers The media coverage will initially be local in scope, but may expand to be regional and later, at our discretion, national We are not required to spend any specific amount on advertising in the area in which your Eliodoro Casa Mexico restaurant is located We may use the system marketing fund to employ an outside consultant or advertising agency to assist in the development, production and dissemination of advertising materials We may also use the system marketing fund to develop promotional and advertising materials for your use We may spend the system marketing fund on administrative expenses including allocation of overhead and salaries of our personnel No expenditures will be made from the system marketing fund principally to solicit new franchise sales

We may deposit amounts contributed to the system marketing fund in our general operating account The fund is not audited, but we may prepare periodic financial reports on the system marketing fund and, if we do so, they will be available to you upon request Any amounts in the system marketing fund not spent during one year will carry over to the next year No expenditures will be made from the system marketing fund principally to solicit new franchise sales

We require franchisees to contribute to the system marketing fund at the same rate, although there may be exceptions in some circumstances, such as non-traditional locations We may also contribute to the system marketing fund

We require that you spend at least 1% of gross revenues on local advertising and promotions to which we have consented We may increase this amount in the future You must submit receipts documenting your local advertising and promotions activity upon request

We require that you spend at least $5,000 on grand opening advertising We will assist you in developing your grand opening advertising and promotions strategy, for which you must obtain our consent We reserve the right to collect all or a portion of this $5,000 from you and implement grand opening advertising and promotions on your behalf

We may require franchisees to form local marketing cooperatives when unit development in the marketing area makes such an option feasible If such a marketing cooperative is formed in your area, we may require that you contribute to the cooperative up to 50% of your revenues allocated to local advertising

You may use your own advertising materials such as point-of-purchase materials and menus, only after we have reviewed them and consented to their use You must submit such advertising materials to us at least 10 days before disseminating them

We may develop discount programs, coupon or gift card programs or other types of customer loyalty programs in the future If we do so, you must participate

We do not currently have a franchisee advisory council, but reserve the right to create one in the future

You may not establish any website, social media page, domain name or URL address without receiving our prior written permission

<u>Computer System and Software</u>

As of the date this Franchise Disclosure Document was issued, we require you to purchase the following equipment from our designated supplier, Softec Systems Softec POS with licenses for at least five users, at least five CX 7000 Odyssey 12 1 TFT Satellite MCRs, at least five Epson Thermal printers, two Epson Impact printers and at least two automatic cash drawers We estimate the cost to buy the computer system and all other hardware and software you will need to start your business is $18,000 to $25,000 You must have high-speed access to the Internet

We charge a technology fee of up to $300 per month to provide you with technological services such as a help desk, an Intranet or website support The technology fee is $50 per month as of the date this Disclosure Docuent was issued

We may change the computer system and software we require you to use at any time If we develop proprietary software, we may require you to use it If we do, you may have to enter into a software license with us or our affiliate and pay a licensing fee

Neither we nor our affiliate or any third party have any obligation to provide ongoing maintenance, repairs, upgrades or updates to any of the computer hardware or software you must use in your Eliodoro Casa Mexico restaurant We may require you to maintain, repair, upgrade or update any computer equipment you utilize in your business and there are no contractual limitations on the frequency or cost of your obligation to do so We estimate that your annual cost to do so will be approximately $300 to $400 We will have independent access to the information on your computer system, and we will be able to download it There is no contractual limit on our right to do so

Training

Following is information on the training program

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
History of Casa Mexico	1	0	Livermore, CA
Use of the Manual	1	0	Livermore, CA
Tour of Casa Mexico	1	0	Livermore, CA
Pre-Opening Procedures	1	0	Livermore, CA
Personnel Issues	1	4	Livermore, CA
Advertising	1	4	Livermore, CA
Management Procedures	1	20	Livermore, CA
Franchise Reporting Requirements	1	2	Livermore, CA
Accounting/Record Keeping	1	4	Livermore, CA
Customer Service Procedures	1	28	Livermore, CA

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Front/Back of House – Manager Duties	1	28	Livermore, CA
Back of House – Prep/Cook Procedures	1	22	Livermore, CA
Bar Area	0	16	Livermore, CA
Inventory Management	1	16	Livermore, CA
POS System	1	24	Livermore, CA
Cleaning Procedures	1	18	Livermore, CA
Safety Procedures	1	6	Livermore, CA
Totals	16	192	

Training programs are held when necessary to train new franchisees

Initial training will last for up to 3 weeks and take place at our headquarters in Livermore, California or another location we designate We will also provide on-site assistance for you and your staff for at least 5 days before the opening of your Eliodoro Casa Mexico restaurant

Before you open the franchised business, up to 3 people, including you, your general manager and your assistant manager, if you have one, must successfully complete our initial training program You will receive no compensation or reimbursement for services or expenses for participation in training We will not charge you to train up to 3 persons at the same time, but we may charge you a fee to train more than 3 persons or to conduct initial training at a later time You will be responsible for all of your and your employees' expenses to attend the training program, including any lodging, transportation and food

Our senior management personnel or our trainers will conduct initial training Instructors have a minimum of three years of experience in the field and three years with us or our affiliate

You and your manager(s) must attend and complete initial training to our satisfaction between 45 and 60 days before opening your franchised business If you fail to complete the training to our satisfaction, we may terminate your franchise In addition to the initial training, we may require you and your personnel to attend remedial training if we believe that you are not operating your Eliodoro Casa Mexico restaurant to our standards Moreover, we may require you to undergo, or you may request, onsite or additional training or operations assistance over and above our normal course of training If we require you to attend remedial training or you request additional training or assistance which we agree to provide it, you must pay a daily training rate per trainer and all of your own expenses in connection with training along with all of the trainer's travel expenses

We require you and certain of your personnel to attend refresher training for up to 5 days per year, which will take place at our headquarters in Livermore, California or another location we designate We may also require you to attend a national business meeting or convention for up to 3 days per year You will bear all direct costs, such as travel and accommodation, for you and your personnel attending these events

You are responsible for training any employees that you employ in your Eliodoro Casa Mexico restaurant

ITEM 12

TERRITORY

You receive the right to operate an Eliodoro Casa Mexico restaurant at a location in your protected area Your protected area will have a population of at least 25,000 to 35,000 people in a suburban area at the time you sign your Franchise Agreement Your area will be defined by zip codes Your continued right to operate your Eliodoro Casa Mexico restaurant in your area is not dependent on your meeting any specific sales conditions

If you have not determined where your Eliodoro Casa Mexico restaurant will be located when you sign the Franchise Agreement, the Franchise Agreement will identify the general area in which you must secure a location for your restaurant

You may not relocate your restaurant or establish additional restaurants without our prior written consent If we agree to evaluate your request to relocate, you must pay us a relocation fee of 25% of our then-current initial franchise fee and reimburse us for any travel and other expenses we incur to evaluate your request In general, the factors which we may consider in deciding whether to consent to your request are demographic changes with respect to the location of your franchised business, and the performance of your franchised business

We have not granted any options, rights of first refusal or similar rights to acquire additional franchises

You may not sell products at wholesale

As long as you are in compliance with your Franchise Agreement, we will not operate Eliodoro Casa Mexico restaurants in your protected area and we will not license third parties to do so except in non-traditional locations such as shopping centers, airports, train stations, hotels, convention centers, arenas and stadiums, casinos, college campuses, amusement or theme parks, museums or similar venues We also reserve the right to sell our proprietary products in your protected area through other channels of distribution such as supermarkets and box stores

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

You do not have the right to offer catering and delivery services, although we may permit you to do so We reserve the right to develop a catering and delivery program in the future If we do so, we may require you to participate

You may not conduct advertising outside of your protected area, but you may serve customers from outside of your protected area You do not have the right to use other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing to make sales either inside or outside of your protected area

We reserve all rights that we do not grant to you For example, we reserve all rights to sell our proprietary products in your protected area, to promote Eliodoro Casa Mexico restaurants and to sell Eliodoro Casa Mexico products and other products using other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing We do not have to pay you if we solicit or accept orders from inside your protected area

We may operate a website that uses our name and other trademarks and features our products You may not develop or operate a website relating to the franchised business or using our marks without our permission We may require you to operate a website that meets our specifications and which may be linked to our website

You may not establish an account or participate in any social networking sites (including, without limitation, Facebook, MySpace, Twitter or any other social or professional networking blog) or mention or discuss the franchise, us or any of our affiliates, without our prior written consent If we do consent, we have the right to review all on-line content on social media sites, blogs, in electronic communications and on other on-line sites on which our trademarks are used to protect the reputation and high quality associated with our trademarks We may require you to remove any questionable usage or content involving our trademarks We may also require you to cease using our trademarks at all such sites

Our affiliate owns and operates a restaurant under the name Casa Mexico in Livermore, California Other than that, as of the date this Disclosure Document was issued, neither we nor any of our affiliates operates, franchises or has plans to operate or franchise a business under a different trademark that will offer similar services to the ones you will offer as an Eliodoro Casa Mexico franchisee, but we reserve the right to do so We also reserve the right to acquire similar competing brands or to be acquired by another entity without your consent or any notice to you

ITEM 13

TRADEMARKS

We will grant you the right to conduct business operating a restaurant under the name "Eliodoro Casa Mexico," a design logo using the same words as seen on the cover page to this Franchise Disclosure Document, and related trademarks You must also use other trademarks which we develop or prescribe to identify your business and its services and products By trademark, we mean trade names, trademarks, service marks and logos used to identify your business, its services and its products

As of the date of this Disclosure Document, our owner has filed applications for registration of the following marks on the Principal Register of the U S Patent and Trademark Office ("USPTO")

Mark	Class	Application Number	Application Date
ELIODORO CASA MEXICO RESTAURANT	43	87/061,510	June 6, 2016
	43	87/365591	March 9, 2017

We do not have a federal registration for our principal trademark Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses

You will be required to follow our rules when you use these trademarks Until our federal trademark is granted, you must use the ™ symbol any time you use the name Eliodoro Casa Mexico, design logo, and any related trademarks Once our federal trademark is granted, you must use the ® symbol anytime you use our trademarked name or logo You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you You may not use our trademarks in the sale of an unauthorized product or service or in a manner not authorized in writing by us

We received the right to use these trademarks and to license their use to you under a trademark license agreement with Guillermo Lopez, dated as of May 31, 2017 Unless terminated, the agreement continues for a 50-year term, and the agreement may not be modified without both parties' consent The trademark license agreement provides that upon reasonable notice, the licensor can make site visits to Eliodoro Casa Mexico restaurants and you must provide the licensor and its representatives with access to your Eliodoro Casa Mexico restaurant If the trademark license agreement is terminated for any reason or expires, it provides that Mr Lopez will continue to honor the rights we granted to you No other agreements limit our right to use or license the use of the trademarks

There are no currently effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of this state or any court, or any pending infringement, opposition or cancellation or any pending material litigation involving the principal trademarks

You must notify us immediately when you learn about a challenge to your use of our trademarks The Franchise Agreement requires us to protect you against claims of infringement if you are using the trademarks as required by the Franchise Agreement and if you are in good standing You must assist us in protecting any of our rights, at our expense We will control any proceedings or litigation and decide whether or not to settle any action You do not have the right to settle a claim without our consent

If you learn about a third party's use of our trademarks that you believe to be unauthorized, you must notify us immediately We will decide whether or not to take action against the third party, and you must assist us, at our expense, if we decide to do so

We have the right to control any administrative proceeding or litigation involving our trademarks You do not have the right to settle a claim without our consent

If we decide to add a new trademark, or modify or discontinue the use of any trademark, you must use the new trademark or change or discontinue the use of the trademark, all at your expense You must not contest our affiliate's right to its trademarks or our right to use them

We do not know of any infringing uses that could materially affect your use of our or our affiliate's trademarks

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use any item covered by a patent

We may claim a copyright in our Brand Standards Manual, marketing materials and other promotional and operational literature we develop, although we have not filed for copyright registration You must not contest our right to our copyrights

There are no currently effective material determinations of the USPTO, the United States Copyright Office or a court regarding any copyright we own There is no material pending proceeding the USPTO or any court concerning any such copyright

You must notify us immediately when you learn about a challenge to use of our copyrighted materials We will defend you against claims of infringement if you are using the copyrighted material as required by the Franchise Agreement, if you are in good standing You must assist us in protecting any of our rights, at our expense We will control any administrative proceedings or litigation involving the copyrighted materials You do not have the right to settle a claim without our consent

If you learn about a third party's use of these copyrighted materials which you believe to be unauthorized, you must notify us immediately We will decide whether or not to take action against the third party, and you must assist us, at our expense, if we decide to do so

We do not know of any infringing uses that could materially affect your use of our copyrighted materials

You also receive the right to use certain of our trade secrets and confidential and other proprietary information, including our recipes

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We require that you or a general manager who has successfully completed initial training directly operate your Eliodoro Casa Mexico restaurant If you have not previously owned or managed a restaurant, we may require that you designate a general manager The general manager must live in the area near your Eliodoro Casa Mexico restaurant and work actively in your Eliodoro Casa Mexico restaurant Your general manager is subject to our consent If your general manager is terminated or elects to end his or her relationship with you, you must recruit a new general manager within 30 days and submit his or her qualifications to us for review and approval

We require that you, your general manager and assistant manager, if you have one, complete initial training to our satisfaction We may also require your general manager and assistant manager, if you have one, to sign a confidentiality and non-competition agreement

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require that you offer and sell only those products and services to which we have given our consent You may not sell products or services at wholesale You may not provide delivery or catering services without our approval If we do grant our approval for you to provide delivery or catering services, you may only do so within your protected area

You must also offer all menu items that we designate and you may not offer any other menu items without our consent We can add to the approved menu items you must offer, delete them or change them at any time

You must offer all goods and services that we designate unless we otherwise agree in writing There are no limits on our right to do so

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Franchise Agreement

	Provision	Section in Franchise or Other Agreement	Summary
a	Length of the franchise term	Section 1E(1)	10 years
b	Renewal or extension of the term	Section 1E(2)	If you meet certain conditions, you can enter into the then-current renewal Franchise Agreement for up to 2 additional terms of 5 years
c	Requirements for franchisee to renew or extend	Section 1E(2)	You must sign our then-current form of Franchise Agreement, you must be in full compliance under all agreements with us or our affiliates, you must pay all that you owe us plus a renewal fee of $5,000, you and your personnel must successfully complete refresher training, you and your owners must sign a general release, you must not have received 3 or more default notices in any 24 month period, we must not have decided to withdraw from your market, you must meet requirements for new franchisees, you must remodel and update your restaurant premises, you must have the right to occupy the premises for the renewal term, you must

	Provision	Section in Franchise or Other Agreement	Summary
			give us 180 days' notice of your election to renew and return documents within 30 days You may be asked to sign an agreement with materially different terms and conditions than your original Franchise Agreement
d	Termination by franchisee	Not applicable	Not applicable
e	Termination by franchisor without cause	Not applicable	Not applicable
f	Termination by franchisor with cause	Section 12	We can terminate only if you default or if the events described in g and h occur
g	"Cause" defined-curable defaults	Section 12B	You have 5 days to cure nonpayment and up to 30 days for other types of noncompliance, subject to applicable law
h	"Cause" defined-non-curable defaults	Section 12A	Noncurable defaults (subject to applicable law) bankruptcy, you admit to inability to pay debts when due, insolvency, application for receiver is made, abandonment, your material misrepresentation to us, your failure to begin operating your restaurant within the period required by the Franchise Agreement, unauthorized transfer, termination of any other agreement with us because of your breach, your unauthorized use of trademarks or confidential information, failure to complete initial training to our satisfaction, intentional failure to report to us all gross revenues you offer unauthorized goods or services, you incur insufficient funds fee on 3 or more occasions in a 12-month period, your right to operate under any license or permit is suspended, terminated or interrupted, conviction of a felony or other criminal misconduct or conduct which reflects unfavorably on us or our system, noncompliance with law within 3 days

	Provision	Section in Franchise or Other Agreement	Summary
			after notice, repeated failure to comply with franchise requirements (3 or more times during term), seizure by government official or lienholder, eviction from premises, final judgment of more than $5,000 remains unsatisfied for 30 days, undischarged levy of execution on franchise, danger to public health or safety, you become a specially designated national or blocked person under the U S anti-terrorism laws
i	Franchisee's obligations on termination/non-renewal	Section 13	Pay all amounts due to us and our affiliates, discontinue use of trademarks, trade dress and system, de-identify, return or destroy all products with our trademarks, return Brand Standards Manual and other confidential information, assist in smooth transition of business, refrain from soliciting customers, refrain from making disparaging remarks, turn over all customer information to us, assign to us telephone and facsimile numbers and e-mail addresses, and cancel fictitious business name statement (also see r below)
j	Assignment of contract by franchisor	Section 14A	No restriction on our right to assign
k	"Transfer" by franchisee – definition	Section 14B(2)	Includes transfer of Agreement, assets of Eliodoro Casa Mexico restaurant or greater than 25% ownership interest in franchisee
l	Franchisor approval of transfer by franchisee	Section 14B(1)	You must obtain our consent to all transfers
m	Conditions for franchisor approval of transfer	Section 14B(3)	You must be in good standing, your franchised business must meet our then-current standards, your lessor consents, the transferee must meet qualifications for new franchisee, the transferee must sign the then-current form of Franchise

	Provision	Section in Franchise or Other Agreement	Summary
			Agreement and guaranty, the transferee must successfully complete our training, you must pay the transfer fee, you and your owners must sign a general release, the transferee's obligations to you must be subrogated to your obligations to us, you must transfer all of your agreements with us, and the transferee must not be a specially-designated national or blocked person If you are an individual and want to transfer your franchise to an entity, you must own the entity, sign a personal service agreement with the entity, the entity must agree to the Franchise Agreement (you remain responsible as well), the franchise business must be the sole business of the entity and you must reimburse us for our expenses
n	Franchisor's right of first refusal to acquire franchisee's business	Section 14C	We or our nominee can match any offer for your business
o	Franchisor's option to purchase franchisee's business	Section 13D	We or our nominee have the option of acquiring your assets if the Franchise Agreement expires or terminates
p	Death or disability of franchisee	Section 14D	If you or your principal dies, your executor or representative may either satisfy the then-current qualifications for franchisees or transfer the franchise to a qualified buyer within 60 days
q	Non-competition covenants during the term of the franchise	Section 11A(1)	You may not be involved in any similar business
r	Non-competition covenants after the franchise is terminated or expires	Section 11A(2)	You may not operate a similar business within 10 miles of another Eliodoro Casa Mexico restaurant for two years after termination or expiration You may not solicit our employees or those of other franchisees

	Provision	Section in Franchise or Other Agreement	Summary
s	Modification of the agreement	Section 16I	No modification without a writing signed by you and us, except that we may amend the Brand Standards Manual
t	Integration/ merger clause	Section 16I	Only the terms of the Franchise Agreement are binding (subject to state law) Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable Nothing in the Franchise Agreement is intended to disclaim anything contained in this Disclosure Document
u	Dispute resolution by arbitration or mediation	Section 16J	Except for certain claims, all disputes must be mediated and if not resolved, arbitrated
v	Choice of forum	Section 16J	Location of our headquarters, currently Alameda, California
w	Choice of law	Section 16J	California law applies, except that local law governs non-competition provisions

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote our franchise as of the date this Franchise Disclosure Document was issued, but we may do so in the future

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following are tables showing annual gross sales, cost of goods sold, labor and gross margin for the Casa Mexico restaurant operated by our affiliate, Casa Mexico, Inc in Livermore, California for the fiscal years ended December 31, 2015 and December 31, 2016 This restaurant has been in operation since 1998 Its size is 3,500 square feet and it has seating for 74

"Gross Sales" means gross sales including food and beverage sales and tips, and deducting only amounts paid to any governmental sales or use tax authority and any customer refunds made in accordance with our policy The sales amounts in the tables below are actual sales

"COGS" means Cost of Goods Sold and is the total of the cost of purchasing food and beverages (alcoholic and non-alcoholic) during the applicable calendar year The COGS amounts in the tables below are actual COGS

"Gross Margin" means Gross Sales less COGS

"Net Margin" means Gross Margin less labor and additional franchise costs

The table also shows the amounts that a franchisee would pay for royalties, marketing fees, technology fees, and mystery shopper fees based on the same numbers

The characteristics of your location will likely differ from Casa Mexico, Inc 's restaurant due to the location, demographics surrounding the area and other factors specific to the restaurant

Casa Mexico, Inc 's restaurant has earned this amount Your individual results may differ There is no assurance you will earn as much

You should read the information presented together with all of the related information about the factual bases and material assumptions underlying them Upon reasonable request, we will make substantiating data available to you

Description	**2015 Amount**	**2016 Amount**	**Percentage of Gross Sales**	
			2015	**2016**
Gross Sales	$1,298,987	$1,338,802	100%	100%
Cost of Goods Sold (COGS)				
Food Beverage (non-alcoholic) Liquor	$ 262,814 $ 7,682 $ 31,493	$ 246,324 $ 8,442 $ 33,308		

4831 3780 2308 6

Description	2015 Amount	2016 Amount	Percentage of Gross Sales	
			2015	2016
Total of COGS	$ 301,989	$ 288,074	23 2%	21 5%
Gross Margin	$ 996,998	$1,050,728	76 7%	78 5%
Labor	$ 400,580	$ 450,302	37%	33 6%
Additional Franchisee Costs				
Royalty Fee[1] System Marketing Fee[2] Technology Fee[3] Mystery Shopper Fee[4]	$ 64,949 $ 12,989 $ 3,600 $ 1,800	$ 66,940 $ 13,388 $ 3,600 $ 1,800		
Total	$ 83,338	$ 85,728	6 4%	6 4%
Net Margin	$ 513,079	$ 514,698	39 5%	38 4%

Notes

(1) Royalties are calculated at 5% of gross revenues

(2) The System Marketing Fee is calculated at 1% of gross revenues

(3) The Technology Fee is calculated at $300 per month

(4) The Mystery Shopper Fee is calculated at $150 per month

The costs listed above only for goods and labor and therefore do not present a break-even analysis, a working capital analysis or a representation of profits The costs listed in Cost of Goods Sold do not include other costs you will incur or payments franchisees would have to make to us for royalty fees, advertising fund contributions, technology fees, or mystery shopper fees These are listed in the table after the calculation of Gross Margin and there may be other costs not listed

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

We strongly recommend that you construct your own pro forma cash flow statement and make your own projections concerning potential sales, operating costs, total capital investment requirements, cash injection, debt, overall potential cash flow, and other financial aspects of operating an Eliodoro Casa Mexico restaurant You should not rely solely on the information provided by us in this Item, but should conduct your own

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independent investigation of costs and sales potential You should consult independent professional financial, tax and legal advisors

You should read the information presented together with all of the related information about the factual bases and material assumptions underlying them

Other than as set forth above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Guillermo Lopez at 4076 East Ave, Livermore, California 94550 or telephone (925) 371-0690, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No 1
Systemwide Outlet Summary
For Years 2014 to 2016

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at Start of the Year	Column 4 Outlets at End of the Year	Column 5 Net Change
Franchised	2014	0	0	0
	2015	0	0	0
	2016	0	0	0
Affiliate-Owned	2014	1	1	0
	2015	1	1	0
	2016	1	1	0
Total	2014	1	1	0
	2015	1	1	0
	2016	1	1	0

Table No 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2014 to 2016

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2014	0
	2015	0
	2016	0

Table No 3
Status of Franchised Outlets
For Years 2014 to 2016

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of Year
Total	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0

Table No 4
Status of Affiliate-Owned Outlets
For Years 2014 to 2016

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Colum 7 Outlets Sold to Franchisees	Column 8 Outlets at End of Year
California	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
Total	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1

Table No 5
Projected New Franchised Outlets
As of December 31, 2016

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	3	0
Total	0	3	0

Our affiliate, Casa Mexico, Inc , a California corporation, has operated a restaurant under the name "Casa Mexico" in Livermore, California since 1998

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit C to this Franchise Disclosure Document is our opening audited balance sheet as of May 31, 2017 We have not been in operation long enough to have 3 years' worth of financial statements

ITEM 22

CONTRACTS

Attached are copies of the following agreements proposed for use in this state

Exhibit D Franchise Agreement and Addenda, if applicable

Exhibit B to the Franchise Agreement Spousal Consent

Exhibit D to the Franchise Agreement Guaranty and Assumption of Franchisee's Obligations

ITEM 23

RECEIPT

Attached to the end of this Franchise Disclosure Document, following the Exhibits, is a receipt Please sign it, date it the date you receive the Franchise Disclosure Document, and return it to us Make sure that you indicate the franchise seller(s) with whom you had substantive discussions about this franchise A duplicate of the receipt is attached for your records

Exhibit A

LIST OF STATE FRANCHISE ADMINISTRATORS

State	Title of Administrator	Telephone Number
California	Toll Free Number	(866) 275-2677
	Commissioner of Business Oversight 320 W 4th Street Suite 750 Los Angeles, California 90013-2344	(213) 576-7500
	or	
	One Sansome Street Suite 600 San Francisco, California 94104	(415) 972-8559
	or	
	1350 Front Street, Room 2034 San Diego, California 92101-3697	(619) 525-4233
	or	
	1515 K Street, Suite 200 Sacramento, California 95814-4052	(916) 445-7205
Hawaii	Commissioner of Securities 335 Merchant Street Honolulu, Hawaii 96813	(808) 586-2744
Illinois	Attorney General 500 South Second Street Springfield, Illinois 62706	(217) 782-4465
Indiana	Securities Commissioner 302 West Washington St , Rm E-111 Indianapolis, Indiana 46204	(317) 232-6681
Maryland	Office of the Attorney General, Securities Division 200 St Paul Place Baltimore, Maryland 21202-2021	(410) 576-6360

State	Title of Administrator	Telephone Number
Michigan	Attorney General 670 G Mennen Williams Building 525 West Ottawa Street Lansing, Michigan 48909	(517) 373-7117
Minnesota	Commissioner of Commerce 85 7th Place East, Suite 500 St Paul, Minnesota 55101-2198	(651) 539-1600
New York	Attorney General New York State Department of Law 120 Broadway, 23rd Floor New York, New York 10271-0332	(212) 416-8211
North Dakota	Securities Commissioner 600 East Boulevard State Capitol Fifth Floor Dept 414 Bismarck, North Dakota 58505	(701) 328-2910
Oregon	Director, Department of Insurance and Finance Labor and Industries Building Salem, Oregon 97310	(503) 378-4387
Rhode Island	Director of Business Regulation Building 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920-4407	(401) 462-9500
South Dakota	Director of South Dakota Division of Securities 124 S Euclid, Suite 104 Pierre, South Dakota 57501-3185	(605) 773-4823
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219	(804) 371-9051
Washington	Director, Department of Financial Institutions P O Box 9033 Olympia, Washington 98507-9033	(360) 902-8760

State	Title of Administrator	Telephone Number
Wisconsin	Commissioner of Securities 345 West Washington Street, 4th Floor Madison, Wisconsin 53703	(608) 266-3431

Exhibit B

LIST OF AGENTS FOR SERVICE OF PROCESS

State	Name and Address of Agent
California	Carlos Enrique Aleman 4751 Mission Street San Francisco, California 94112

If a state is not listed, Eliodoro Casa Mexico, Inc has not appointed an agent for service of process in that state in connection with the requirements of franchise laws

Received
LA Mailroom

SEP 25 2017

Department of
Business Oversight

ELIODORO CASA MEXICO™

FRANCHISE AGREEMENT

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ELIODORO CASA MEXICO™

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT is entered into as of this ___ day of __________, 2017, by and between Eliodoro Casa Mexico, Inc a California corporation ("**Franchisor**"), and ______________________, a(n) _______________ ("**Franchisee**"), with reference to the following facts

A Franchisor has the right to operate and grant to others the right to operate "Eliodoro Casa Mexico"™ restaurants featuring a variety of food and drinks from Mexico, and particularly the Baja region of Old Mexico, including enchiladas, tacos, fajitas, burritos, margaritas, and other specialty drinks, in a home style, authentic Mexican American setting in accordance with certain proprietary practices and procedures ("**Proprietary Information**") that are part of a system relating to the establishment, development, operation and management of such restaurants ("**System**"),

B Franchisor has the right to license various trademarks, trade names, service marks, designs, emblems, logos, slogans, copyrights, Trade Dress, as defined below, trade secrets, commercial symbols and other indicia, now or hereafter used or intended to be used in connection with the System, and any and all revisions, modifications and additions thereto, whether or not recorded or registered with the United States Patent and Trademark Office or any other local, state, federal or foreign agency, registrar or body ("**Marks**"), and

C Franchisor licenses the right to use the System and the Marks in the operation of Eliodoro Casa Mexico™ restaurants ("**Franchised Business**") Franchisee is an independent business owner and desires to obtain the right to open and operate a Franchised Business Franchisor is willing to grant Franchisee a franchise to operate a Franchised Business upon the terms and subject to the conditions set forth in this Agreement

NOW THEREFORE, in consideration of these premises and of the mutual covenants contained herein, the receipt and sufficiency of which is acknowledged, the parties agree as follows

1 GRANT OF RIGHTS

A NON-EXCLUSIVE LICENSE

Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee accepts, a non-exclusive license to use the Marks and the System solely in the operation of the Franchised Business at one (1) location to be determined pursuant to the terms and conditions of this Agreement within the geographic area described in **Exhibit A** attached hereto ("**Geographic Area**")

Franchisee acknowledges and agrees that it does not have any territorial or exclusive rights whatsoever with regards to the Geographic Area and that there may be other parties seeking locations to operate Franchised Businesses in the Geographic Area

B LOCATION AND PROTECTED AREA

At such time that Franchisee identifies and Franchisor approves a location for the Franchised Business within the Geographic Area pursuant to the procedures set forth in Section 1 D of this Agreement, Franchisor and Franchisee shall identify the approved location and the protected area surrounding such location (**"Protected Area"**) in **Exhibit A** Subject to Franchisee's full compliance with its obligations under this Agreement and except as set forth below, Franchisor shall not open and operate, or authorize a third party to open and operate, a Franchised Business in the Protected Area Franchisor reserves the right to operate restaurants similar to the Franchised Business in the following locations both within and outside the Protected Area shopping malls, airports, hotels, convention centers, college campuses, sports arenas and stadiums, casinos, amusement parks, museums, supermarkets and other non-traditional locations Franchisor also reserves the right to conduct all commerce over the Internet and other means of electronic commerce as may in the future be developed

C FRANCHISOR'S RESERVATION OF RIGHTS

Franchisor reserves all rights not specifically granted to Franchisee under this Agreement Franchisee acknowledges that this Agreement does not restrict Franchisor, Casa Mexico, Inc or their affiliates from conducting businesses using marks or commercial symbols different from the Marks either within or outside of the Protected Area, nor does it preclude them from using the Marks or licensing the right to others to use the Marks for purposes other than operating the Franchised Business, including, without limitation, the right to distribute products through other channels of distribution such as supermarkets, box stores and similar locations

D SITE SELECTION PROCEDURE AND SITE DEVELOPMENT

(1) Franchisee's Obligation Franchisee shall operate the Franchised Business at a site accepted by Franchisor Franchisor will provide assistance in locating a site for the Franchised Business but Franchisee is solely responsible for all cost, liability, expense, risk and obligation to locate, obtain financing for and develop the site of the Franchised Business and for constructing and equipping the Franchised Business at the site

(2) Site Proposal Franchisee shall submit to Franchisor, in the form prescribed by Franchisor, all relevant information concerning the proposed site including, without limitation, the general location and neighborhood, zoning of the site, demographic information about the surrounding area, locations of any other Mexican restaurants in the general area of the proposed site, any complementary businesses, traffic flow, parking, rent, size, layout, physical characteristics of the location, lease terms and such other information as Franchisor may require (collectively, **"Site**

Proposal") The Site Proposal must include (a) a property description, (b) a demographic profile of the site, (c) a rendering or design plan showing the preliminary proposed layout, including floor plans and prototype and construction drawings for the conceptual appearance of the Franchised Business, and (d) information about the community in which the proposed site is located Franchisee must submit the Site Proposal to Franchisor within ninety (90) days after the execution of this Agreement

(3) Franchisor's Evaluation Franchisor may act in its sole discretion in accepting or disapproving a Site Proposal No Site Proposal shall be deemed accepted unless acceptance is issued by Franchisor in writing Franchisor will accept or reject the Site Proposal within thirty (30) days after it receives Franchisee's notice and all relevant information that Franchisor requires or requests from Franchisee If Franchisor rejects a Site Proposal, Franchisee must find another site and submit a new Site Proposal Franchisee must obtain Franchisor's consent to a site for the Franchised Business within four (4) months after execution of this Agreement

(4) Design and Plans Franchisor will provide Franchisee with a preliminary layout for a typical Eliodoro Casa Mexico restaurant, which Franchisee may use to develop, at its own cost and subject to Franchisor's approval, a full set of plans and drawings for the Franchised Business Franchisee shall retain an architect designated by Franchisor to prepare floor plans for both the front and back of house areas as well as interior elevations of the Franchised Business Once Franchisee has obtained Franchisor's written consent to such floor plans, Franchisee shall have its architect prepare construction plans showing site dimensions, topographical evaluations, building type and placement on site, proposed ingress and egress and access to utilities such as electricity and water Franchisee's plans shall include any modifications required to comply with local governmental requirements and a proposed equipment list, as well as schedules showing all equipment and fixtures to be installed (collectively, "**Restaurant Plans**") Franchisee shall submit the Restaurant Plans to Franchisor for Franchisor's review and shall not proceed until Franchisor provides its written consent to the Restaurant Plans It shall be Franchisee's sole responsibility to submit the Restaurant Plans to the appropriate governmental entities for their approval and permitting, in order to comply with local law regarding the securing of any local authority and permits, licenses, or other necessary governmental approvals If any such governmental entities require modifications to the Restaurant Plans, Franchisee shall submit such modifications to Franchisor for review and consent prior to commencement of construction, refurbishing, renovating or equipping the Franchised Business Franchisee shall also submit to Franchisor for review and consent full engineering drawings, including without limitation, electrical, plumbing, heating, ventilation and air conditioning (HVAC), refrigeration and food service shop drawings Franchisee may not begin construction until Franchisor has provided its consent to the engineering drawings

(5) Construction Franchisee shall retain a contractor for the Franchised Business that is commercially licensed and insured and that has experience in building restaurants Franchisor will provide standards and qualifications to assist Franchisee in identifying contractors Franchisor reserves the right to monitor the construction

process and Franchisee shall accord Franchisor complete access to its construction bids, progress and costs

(6) Signage and Decorating Materials All signage and decorating materials at the Franchised Business site shall conform to Franchisor's specifications In particular, Franchisee must post a prominent sign in the Franchised Business identifying Franchisee as a franchisee of Franchisor in a format that Franchisor deems acceptable, including an acknowledgement that Franchisee independently owns and operates the Franchised Business and that the Marks are owned by Franchisor and Franchisee's use is under a license Franchisor has issued to Franchisee

(7) Lease Franchisee will not sign a lease or contract for the location of the Franchised Business without receiving Franchisor's prior written consent Franchisor may act in its sole discretion in deciding whether or not to consent to a lease The lease or contract must contain such additional terms and conditions as Franchisor may require to provide for the protection of Franchisor's rights and interests, including but not limited to a conditional lease assignment to Franchisor or its nominee in a form acceptable to Franchisor, and including the following

(a) the absolute and unconditional right of Franchisee to assign its interest in the lease to Franchisor or Franchisor's nominee at any time without the consent of the landlord and without rent increase or penalty,

(b) the landlord's acknowledgment that Franchisee will not assign or transfer the lease or any of its rights thereunder or grant any sublease thereunder without the prior written consent of Franchisor,

(c) the landlord's consent to Franchisee's use of such signage and other displays of the Marks as Franchisor may require,

(d) the obligation of the landlord to notify Franchisor in writing of any default by Franchisee of any of the terms and conditions of the lease and to provide to Franchisor, at Franchisor's option, the right to cure any default under the lease within fifteen (15) days after expiration of the period in which Franchisee is required to cure the default, if Franchisee fails to do so, provided, however, that Franchisee shall reimburse Franchisor for any costs and expenses incurred to cure the default,

(e) that no amendment, addition, or other modification or change be made to the lease without obtaining the prior written consent of Franchisor,

(f) that upon expiration or termination for any reason of the Franchise Agreement, Franchisee's rights under the lease will, at the option of Franchisor, be transferred and assigned to Franchisor or its nominee without rent increase or penalty immediately upon notice to the landlord by Franchisor,

(g) Franchisee's acknowledgment that the landlord may rely upon notice from Franchisor and will not be required to inquire into the due execution of such notice or the accuracy of the statements set forth in such notice,

(h) that such notice will, without further act or formality, operate as an effective assignment of Franchisee's rights under the lease to Franchisor or its nominee without rent increase or penalty, and the assumption by Franchisor or its nominee of the covenants required to be observed or performed by Franchisee under the lease, provided, however, that landlord agrees and acknowledges that Franchisor and its nominee, if any, shall not assume, and shall have no obligation to the landlord for any liabilities arising from or relating to Franchisee's actions, failure to act or defaults prior to the assignment of the lease,

(i) Franchisee's acknowledgment that the landlord will, upon the written request of Franchisor, disclose to Franchisor all reports, information or data in the landlord's possession respecting the premises and the operation of the Franchised Business, including, without limitation, revenue information,

(j) the landlord's acknowledgment that the Franchise Agreement contains a right on the part of Franchisor, in the event of expiration or termination of the Franchise Agreement for any reason whatsoever, to enter the premises and to make any alterations to the exterior or interior decor and signage as Franchisor deems necessary to remove its identification with the System as required by this Agreement and, in the event of the exercise by Franchisor of such right, the landlord further acknowledges that such entry by Franchisor shall not constitute an assignment of the lease nor a subletting of the premises, and

(k) that Franchisor will be a third party beneficiary under the lease

Franchisee shall be responsible for all costs associated with the negotiation of the lease Franchisee shall fully perform all obligations to be performed by Franchisee under the lease or contract and shall immediately upon receipt of any notice of violation from the lessor or other party to the contract deliver a copy of such notice to Franchisor together with a statement of the steps proposed to be taken by Franchisee in response to the notice All amounts spent by Franchisor to cure any breach by Franchisee of the lease for the site of the Franchised Business shall be due to Franchisor from Franchisee upon Franchisor's written demand Nothing herein shall create an obligation on the part of Franchisor to cure any breach by Franchisee

(8) <u>Opening</u> Franchisee shall not start operating the Franchised Business and open it to the public until Franchisor has given its consent in writing Franchisee shall satisfy the conditions to commencement of operations, including without limitation, the completion of the Initial Training Program, as defined below Franchisor may require that Franchisor or its representative conduct an on-site inspection prior to giving

its consent and from time to time during the term of this Agreement Franchisee must begin operations within nine (9) months after the date of this Agreement if Franchisee is constructing a facility Franchisee must begin operations within eight (8) months after the date of this Agreement if Franchisee is leasing a facility

FRANCHISEE ACKNOWLEDGES THAT ALTHOUGH FRANCHISOR MAY HAVE BEEN INVOLVED IN THE REVIEW OF THE SITE, THE SITE PROPOSAL, THE LEASE AND PLANS, AND IN OTHER ASPECTS OF THE DEVELOPMENT OF THE ELIODORO CASA MEXICO RESTAURANT, FRANCHISOR MAKES NO WARRANTY, REPRESENTATION OR GUARANTY OF ANY KIND WITH RESPECT TO THE LOCATION, THE LEASE, THE PLANS, OR THE SUCCESS OR PROFITABILITY OF THE ELIODORO CASA MEXICO RESTAURANT TO BE OPERATED AT A LOCATION

(9) Relocation Franchisee may not relocate the Franchised Business without Franchisor's prior written consent If Franchisee requests approval from Franchisor to relocate the Franchised Business, Franchisee shall pay to Franchisor a relocation fee of twenty-five percent (25%) of the then-current initial franchise fee and further reimburse Franchisor for any travel and other expenses incurred for Franchisor's assistance in relocating the Franchised Business, including evaluating the new site and reviewing and approving the design of the new facility

E TERM AND RENEWAL

(1) Term The term of this Agreement shall begin on the date it is executed by Franchisor and shall continue for ten (10) years, subject to earlier termination as provided herein

(2) Renewal Subject to compliance with each and every one of the conditions set forth below, Franchisee shall have the option to renew the right to operate the Franchised Business for two (2) additional, consecutive periods of five (5) years each

(a) Franchisee must sign Franchisor's then-current form of Franchise Agreement which may contain terms that are materially different from those set forth in this Agreement, and

(b) At the expiration of the initial term or preceding renewal term, as applicable, Franchisee must be in full compliance with this Agreement, and all other contracts between Franchisee and Franchisor and its affiliates, and in particular, must have paid all sums owing to Franchisor and its affiliates as and when due, and

(c) Franchisee must pay to Franchisor a renewal fee of Five Thousand Dollars ($5,000 00) of the then-current initial franchise fee at least ninety (90) days prior to the beginning of the renewal term, and

(d) Franchisee and those of Franchisee's personnel that Franchisor designates, must complete re-training to Franchisor's satisfaction, and

(e) Franchisee (and its principals and affiliates if Franchisee is a corporation or other entity) shall execute and deliver a general release in a form acceptable to Franchisor of any and all claims against Franchisor and its affiliates and associates, officers, directors, managers, shareholders, members, employees, agents and representatives, and

(f) Franchisee shall not have received three (3) or more notices of default during any twenty-four (24) month period during the initial term or preceding renewal term, as applicable, and

(g) Franchisor must not have decided to withdraw from Franchisee's Protected Area, and

(h) Franchisee's Franchised Business must meet Franchisor's then-current requirements, and

(i) Franchisee must make all expenditures deemed necessary by Franchisor to update the Franchised Business' equipment, signage and decor to reflect Franchisor's then-current requirements and image, and

(j) Franchisee must have the right to occupy the premises of its Franchised Business for the renewal term

Franchisee shall notify Franchisor no later than one hundred eighty (180) days prior to the expiration of the initial term or the preceding renewal term, as applicable, of this Agreement if Franchisee wishes to enter into a new Franchise Agreement with Franchisor at the expiration of the initial term or preceding renewal term, as applicable Franchisee shall have no right to enter into a new agreement with Franchisor if Franchisee fails to do so or if Franchisee fails to comply with each of the conditions set forth above in a timely manner or if Franchisee fails to return to Franchisor any documents within thirty (30) days after Franchisor has delivered them to Franchisee

2 <u>TRAINING AND OPERATING ASSISTANCE</u>

A <u>TRAINING</u>

(1) Franchisee shall conduct an initial training program during such period of time as Franchisor designates for up to three (3) weeks ("**Initial Training Program**") The Initial Training Program may be offered at Franchisor's headquarters or at another location designated by Franchisor in its discretion Franchisee, Franchisee's Manager, as defined below, and Franchisee's assistant manager, if any, must complete the Initial Training Program to the sole satisfaction of Franchisor between forty-five (45) and sixty (60) days before the opening of Franchisee's Franchised Business

(2) Franchisor shall have the right, during the Initial Training Program, to further evaluate Franchisee's fitness to operate under this Agreement In the event Franchisee, Franchisee's Manager, or Franchisee's assistant manager, if any, fails to complete the Initial Training Program to Franchisor's satisfaction by sixty (60) days before the opening of the Franchised Business, Franchisor shall have the right to terminate this Agreement

(3) Franchisee shall not be charged an additional fee for the Initial Training Program for three (3) individuals If Franchisee wishes to send additional individuals to attend the Initial Training Program or requests that Franchisor provide the Initial Training Program to additional personnel at a later date, Franchisor may charge a fee to provide it

(4) Franchisor may require Franchisee, the Manager, and those of Franchisee's personnel as Franchisor may designate to attend refresher and additional training courses for up to five (5) days per year Franchisor may also require Franchisee to attend additional training if Franchisor deems it necessary or appropriate, or Franchisee may request additional on-site training or assistance and Franchisor will determine whether or not to provide it If Franchisor provides additional training, whether required by Franchisor or requested by Franchisee, Franchisee agrees and acknowledges that Franchisor may designate the location for such training Franchisee will pay Franchisor's then-current per-day, per-trainer training fee If Franchisor requires that such additional training be held at the Franchised Business location, Franchisee will also pay the expenses of the trainer or trainers, including lodging, transportation and food Franchisee will pay the training fee to Franchisor before Franchisor conducts the training Franchisor may also require Franchisee or the Manager to attend national business meetings or conventions for up to three (3) days per year

(5) Franchisee shall be responsible for all travel and living expenses, if any, that Franchisee, the Manager, and any of Franchisee's personnel may incur in connection with the Initial Training Program or refresher or additional training and in attending national business meetings or conventions

(6) Franchisee shall be responsible for training Franchisee's employees

B ADDITIONAL INITIAL OPERATING ASSISTANCE

Franchisor shall provide Franchisee with on-site assistance with opening the Franchised Business for at least five (5) days prior to opening

C BRAND STANDARDS MANUAL

Franchisor will lend to Franchisee for use during the term of this Agreement a copy of Franchisor's proprietary and confidential brand standards manual which Franchisor may amend from time to time, containing mandatory specifications, standards, procedures and rules for the System designed to protect and maintain the value of the Marks and the System ("**Brand Standards Manual**") Franchisee must comply with such specifications, standards, procedures and rules prescribed from time to time in the Brand Standards Manual Franchisee shall keep the Brand Standards Manual and its contents confidential Franchisee will not at any time copy any part of the Brand Standards Manual, disclose any information contained in the Brand Standards Manual to others or permit others access to the Brand Standards Manual Franchisee acknowledges and agrees that the Brand Standards Manual may be modified from time to time to reflect changes in the standards of authorized products or services or the System All modifications to the Brand Standards Manual shall be binding upon Franchisee upon being communicated or otherwise delivered to Franchisee Franchisee agrees to accept, implement and adopt any such modifications at Franchisee's sole cost The Brand Standards Manual will contain proprietary information belonging to Franchisor and Franchisee acknowledges that the Brand Standards Manual is, and shall remain, the property of Franchisor Franchisee shall promptly return the Brand Standards Manual to Franchisor upon termination or expiration of this Agreement Franchisee understands and agrees that it is of substantial value to Franchisor and other franchisees of Franchisor, as well as to Franchisee, that the System establish and maintain a common identity Franchisee agrees and acknowledges that full compliance with the Brand Standards Manual is essential to preserve, maintain and enhance the reputation, trade demand and goodwill of the System and the Marks and that failure of Franchisee to operate the Franchised Business in accordance with the System and the Brand Standards Manual can cause damage to all of the other parties described above, as well as to Franchisee Notwithstanding the foregoing and consistent with the goals of the System, Franchisee shall be responsible for the day-to-day operation of the Franchised Business

D PERIODIC ADVICE AND CONSULTATION

Franchisor shall, from time to time, to the extent it deems necessary, furnish Franchisee advice or consult with Franchisee on the operation of the Franchised Business in order to communicate new developments, techniques and services Franchisor will periodically, with such frequency as Franchisor shall determine in its sole discretion, consult with Franchisee in the development of its business and may conduct on-site inspections Any guidance, suggestions or advice provided to Franchisee in the course of such consultation shall be deemed suggestions only, and the decision to follow any such guidance, suggestions or advice shall be in Franchisee's sole discretion In particular, and not in limitation of the foregoing, Franchisee shall be solely responsible for all policies and decisions concerning its employees and shall consult with its own independent advisors with respect to those policies and decisions

3 OPERATION BY FRANCHISEE

A PRODUCTS AND SERVICES

(1) Franchisee shall offer to customers of the Franchised Business only those products and services designated by Franchisor from time to time, and shall provide such products and services strictly in accordance with the standards and specifications described in the Brand Standards Manual and the Initial Training Program Franchisee

may not sell any products at wholesale Franchisor shall provide Franchisee with a menu for the Franchised Business and Franchisee must offer the items (and only the items) designated on the menu Franchisee agrees and acknowledges that Franchisor may make changes to the menu from time to time Franchisor may, but is not obligated to, permit Franchisee to offer catering services within the Protected Area Franchisor may also develop a catering and delivery program If it does so, Franchisor may require Franchisee to participate in the program

(2) Franchisee shall at all times provide prompt, courteous, friendly and efficient service to all customers Franchisee shall in all dealings with all customers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct Franchisee agrees not to deviate from the standards, specifications and operating procedures set forth in this Agreement and the Brand Standards Manual in order to ensure uniformity and quality of services offered to the public under the Marks

B <u>PURCHASE OF PRODUCTS AND SERVICES, APPROVED SUPPLIERS</u>

(1) Franchisee shall purchase any and all products (including, without limitation, products bearing the Marks), and any and all other equipment, supplies and services required or used in the operation of the Franchised Business only from (a) manufacturers, suppliers or distributors from time to time designated in writing by Franchisor, (b) from Franchisor or its affiliate, if available, or (c) such other suppliers selected by Franchisee and approved by Franchisor in the manner and subject to the conditions set forth in subsection (2) below Prior to Franchisee's opening of the Franchised Business, Franchisor may designate and negotiate pricing with suppliers for any merchandise, equipment, inventory, and supplies required in the operation of the Franchised Business Franchisee agrees and acknowledges that certain specially designed materials, equipment, proprietary products, certain services and items used in the Franchised Business that are integral to the System may only be available from Franchisor or its designated supplier Franchisor will assist Franchisee in ordering Franchisee's initial inventory

(2) Franchisor may, in its sole discretion, approve suppliers proposed by Franchisee provided the following conditions are first met, and provided, further, that if Franchisor determines that there are already a sufficient number of suppliers for an item or service, Franchisor shall not be required to evaluate any additional suppliers

(a) Franchisee shall submit a written request to Franchisor for approval of the supplier and agree to pay Franchisor's costs in evaluating the proposed supplier, including travel expenses,

(b) The supplier shall demonstrate to Franchisor's satisfaction that it is able to supply an item or service to Franchisee meeting Franchisor's specifications for such item or service, including but not limited to, providing Franchisor with samples and the opportunity to inspect its facilities from time to time,

(c) The supplier shall demonstrate to Franchisor's satisfaction that the supplier is of good standing in the business community with respect to its financial soundness and reputation and the reliability of its product and service,

(d) The supplier shall obtain, maintain and submit to Franchisor proof of sufficient insurance coverage (including, but not limited to, product liability coverage) at limits and including coverage acceptable to Franchisor, and shall include Franchisor and Franchisee as additional named insureds with the right to receive at least thirty (30) days' prior written notice of any modification, cancellation or termination of such policy, and

(e) In the event the item to be supplied is required to bear one of the Marks, Franchisor may require such supplier to execute a license agreement (which may include a royalty payment) in a form acceptable to Franchisor

(3) Until and unless Franchisor notifies Franchisee in writing that it has approved a supplier, Franchisee must continue to purchase from the parties described in subsection (1) above

(4) If Franchisor determines that a previously approved supplier no longer conforms to such standards, it shall so notify Franchisee and Franchisee shall thereupon discontinue making purchases from that supplier

C ALTERATIONS AND REMODELING

Franchisee shall not make any alterations to the Franchised Business premises, or to any improvements, layout, fixtures, and furnishings, signs, equipment, or appearance thereof or other elements of the Trade Dress, as defined below, without the prior written consent of Franchisor Upon request by Franchisor, Franchisee shall undertake remodeling, modernization and redecoration of the Franchised Business to update the Franchised Business to meet Franchisor's then-current specifications and standards for Eliodoro Casa Mexico restaurants

D SPECIFICATIONS, STANDARDS AND PROCEDURES

Franchisee acknowledges that each and every detail of the design, layout, decor, color scheme, center layout, supplies utilized, services offered, appearance of the premises and personnel, and other elements of trade dress in the operation of the Franchised Business ("**Trade Dress**") is essential to Franchisor and the System In order to protect the System, Franchisee shall comply with all mandatory specifications, standards and procedures relating to (1) the type and quality of the products and services offered by the Franchised Business, (2) the appearance, color, indicia and signage of the Franchised Business premises, (3) appearance of employees, (4) cleanliness, standards of services, and operation of the Franchised Business, (5) submission of requests for approval of materials, supplies, distributors and suppliers, and (6) safety procedures and programs prescribed by Franchisor Franchisee also agrees to use all equipment, signage and services as have been approved for the

System from time to time by Franchisor Mandatory specifications, standards, and procedures may be prescribed from time to time by Franchisor in the Brand Standards Manual, or otherwise communicated to Franchisee in writing

E SUPERVISION, DUTY TO DILIGENTLY CARRY OUT OBLIGATIONS

If Franchisee has not previously owned or managed a restaurant, Franchisor has the right to require that Franchisee designate a manager ("**Manager**") Franchisor requires that the operation of the Franchised Business be under the direct supervision of Franchisee or the Manager The Manager must live within thirty (30) miles of the Franchised Business and must devote full-time attention to the Franchised Business The Manager must complete the Initial Training Program to Franchisor's satisfaction and must execute a confidentiality and non-competition agreement in a form acceptable to Franchisor If Franchisee employs an assistant manager, the assistant manager must complete the Initial Training Program to Franchisor's satisfaction and must execute a confidentiality and non-competition agreement in a form acceptable to Franchisor If the Manager is terminated or otherwise elects to end its relationship with Franchisee, Franchisee shall designate and train a new Manager within thirty (30) days of such termination, provided that Franchisor reserves the right in its sole discretion to directly provide training to the new Manager, in which case Franchisee shall pay Franchisor's then-current per-day, per-trainer training fee The Manager is subject to Franchisor's consent

F CHANGES TO SYSTEM OR MARKS

Franchisee acknowledges that the System may continue to evolve in order to reflect changing markets and to meet new and changing business demands, and that accordingly Franchisor may make variations and additions to the System from time to time in order to preserve and enhance the System Franchisee agrees that Franchisor may, from time to time, upon notice, add to, subtract from or otherwise modify or change Franchisee's obligations under the System, including, without limitation, changes reflecting Franchisor's adoption and use of new or modified Marks, services, equipment and new techniques Franchisee agrees promptly to accept and implement all such additions, modifications and changes at Franchisee's sole cost and expense (e g , changing signs, destroying or recalling advertising and promotional items) Franchisee agrees and acknowledges that if Franchisee develops any component of the System which Franchisor permits or adopts for use in the Franchised Business, such component will belong to Franchisor and Franchisee shall have no ownership right or interest in such component

G COMPLIANCE WITH LAW AND GOOD BUSINESS PRACTICES

(1) Prior to beginning operations, Franchisee shall secure in Franchisee's name as the owner of an independent business all required licenses, permits and certificates relating to Franchisee's operation of the Franchised Business Franchisee acknowledges that such licenses, certificates and permits may require the payment of

security deposits and other fees Franchisee shall maintain all such licenses, permits and certificates in full force and effect throughout the term of this Agreement

(2) Franchisee shall operate in full compliance with all applicable laws, ordinances and regulations, including, without limitation, such laws, ordinances and regulations relating to the sale of food and alcoholic beverages, occupational hazards and health, worker's compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes and social security taxes, trade name and advertising restrictions, building codes and handicap access In particular and not in limitation of the foregoing, Franchisee shall comply with the Affordable Health Care Act, the Americans with Disabilities Act and all applicable laws and regulations concerning data protection and privacy

(3) Franchisee shall operate the Franchised Business in a safe and secure manner that optimizes public health and safety Franchisee is solely responsible for determining and addressing all safety concerns relating to the condition of the premises and surrounding areas, the operation of any vehicles in connection with the Franchised Business and otherwise

(4) Immediately upon receipt of any citation, notice, complaint or other indication that Franchisee or any of its personnel has violated any law or regulation, Franchisee shall immediately notify Franchisor and transmit copies of all such citations, notices, complaints or other such indications, along with all available information including, without limitation, Franchisee's proposal to contest or remedy the violation

H <u>FRANCHISEE'S EMPLOYMENT POLICIES AND PROCEDURES</u>

Franchisee acknowledges that Franchisor may, from time-to-time, make certain recommendations as to employment policies and procedures Franchisee shall have sole discretion as to adoption of any such policies and procedures and the specific terms of such policies and procedures Training with respect to all such policies and procedures shall be Franchisee's sole responsibility

I <u>INSURANCE</u>

Before beginning to operate the Franchised Business, Franchisee must procure all insurance required by Franchisor from an insurer or insurers that meet Franchisor's criteria and which have a minimum Best's Rating of A or other comparable rating Such insurance shall include coverage insuring against all loss and liability arising out of or in connection with the operation of the Franchised Business in the minimum amounts of One Million Dollars ($1,000,000 00) per occurrence and Three Million Dollars ($3,000,000 00) in the aggregate, including, without limitation, public liability insurance, personal injury insurance, automobile insurance covering any vehicles used in the Franchised Business, property damage insurance, worker's compensation insurance, including employer's liability, with limits as required by law, and business interruption insurance Franchisee shall maintain such insurance coverage in full force and effect during the entire term of this Agreement Franchisee shall cause Franchisor and any of its affiliates that Franchisor specifies to be named as additional insureds under all such policies Franchisee shall further cause Franchisee's insurance agent to copy Franchisor on all insurance policies written and issued on behalf of Franchisee In addition, all such policies shall provide for thirty (30) days' prior written notice to Franchisor of any material modification, cancellation or expiration Upon request, Franchisee shall provide Franchisor with a certificate evidencing coverage All amounts spent by Franchisor to secure any insurance coverage Franchisee fails to obtain shall be due to Franchisor by Franchisee upon Franchisor's written demand Nothing herein shall create an obligation on the part of Franchisor to secure any insurance coverage for Franchisee Franchisee also acknowledges that Franchisor may periodically adjust the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards, or other relevant changes in circumstances

4 CONFIDENTIAL INFORMATION

A OWNERSHIP

Franchisee acknowledges that there is information disclosed by Franchisor pursuant to this Agreement and ancillary agreements, during the Initial Training Program, in the Brand Standards Manual and otherwise (including, without limitation, the Proprietary Information, recipes, methods of service, sources and suppliers of equipment and, in general, methods, techniques, formulas, formats, specifications, standards, procedures, know-how, information systems and knowledge of the System and the entire contents of the Brand Standards Manual), that is proprietary, confidential or a trade secret of Franchisor whether or not designated by Franchisor as confidential ("**Confidential Information**") Franchisee acknowledges and agrees that Franchisor is the sole owner of all the Confidential Information, that the Confidential Information is being imparted to Franchisee in trust and confidence, and that the Confidential Information is not generally known to the trade or public and is not known to Franchisee except by reason of such disclosure Franchisee acknowledges that the Confidential Information is economically valuable and that such value is derived from not being generally known to others Franchisee agrees to maintain the absolute confidentiality of all Confidential Information during and after the term of this Agreement Franchisee further acknowledges and agrees that Franchisee does not acquire any interest in the Confidential Information other than the right to utilize it in connection with the performance of Franchisee's obligations hereunder and the operations of the Franchised Business In addition, Franchisee acknowledges and agrees that the use, duplication or disclosure of the Confidential Information except as expressly permitted by this Agreement will constitute an unfair method of competition and that Franchisor will suffer irreparable injury thereby

B WORK PRODUCT

Franchisee acknowledges and agrees that all documents, papers, notes and other material and work product containing or derived from the Confidential Information or connected with Franchisee's conduct of the Franchised Business shall be Confidential Information Franchisee further acknowledges and agrees that Franchisee will have no proprietary interest in any work product developed or used by Franchisee and related to this Agreement and that all such work product is the sole property of Franchisor Franchisee shall, upon Franchisor's request, do all things that may be necessary to establish or document Franchisor's ownership of any such work product

C MAINTENANCE OF CONFIDENTIALITY

Franchisee acknowledges and agrees that the Confidential Information is disclosed to Franchisee solely on the condition that Franchisee agrees, and Franchisee hereby agrees, that Franchisee

(1) will use the Confidential Information in strict accordance with the instructions and directions given by Franchisor from time to time,

(2) will not use the Confidential Information, directly or indirectly, in any other business or capacity,

(3) will not, at any time, in any manner or form, directly or indirectly, disclose, duplicate, license, sell, reveal, divulge, publish or communicate the Confidential Information, or any portion thereof, to any person or entity other than Franchisee's authorized employees or consultants who need to have such information in connection with their jobs and who first sign Franchisee's form of confidentiality agreement (in a form acceptable to Franchisor),

(4) will not copy any materials containing the Confidential Information, including without limitation the Brand Standards Manual, without Franchisor's prior written consent,

(5) will observe and implement all procedures imposed from time to time by Franchisor to prevent the unauthorized use and disclosure of the Confidential Information,

(6) will keep the Brand Standards Manual and other written materials containing any portion of the Confidential Information in a secure manner and place, and

(7) if Franchisee is legally compelled by a court or government agency to disclose any of the Confidential Information, will do so only if Franchisee has used its best efforts to afford Franchisor the opportunity of obtaining appropriate protective orders or other assurances of confidentiality satisfactory to Franchisor

5 FEES

A INITIAL FRANCHISE FEE

Franchisee must pay to Franchisor, upon execution of this Agreement, a non-refundable initial franchise fee of Thirty-Five Thousand Dollars ($35,000 00) The initial franchise fee is fully earned immediately upon payment and is non-refundable

B ROYALTY FEE

Franchisee shall pay to Franchisor a royalty equal to five percent (5%) of Gross Revenues ("**Royalty Fee**") The Royalty Fee shall be paid on a weekly basis on Wednesday for the preceding calendar week "**Gross Revenues**" means all revenues Franchisee receives from the operation of the Franchised Business (including any payments under Franchisee's business interruption insurance coverage and any condemnation awards) whether sold from or performed at the location of the Franchised Business, including, without limitation, sales of apparel and novelties, and deducting only amounts paid to any governmental tax authority and any refunds made in accordance with Franchisor's policy

C MARKETING FEE

Franchisor has a marketing fund ("**Marketing Fund**") to which Franchisee will be required to contribute up to two percent (2%) of Gross Revenues due weekly on Monday ("**Marketing Fee**") The Marketing Fee is designated as one percent (1%) of Gross Revenues as of the date of this Agreement and is subject to change as determined by Franchisor, in its sole discretion

D TECHNOLOGY FEE

Franchisee shall pay to Franchisor a technology fee of up to Three Hundred Dollars ($300 00) per month to cover the license and use of any software required by Franchisor and for help desk and intranet or internet support ("**Technology Fee**") if Franchisor requires the use of proprietary software it develops The Technology Fee will be due and payable on the first day of each month for the ensuing month

E PAYMENT METHOD

Franchisee must make payments by electronic funds transfer ("**EFT**"), and Franchisee shall execute and deliver such instruments as are necessary and appropriate to carry out such transfers Franchisor shall have the right to vary the frequency of the due date of any payments (e g , from weekly to monthly) and the method of payment from time to time

F NONPAYMENT

If Franchisor does not receive Franchisee's Royalty Fee, Marketing Fee, Technology Fee, or any other payment hereunder by the dates they are due, Franchisee acknowledges that, in addition to exercising all other rights and remedies that Franchisor has, Franchisor may terminate this Agreement

G CHARGE ON LATE PAYMENTS, DISHONORED PAYMENTS

In addition to all other rights and remedies that accrue to Franchisor, late or overdue payments shall bear interest after the due date at the rate of two percent (2%) per month, not to exceed the highest applicable rate allowed by law In the event any payment by Franchisee is made by check and is returned to Franchisor for insufficient funds, or is made by credit or debit card, by EFT or other form of payment, and such payment is dishonored, Franchisee will be assessed an administrative handling fee of One Hundred Dollars ($100 00) in addition to all other applicable late fees and administrative charges In such event, Franchisor may also require Franchisee to make all future payments by money order, cashier's check or a similar method of payment of immediately available funds Franchisee acknowledges that this provision does not constitute agreement by Franchisor to accept such payments after they are due or a commitment to extend credit to, or otherwise finance such amounts

H NO WITHHOLDING OF PAYMENT

Franchisee agrees that Franchisee will not, on the grounds of the alleged nonperformance by Franchisor of any of its obligations hereunder or for any other reason whatsoever, withhold payment of any amounts due, nor shall Franchisee have any right of offset

I APPLICATION OF PAYMENTS, RIGHT OF OFFSET

Notwithstanding any designation by Franchisee, Franchisor shall have discretion to apply any current or past due payments by Franchisee to any indebtedness of Franchisee In addition, Franchisor shall have the right to offset any amounts due to it or its affiliates against any amounts to be paid to Franchisee

J TAXES

In the event Franchisee is required by local law to withhold or deduct any tax on behalf of Franchisor from any amount payable to Franchisor under this Agreement, Franchisee shall increase the payment made to Franchisor by that amount and shall provide Franchisor with (1) documentation showing that Franchisor is being taxed at the lowest rate allowed under local law, and (2) written receipts from the appropriate taxing authority certifying that payments have been made on Franchisor's behalf at the rates previously communicated to Franchisor

K NONREFUNDABILITY

All fees required to be paid by Franchisee to Franchisor under this Agreement are non-refundable

6 REPORTING AND RECORD KEEPING

A COMPUTER SYSTEM

Franchisor has the right to designate the computer equipment and software Franchisee uses in the Franchised Business Franchisee shall purchase computer hardware and software, including without limitation, point-of-sale software, and maintain high-speed internet access which meets or exceeds Franchisor's specifications as set forth in the Brand Standards Manual Franchisee shall maintain all programs and information specified in the Brand Standards Manual (and only such programs and information) Franchisee shall maintain, repair, upgrade or update any computer equipment used in the Franchised Business to maintain compatibility with any software Franchisor requires Franchisee to use, including, without limitation, point-of-sale software Franchisee acknowledges and agrees that Franchisor shall have the right at any time to change or modify the computer system required and its components including, without limitation, the required point-of-sale software Franchisor has the right to develop proprietary computer software and to require Franchisee to use it If Franchisor does so, Franchisee must sign a license agreement and pay the Technology Fee to use such software Franchisor shall have independent access to the information on Franchisee's computer system, including the right to download any information Franchisee acknowledges that neither Franchisor nor any affiliate of Franchisor has any obligation to provide ongoing maintenance, repairs, upgrades or updates to any of the computer hardware or software used in the Franchised Business

B RECORD KEEPING

Franchisee must have bookkeeping and accounting services that accurately reflect the Gross Revenues, receipts and reports, costs of labor, semi-variables, fixed costs and advertising, and the financial results of the Franchised Business, and also such procedures as may be more particularly described in the Brand Standards Manual Franchisee shall maintain an accounting system approved by Franchisor which fully and accurately reflects all aspects of the business conducted under this Agreement and which is compatible and consistent with the System

C REPORTS

With each payment of the Royalty Fee and Marketing Fee, Franchisee shall also deliver to Franchisor a Gross Revenues report on a form designated or approved by Franchisor Within thirty (30) days after the close of each calendar quarter and within one hundred twenty (120) days after the close of each fiscal year of Franchisee during the term of this Agreement, Franchisee shall provide to Franchisor a Gross Revenues report, profit and loss statement and, for the annual statement, a balance sheet, on such forms as Franchisor may require, prepared in accordance with U S generally accepted accounting principles Within ten (10) days after filing with the Internal Revenue Service, Franchisee shall provide to Franchisor a copy of any and all tax returns Franchisee shall also submit to Franchisor such other financial and non-financial reports and information as Franchisor may request These statements and reports shall be certified as true and correct by Franchisee Each such report shall be in the form and present the information required by Franchisor or described in the Brand Standards Manual

D MAINTENANCE OF RECORDS AND REPORTS

All such books, records and tax returns shall be kept and maintained for at least three (3) years after their creation at the Franchised Business or such other place as may be agreed to from time to time in writing by the parties

E REQUIRED DISCLOSURE

Franchisee acknowledges that Franchisor may be required by law, regulation or other legal requirement, or may deem it advisable, to disclose information regarding Franchisee or the operation of the Franchised Business, including without limitation, costs, revenues, earnings or other financial performance information Franchisee agrees that Franchisor shall be entitled to disclose such information and that Franchisor shall have the right to determine the extent and manner in which such disclosure will be made If Franchisor does not have the information necessary for the disclosure Franchisor determines it will make, Franchisee shall provide such information to Franchisor promptly upon Franchisor's request

7 INSPECTION RIGHTS

A TIMING AND SCOPE

Franchisor and its representatives shall have the right, at any time, with or without notice, to monitor and observe the conduct of the Franchised Business for the purpose of determining compliance with the requirements of this Agreement, for conducting quality assurance audits which may include customer surveys, and for any other purpose connected with the System Franchisor may advise Franchisee of operating problems it discovers as a result of such activities or other reports

B MYSTERY SHOP PROGRAM

Franchisor may, at its option, establish a mystery shop program, or retain a third party to conduct a mystery shop program If Franchisor does so, Franchisee shall pay Franchisor a fee equal to the cost of the mystery shops conducted at the Franchised Business, which fee shall not exceed One Hundred Fifty Dollars ($150 00) per month

C INSPECTIONS AND AUDITS

Franchisor's representatives shall have the right at all times during normal business hours to confer with employees and customers of the Franchised Business, to observe the manner in which Franchisee is rendering its services, and to inspect and audit Franchisee's books, records and tax returns, or such portions thereof as they pertain to the operation of the Franchised Business Upon receipt of notice by Franchisor, Franchisee shall pay to Franchisor Royalty Fees and late fees with respect to the amount by which actual Gross Revenues ascertained by Franchisor's inspection exceed reported Gross Revenues In the event that any report or statement understates Gross Revenues by more than two percent (2%) of the actual Gross Revenues ascertained by Franchisor's inspection, Franchisee shall, in addition to making the payment provided for in the immediately preceding sentence, and in addition to any other remedies and rights Franchisor may have, pay and reimburse Franchisor for any and all expenses incurred in connection with its inspection and audit, including, but not limited to, reasonable accounting and legal fees and travel expenses, room and board and compensation for Franchisor's representatives

8 ADVERTISING

A ADVERTISING FUND

Franchisee agrees and acknowledges that the Marketing Fee will be deposited in Franchisor's general operating account, may be commingled with Franchisor's general operating funds and may be deemed an asset of Franchisor Franchisor will administratively segregate the Advertising Fund on its books and records Franchisor will use the Advertising Fund for the purpose of promoting the System as a whole and increasing the goodwill of the Marks Franchisor will conduct such advertising and marketing of the System and its services as Franchisor deems desirable to promote and enhance the reputation of the System, including, without limitation, the use of the Advertising Fund on website design and optimization and other resources to increase web traffic to Franchisor's website Franchisee understands, acknowledges and agrees that all decisions regarding advertising and marketing, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies shall be made by Franchisor and shall be final and binding Franchisee agrees and acknowledges that all costs of the formulation, development and production of any advertising and promotion (including, without limitation, the proportionate compensation of Franchisor's employees who devote time and render services in connection with such advertising and promotional programs and the administration, accounting and collection of the Marketing Fee, the employment of an outside consultant or advertising agency to assist with such advertising and promotional programs or of a website management firm to manage Franchisor's website and optimization) will be paid from the Advertising Fund Franchisor does not have any obligation to make expenditures that are proportionate or equivalent to Franchisee's Marketing Fees in Franchisee's market area, nor does Franchisor represent that Franchisee will benefit directly or pro rata from the placement of advertising The decision to commence, conduct, discontinue or re-establish the Advertising Fund shall be made in the sole discretion of Franchisor

B OPENING ADVERTISING

Franchisee acknowledges and agrees that adequate opening advertising is essential to the success of the Franchised Business and agrees to conduct such advertising in connection with the opening of the Franchised Business in accordance with Franchisor's directions Franchisor will consult with Franchisee on marketing and advertising for this period Franchisee agrees and acknowledges that opening advertising required by Franchisor will cost up to Five Thousand Dollars ($5,000 00), such amount to be spent within the first sixty (60) days after the opening of the Franchised Business

C APPROVAL OF ADVERTISING

All advertising copy and other materials Franchisee proposes to use shall be consistent with quality and general overall advertising and promotional campaigns used in the System Franchisor shall advise Franchisee from time to time on marketing and advertising issues Franchisor may periodically provide Franchisee with advertising materials If Franchisee wishes to develop advertising materials, Franchisee shall submit the proposed advertising material to Franchisor at least ten (10) days in advance of publication or use and shall use only such advertising copy and materials as have been approved in writing by Franchisor Franchisee agrees and acknowledges that the copyright for any advertising or other materials that Franchisee develops for the Franchised Business shall belong to Franchisor without any further action by the parties required

D LOCAL ADVERTISING EXPENDITURES

Franchisee agrees to spend at least one percent (1%) of Gross Revenues on local advertising and promotions Franchisee agrees and acknowledges that Franchisee may be required to submit to Franchisor receipts evidencing expenditures for approved local advertising during the preceding calendar month upon Franchisor's request Franchisee shall not advertise outside of the Protected Area unless Franchisee obtains Franchisor's prior written consent Franchisee agrees and acknowledges that Franchisor has the right to establish a local or regional marketing cooperative, and agrees to participate in such a cooperative if required to do so by Franchisor Franchisor may require Franchisee to contribute up to fifty percent (50%) of revenues allocated to local advertising to such a cooperative

E DISCOUNTS AND COUPONS

From time to time as part of the advertising and promotional activities conducted by Franchisor, Franchisor may institute discount programs and issue or permit franchisees to issue coupons and gift certificates Franchisee agrees to accept such coupons and gift certificates from customers and to redeem them in accordance with Franchisor's policies then in effect and to participate in such discount programs Franchisee shall not offer any discounts or coupon or gift certificate programs without Franchisor's prior written consent

9 MARKS

A OWNERSHIP OF MARKS AND GOODWILL

Franchisee's right to use the Marks is derived solely from, and is subject to, the terms and conditions of this Agreement Such right is limited to the operation of the

Franchised Business in accordance with this Agreement and all mandatory standards, specifications and operating procedures prescribed from time to time by Franchisor Franchisee acknowledges that Franchisor has the right to use and license the use of the Marks and that they are valid trademarks Franchisee agrees not to contest or oppose, nor to assist anyone else to contest or oppose, directly or indirectly, Franchisor's, Casa Mexico, Inc 's or their affiliates' ownership or use of, application for, registration of, or the validity or enforceability of, any of the Marks, its applications for registration, or registration of, or the validity or enforceability of, any of the Marks Franchisee also agrees not to acquire or use any trademarks that are similar or identical to the Marks Franchisee agrees that its usage of the Marks and any goodwill established thereby shall inure to the exclusive benefit of Franchisor

B LIMITATIONS ON FRANCHISEE'S USE OF MARKS

If local laws require that Franchisee file a registration stating that Franchisee is conducting business under an assumed name or trade name, Franchisee shall state in such document that it is conducting such business as a franchisee of Franchisor Franchisee shall not use any of the Marks or similar words or colorable imitations thereof as part of any name of any corporation, partnership, limited liability company or other business entity, or with any other prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form or as part of any domain name, web address or similar electronic use, nor may Franchisee use any of the Marks in connection with the sale of any unauthorized products or service or in any other manner not explicitly authorized in writing by Franchisor Franchisee will not use or display, or permit the use or display, of the trademarks, trade names, service marks, insignias, logotypes or any other commercial symbols or trade dress of any other person or entity in connection with the Franchised Business without the prior written consent of Franchisor, or as expressly permitted in the Brand Standards Manual

C COPYRIGHT

Franchisee acknowledges that Franchisor or its affiliate has developed, and may further develop during the term of this Agreement, certain artistic designs, and certain other word combinations and other materials designated for use by Franchisee Franchisee acknowledges that Franchisor or its affiliate retains all right, title and interest thereto as provided by copyright law to the originator of works and, further, that Franchisee is licensed to use such copyrighted materials solely in accordance with the terms and during the term of this Agreement Franchisee agrees and acknowledges that, if Franchisee develops any materials for use in the Franchised Business that Franchisor approves, Franchisor may incorporate such materials in the System and the copyright for any such materials shall belong to Franchisor without any further action required by the parties

D DEFENSE OF MARKS

(1) In the event that Franchisee receives notice or learns of a claim, suit, demand or proceeding against Franchisee on account of any alleged infringement,

unfair competition, or similar matter relating to Franchisee's use of the Marks or copyrights, Franchisee shall promptly notify Franchisor of such claim, suit, demand or proceeding Franchisee shall have no power, right, or authority to settle or compromise any such claim by a third party without the prior written consent of Franchisor Provided that Franchisee is in full compliance with this Agreement, Franchisor shall defend and indemnify Franchisee against any claim by a third party against Franchisee for Franchisee's use of the Marks in accordance with this Agreement, using attorneys of Franchisor's choosing Franchisor may elect to compromise or settle any such claim, at its sole discretion Franchisee agrees to cooperate fully with Franchisor in connection with any such defense, at Franchisor's expense Franchisee irrevocably grants Franchisor authority and power of attorney to defend or settle such claims, demands, suits or proceedings

(2) In the event that Franchisee receives notice or is informed or learns that any third party, that Franchisee believes to be unauthorized to use the Marks or copyrights, is using the Marks or copyrights or any variants thereof, Franchisee shall promptly notify Franchisor Thereupon, Franchisor shall, in its sole discretion, determine whether or not it wishes to undertake any action against such third party on account of said person's alleged infringement of the Marks or copyrights In the event Franchisor undertakes such action, it shall have the authority and power of attorney to defend or settle such action Franchisee agrees to render such assistance as Franchisor shall require to carry out the prosecution of any such action at Franchisor's expense Franchisee shall have no right to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of said alleged infringement

E **DISCONTINUANCE OF USE OF MARKS**

If it becomes advisable at any time in Franchisor's sole discretion for Franchisee to modify or discontinue use of any Mark or use one or more additional or substitute marks or items, Franchisee agrees to comply with Franchisor's directions to modify or otherwise discontinue the use of such Mark and to accept, use and display such additional marks within a reasonable time after notice thereof by Franchisor but in no event more than thirty (30) days after receiving notice from Franchisor Franchisor shall not be obligated to compensate Franchisee for any costs incurred by Franchisee in connection with any such addition, modification or discontinuance

F **SOCIAL MEDIA POLICY**

Franchisee shall not register a domain name, create or maintain a website, social media page or electronic mail address utilizing the Marks or any name similar to the Marks or relating in any way to the Franchised Business without Franchisor's prior written consent Franchisee also agrees to observe Franchisor's policy on on-line communications including, without limitation, communications on social and professional networking sites such as Facebook, MySpace, Twitter, LinkedIn, Snapchat, Instagram and other sites or blogs Franchisee acknowledges that it may not mention or discuss the Franchised Business, Franchisor or the System without Franchisor's prior written consent Franchisee agrees and acknowledges that Franchisor has the right to review all on-line content involving the Marks or the System, and to require Franchisee to remove any content or usage, in Franchisor's sole discretion

10 COMPETITION

A FRANCHISEE'S COVENANT NOT TO COMPETE

(1) Franchisee acknowledges that Franchisor could not protect the Confidential Information against unauthorized use or disclosure and could not achieve a free exchange of ideas and information among owners of Franchised Businesses if Franchisee held interests in any competitive business Franchisee acknowledges that Franchisor grants the rights to operate the Franchised Business to Franchisee in part in consideration of, and in reliance upon, Franchisee's agreement to deal exclusively with Franchisor Therefore, Franchisee shall not at any time during the term of this Agreement, individually or in conjunction with any person or entity, have any interest as an owner, investor, shareholder, partner, member, lender, director, officer, manager, employee, consultant, guarantor, representative, or agent or in any other manner whatsoever, directly or indirectly, carry on or be engaged in, financially or otherwise, or advise in the establishment or operation of any business involving or related to the sale of Mexican food or other food items that are on the Eliodoro Casa Mexico restaurant menu, or any similar business

(2) In addition, for two (2) years after the termination or expiration of this Agreement, Franchisee shall not carry on, be engaged in or advise in the establishment or operation of any business involving or related to the sale of Mexican food or other food items that are on the Eliodoro Casa Mexico restaurant menu or similar businesses except (a) pursuant to Franchise Agreements with Franchisor, or (b) if Franchisee is not then a party to any other Franchise Agreement with Franchisor, only at a site that is at least ten (10) miles from any Franchised Business (including Franchisee's former Franchised Business) that is operating or being developed Franchisee agrees and acknowledges that this restriction represents only a limited one on Franchisee's ability to conduct a business and that the purpose of this covenant is not to deprive Franchisee of a means of livelihood, and will not do so, but is rather to protect the goodwill and interest of the Marks and the System

B ACTIVITIES OF OTHER PERSONS

The activities of Franchisee's immediate family, Franchisee's owners, officers, directors, shareholders, members, trusts, trustees, subsidiaries, parent companies, partners, agents and employees or any enterprise in which any of them owns, directly or indirectly, any equity interest (except for investments totaling less than one percent (1%) of the stock of publicly held corporations), for purposes of this Section, shall be deemed to be activities of Franchisee Upon Franchisor's request, Franchisee shall obtain the signature of any such persons on Franchisee's form of non-disclosure and non-competition agreement (in a form acceptable to Franchisor) Franchisee shall use its best efforts to cause such other persons to observe the terms of those agreements

11 TERMINATION

The following provisions are in addition to and not in limitation of any other rights and remedies Franchisor may have at law or in equity, all of which are expressly reserved The exercise by Franchisor of any right or remedy shall not be deemed an election of remedies

A WITH NOTICE AND NO OPPORTUNITY TO CURE

This Agreement shall immediately terminate on delivery of notice of termination to Franchisee by Franchisor upon the occurrence of any of the following events, each of which is deemed to be an incurable breach of this Agreement and each of which is deemed to be "good cause" If Franchisee

(1) becomes insolvent or admits in writing Franchisee's inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, files a petition under any foreign, state or United States bankruptcy act, receivership statute, or the like or if such a petition is filed by a third party, or if an application for a receiver is made by anyone and such petition or application is not resolved favorably to Franchisee within ninety (90) days,

(2) abandons the Franchised Business by failing to operate it for five (5) consecutive business days, or for any shorter period in such circumstances that render reasonable the conclusion that Franchisee does not intend to continue operating the Franchised Business, unless such failure is due to disaster or similar reasons beyond Franchisee's control,

(3) has made any material misrepresentation or omission in the application for the Franchised Business or in any report that Franchisee submits to Franchisor,

(4) fails to open the Franchised Business according to Section 1 D(8) of this Agreement,

(5) attempts to make or makes an unauthorized assignment, encumbrance or other transfer of Franchisee's rights or obligations under this Agreement,

(6) is a party to any other agreement with Franchisor or its affiliates that is terminated for Franchisee's breach thereof,

(7) makes any unauthorized use of the Marks or Confidential Information or makes any duplication or disclosure of any Confidential Information including, but not limited to, any portion of the Brand Standards Manual,

(8) fails to complete the Initial Training Program to Franchisor's satisfaction by forty-five (45) days before the opening of the Franchised Business,

(9) intentionally under-reports its Gross Revenues to Franchisor,

(10) offers unauthorized goods or services,

(11) incurs insufficient funds fees on three (3) or more separate occasions within any twelve (12) month period,

(12) has its right to operate under any license or permit suspended, terminated or interrupted,

(13) is convicted by a trial court of or pleads no contest to a felony or other crime or offense or engages in conduct that reflects materially and unfavorably upon the operation and reputation of Franchisor, the System, or the Franchised Business, or if any principal of Franchisee is convicted of or pleads no contest to a felony or other crime or offense or engages in such conduct,

(14) fails, for a period of three (3) days after notification of noncompliance, to comply with any federal, state or local law or regulations applicable to the operation of the Franchised Business including, without limitation, the Americans with Disabilities Act, provided, however, that if compliance requires more than three (3) days, Franchisee may have such additional time (not to exceed ten (10) days in the aggregate) to comply (a) if Franchisee immediately takes steps to begin compliance upon receipt of Franchisor's notice, and (b) if Franchisor does not determine that noncompliance would result in imminent danger to public health and safety,

(15) fails on three (3) or more separate occasions during the term of this Agreement to comply with this Agreement, whether or not such failures to comply are corrected after notice is delivered to Franchisee and whether or not such failures to comply relate to the same or different requirements of this Agreement,

(16) shall at any time have the Franchised Business or its assets or premises seized, taken over or foreclosed by a government official in the exercise of such official's duties, or by a creditor, lien holder or lessor of Franchisee, or a writ or levy of execution shall issue against the franchise granted hereunder or the goods and chattels of Franchisee,

(17) is evicted by the lessor for any reason, if Franchisee leases the site,

(18) has a judgment against it issued in the amount of more than Five Thousand Dollars ($5,000 00) that remains unsatisfied (unless an appeal is filed or a supersedeas bond is secured) for a period of more than thirty (30) days,

(19) has an undischarged levy of execution on the Franchised Business,

(20) is subject to a determination by Franchisor, in its sole discretion, that continued operation of the Franchised Business by Franchisee will result in danger to public health or safety, or

(21) is designated, or any person described in Section 10B is designated, by the United States government as a Specially Designated National or Blocked Person, as defined below

B **WITH NOTICE AND OPPORTUNITY TO CURE**

This Agreement shall terminate upon Franchisee's failure to cure any of the following, each of which is deemed to be "good cause"

(1) noncompliance with any requirement in this Agreement not listed in subsection A above within thirty (30) days after notice thereof is delivered to Franchisee, or

(2) failure to make payments to Franchisor for any amounts due within five (5) days after notice thereof is delivered to Franchisee

C **NO WAIVER**

The description of any default in any notice served upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination hereof

D **ENFORCEMENT**

Franchisee acknowledges that Franchisor's decision to enforce or not to enforce compliance with its rules and regulations by other franchisees shall not affect Franchisor's right to enforce such rules and regulations against Franchisee, even under similar circumstances

12 **RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION**

A **PAYMENT OF AMOUNTS OWED TO FRANCHISOR**

Franchisee agrees to pay Franchisor immediately after the effective date of termination or expiration of this Agreement, all amounts due to Franchisor and all other amounts owed to Franchisor or its affiliates which are then unpaid

B **MARKS**

After the termination or expiration of this Agreement, Franchisee will

(1) not directly or indirectly at any time or in any manner identify Franchisee or any business with which Franchisee is affiliated as a current or former franchisee or licensee of Franchisor, or as otherwise associated with Franchisor, or use any Mark, Trade Dress, or any imitation thereof or other indicia of the Franchised Business in any manner or for any purpose, or utilize for any purpose any trade name, trade or service mark, trade dress or other commercial symbol that suggests or indicates a connection or association, or former connection or association, with Franchisor,

(2) take such steps as are necessary to change the decor, signage, flooring, fixtures, furniture and equipment and other elements of decor and Trade Dress so that the premises no longer resemble the Franchised Business,

(3) at Franchisor's option, return or destroy (and if destroyed, Franchisee must set forth with particularity in a writing signed by Franchisee or a principal thereof the items destroyed) all products bearing any Marks,

(4) stop using the Marks and the System and return to Franchisor all copies of the Brand Standards Manual and all other Confidential Information, including, without limitation, client lists,

(5) assist in the smooth transition of the business to any successor franchisee or to Franchisor,

(6) refrain from soliciting customers or personnel of the Franchised Business, Franchisor or other of Franchisor's franchisees, and turn over all customer information and data to Franchisor,

(7) refrain from making any disparaging comments regarding Franchisor or the System,

(8) stop all use of all telephone numbers, facsimile numbers, e-mail addresses, home pages, domain and subdomain names, web sites and the like that are associated with the Franchised Business and cooperate with Franchisor in causing all applicable telephone companies and other service providers to assign such numbers and addresses and names to Franchisor or its nominee including, without limitation, signing transfer forms upon the execution of this Agreement or upon demand by Franchisor for use by Franchisor upon expiration or termination of this Agreement,

(9) take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to Franchisee's use of any Marks, and

(10) refrain from engaging in a competing business as provided in Section 10 above

C **CONTINUING OBLIGATIONS**

All obligations of the parties that expressly or by nature survive the expiration or termination of this Agreement, including without limitation, Sections 4, 9, 10, 14, 15, 16F, 15 J and 15 P, shall continue in full force and effect subsequent to and notwithstanding its expiration or termination until they are satisfied in full or by nature expire

D **OPTION TO PURCHASE**

Upon termination or expiration of this Agreement, Franchisor or its nominee shall have the option, exercisable for sixty (60) days following the effective date of termination or expiration, to purchase the assets of the Franchised Business The purchase price for the assets will be the fair market value as determined by the parties If the parties are unable to agree upon the fair market value of the assets, they shall jointly select an independent appraiser to do so Franchisee and Franchisor shall each pay one-half (½) of the cost of appraisal The fair market value of the assets shall be determined without giving effect to goodwill Franchisor may deduct any amounts Franchisee owes to Franchisor, any liabilities relating to the assets, and, if Franchisor has not complied with the requirements of this Agreement to upgrade and renovate the Franchised Business, the amount necessary to upgrade and renovate the Franchised Business to reflect Franchisor's then-current image The purchase price will be payable fifty percent (50%) at the time of closing and the balance in three (3) equal annual installments of principal plus interest at a rate per annum equal to the prime lending rate charged by Franchisor's bank determined as of the closing date

13 ASSIGNMENT, TRANSFER AND ENCUMBRANCE

A BY FRANCHISOR

This Agreement is fully transferable and assignable by Franchisor, in whole or in part, and shall inure to the benefit of any assignee, transferee or other legal successor to its interest herein

B BY FRANCHISEE

(1) The rights granted to Franchisee in this Agreement are personal and Franchisee acknowledges that Franchisor is entering into this Agreement in reliance upon and in consideration of the individual character, skill, attitude, business ability and financial capacity of Franchisee or, if Franchisee is a corporation, partnership, limited liability company or other entity, of its principal owners Accordingly, Franchisee shall not transfer, as defined below, this Agreement or any interest therein without Franchisor's prior written consent and without offering Franchisor a right of first refusal as provided below Any attempt at a transfer that violates the provisions of this Section shall convey no right or interest in this Agreement A transfer by an individual franchisee to an entity that is wholly owned by Franchisee and the sole business of which is the operation of the business contemplated by this Agreement shall not be subject to Franchisor's right of first refusal nor shall Franchisee be required to pay the transfer fee set forth in subsection (3)(g) below, provided that Franchisee notifies Franchisor in advance of the transfer and provides Franchisor with all documents Franchisor deems necessary or advisable including without limitation, a personal service agreement, an assumption agreement and personal guaranty by Franchisee as an individual Franchisee shall reimburse Franchisor for its expenses in documenting such a transfer

(2) For purposes hereof, "**transfer**" means any voluntary, involuntary, direct or indirect assignment, sale, division, encumbrance, hypothecation, mortgage, pledge or other transfer by Franchisee, in whole or in part, of any interest in this Agreement, any interest in the Franchised Business or more than twenty-five percent (25%) of the

ownership of Franchisee (either by one or by a series of transfers), if Franchisee is a corporation, partnership, limited liability company or other entity **"Transfer"** also includes a transfer to the surviving spouse, heirs, estate or other representative of Franchisee in the event of Franchisee's or its owner's death ("**Survivor**")

(3) Franchisor may require fulfillment of any or all of the following conditions precedent to the granting of consent to any transfer

(a) there shall be no existing default in the performance of Franchisee's obligations under this Agreement or under any other agreement with Franchisor or any of its affiliates,

(b) the Franchised Business shall be in complete compliance with Franchisor's then-current standards,

(c) the lessor of the premises of the Franchised Business has consented to Franchisee's sublease or transfer of the lease or sublease for the premises to the proposed transferee,

(d) the proposed transferee shall be qualified according to Franchisor's then-current standards for new franchisees,

(e) the proposed transferee shall have executed Franchisor's then-current form of franchise agreement for a term of years equal to the remaining term of this Agreement, the proposed transferee shall have executed all ancillary agreements then required by Franchisor and all holders of an equity interest in the proposed transferee (if an entity) shall have executed Franchisor's then-current form of guaranty, and any other documents Franchisor deems necessary,

(f) the proposed transferee shall have successfully completed Franchisor's Initial Training Program,

(g) Franchisee shall have paid to Franchisor a transfer fee The transfer fee will be (a) fifty percent (50%) of the then-current initial franchise fee if the transferee is an existing franchisee or seventy-five percent (75%) of the then-current initial franchise fee if the transferee is not an existing franchisee, or (b) One Thousand Five Hundred Dollars ($1,500 00) if the transfer is between Franchisee's current owners or to a new minority shareholder Franchisee must pay to Franchisor the transfer fee upon submission of an application to transfer If Franchisor does not consent to the transfer, Franchisor will return the transfer fee to Franchisee after deducting any expenses Franchisor may have incurred in evaluating the proposed transfer If the proposed transfer is by an individual to a business entity, Franchisee shall not be required to pay the transfer fee, but shall reimburse Franchisor for expenses Franchisor incurs in evaluating the proposed transfer,

(h) Franchisee (and its principals and affiliates if Franchisee is a corporation or other entity) shall have executed a general release in a form acceptable to Franchisor of any and all claims against Franchisor and its affiliates, associates, officers, directors, managers, shareholders, members, employees, agents and representatives,

(i) any obligations of the transferee to Franchisee shall be subrogated to the transferee's obligations to Franchisor,

(j) at Franchisor's option, Franchisee must transfer this Agreement together with all other agreements it and its affiliates have entered into with Franchisor or its affiliates and all rights thereunder to the transferee, and

(k) the transferee is not (i) a person designated by the U S Department of Treasury's Office of Foreign Assets Control from time to time as a "specially designated national or blocked person" or similar status, (ii) a person described in Section 1 of U S Executive Order 13224, issued on September 23, 2001, or (iii) a person otherwise identified by government or legal authority as a person with whom Franchisor is prohibited from transacting business ("**Specially Designated National or Blocked Person**") or a person in which a Specially Designated National or Blocked Person has an interest

(4) Franchisor's consent to any transfer shall not constitute a waiver of any claim that Franchisor may have against Franchisee or its owner(s), or of Franchisor's right to demand strict compliance with this Agreement

(5) No interest in this Agreement or the franchise shall be the subject of a lien, security interest or pledge either in favor of Franchisee as part of a transfer, or otherwise

C RIGHT OF FIRST REFUSAL

Franchisee shall provide Franchisor with complete information on the proposed transferee and terms of the transfer Within sixty (60) days of receipt of complete information and documents by Franchisor, Franchisor will inform Franchisee (1) whether it or its nominee will exercise its right of first refusal, and (2) if not, whether it will consent to the transfer In the event that Franchisor notifies Franchisee that it or its nominee will exercise its right of first refusal, except as provided below, Franchisor or its nominee will accept the transfer upon the same terms and conditions as set forth in the instruments and documents which embodied the proposed transfer Franchisor shall not be required, by exercise of its right of first refusal, to perform obligations of the proposed transferee which are merely incidental to the transfer (e g , employment agreements in favor of individuals, and broker's or finder's fees to be paid by the proposed transferee to or on behalf of Franchisee or any principal of Franchisee) Moreover, Franchisor shall have not less than sixty (60) days from the delivery of Franchisor's notice of exercise to consummate the transfer If Franchisor elects not to exercise its right of first refusal and consents to the proposed transfer, Franchisee may consummate the proposed transfer, but only upon the terms and conditions set forth in the notice submitted to Franchisor Franchisee must close the proposed transfer within ninety (90) days after receipt of Franchisor's notice that it will not exercise its right of first refusal and that it will consent to the transfer

D DEATH OR PERMANENT DISABILITY

If Franchisee, or the principal of a Franchisee that is not an individual, dies or is permanently disabled in a manner that prohibits operation of the Franchised Business, the Survivor or, in the case of permanent disability, the representative of Franchisee shall, within sixty (60) days of such death or determination of permanent disability, either meet all of Franchisor's then-current standards for new franchisees or shall transfer this Agreement in accordance with the requirements of this Section Franchisee must pay all of the Franchisor's expenses incurred in connection with Franchisor's evaluation and training for Franchisor's Survivor or representative

14 INDEMNIFICATION OF FRANCHISOR

Franchisee shall, during the term of this Agreement and after the termination or expiration of this Agreement, protect, defend, indemnify and hold Franchisor, and its affiliates, associates, officers, directors, managers, shareholders, members, employees, agents, representatives and assignees harmless against any and all liability for all claims of every kind or nature arising in any way out of or relating to Franchisee's actions or failure to act, whether personal or in connection with the operation of the Franchised Business, any other actions or failure to act by Franchisee, its agents or representatives or any breach of this Agreement, including, without limitation, the obligation to comply with applicable law For purposes of this indemnification, "**claims**" means and includes all obligations, actual and consequential damages, losses, claims, demands, liens, reckonings, accounts and costs incurred in the defense of any claim (such as, by way of illustration, but not limitation, accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) Franchisor shall have the right to defend any such claim against it with counsel of its own choosing and Franchisee agrees to cooperate fully with Franchisor in connection with the defense of any claim Franchisee shall have no right to settle or refuse to settle any claim, Franchisee shall retain all right to do so In addition, Franchisee agrees to cooperate fully with Franchisor in any other claims brought by or against Franchisor

15 MISCELLANEOUS

A FORCE MAJEURE

In the event of a natural disaster such as an earthquake, flood, hurricane or fire or a strike, lockout or labor controversy or the happening of any extraordinary event beyond the control of one of the parties which results in the inability of that party to operate or to provide the services contemplated by this Agreement, there shall be no obligation on the part of that party to operate or to provide such services during the period when such party is unable to do so, provided, however, that this provision shall not affect a party's obligation to make payments required by this Agreement, and provided, further, that in no event shall such postponement last longer than six (6) months

B **GRAMMAR**

The masculine of any pronoun will include the feminine and the neuter thereof, and the singular of any noun or pronoun shall include the plural, or vice versa, wherever the context requires

C **INTERPRETATION**

References in the Agreement to actions, rights, decisions or options to be exercised in Franchisor's discretion shall mean the sole, absolute and unfettered discretion of Franchisor When calculating the date upon which or the time within which any act is to be done, the date which is the reference date in calculating such period shall be excluded If the last day of such period is not a business day, the period in question shall end on the next business day The terms of this Agreement shall not be interpreted or construed in favor of or against any party on the ground that one party was the purported draftsman hereof

D **SECTION HEADINGS**

Section headings are for convenience of reference only and should not be construed as part of this Agreement nor should they limit or define the meaning of any provision herein

E **NONWAIVER**

No failure by either party to take action on account of any default of the other party, whether in a single instance or repeatedly, and no course of dealing of the parties in variance with the terms hereof, constitutes a waiver of any such default or of the performance required of either party by this Agreement No express waiver by either party of any provision or performance hereunder or of any default by the other party constitutes a waiver of any other or future provision, performance or default No waiver or extension of time shall be effective unless expressly contained in a writing signed by the waiving party The parties may in their sole respective discretion elect from time to time to waive obligations of one another under this Agreement upon such terms and conditions as they may, in their sole respective discretion, set forth in such written waiver

F **NO EXEMPLARY DAMAGES**

Neither party to this Agreement shall assert against the other party any claim for special, exemplary or punitive damages arising out of the Franchisor-Franchisee relationship, the formation or performance of this Agreement, any breach of this Agreement, or the operation of the Franchised Business

G INVALIDITY AND SEVERABILITY

If any provision or portion of a provision of this Agreement is determined to be invalid or unenforceable, either in its entirety or by virtue of its scope or application to given circumstances, such provision or portion thereof shall be deemed modified to the extent necessary to render the same valid, or as not applicable to the given circumstances, or shall be excised from this Agreement, as the situation may require, and this Agreement shall be construed and enforced as if such provision or portion thereof had been included herein as so modified in scope or application, or had not been included herein, as the case may be The stated intention of the parties is that had they known of such invalidity or unenforceability at the time of entering into this Agreement, they would have nevertheless contracted upon the terms contained herein, either excluding such provisions, or portions thereof, or including such provisions or portions thereof only to the maximum scope and application permitted by law, as the case may be In the event such total or partial invalidity or unenforceability of any provision or portion thereof of this Agreement exists only with respect to the laws of a particular jurisdiction, this Section will operate upon such provision or portion thereof only to the extent that the laws of such jurisdiction are applicable

H NOTICES

Any notice or demand given or made pursuant to the terms of this Agreement will be made in writing and delivered by personal service, e-mail, overnight delivery, or certified mail (postage prepaid) to such address as may be designated from time to time by the relevant party, and which will initially be as set forth as follows

If given to Franchisor

Eliodoro Case Mexico, Inc
4076 East Avenue
Livermore, California 94550
Telephone (925) 371-0690
Email Lopezlopezgille@yahoo com

If given to Franchisee

____
____
____
Telephone ____________________
E-mail _______________________

Any notice sent by certified mail will be deemed to have been given three (3) business days after the date on which it is mailed All other notices will be deemed given when sent if sent by e-mail or personal delivery, and one (1) business day after being sent by overnight mail No objection may be made to the manner of delivery of any notice actually received in writing by an authorized agent of a party

I ENTIRE AGREEMENT, MODIFICATION

This Agreement, any documents executed contemporaneously herewith that expressly reference this Agreement and any documents referred to herein constitute and contain the entire agreement and understanding of the parties with respect to the subject matter hereof There are no representations, undertakings, agreements, terms, or conditions not contained or referred to herein, provided, however, that nothing in this Agreement is intended to disclaim the representations made in the Franchise Disclosure Document furnished to Franchisee This Agreement supersedes and extinguishes any prior written agreement between the parties or any of them relating to the subject matter hereof This Agreement may not be modified or amended except by a written amendment executed by both parties

J CONTROLLING LAW, DISPUTE RESOLUTION, ATTORNEYS' FEES AND EQUITABLE RELIEF

(1) This Agreement, including all matters relating to the validity, construction, performance, and enforcement thereof, shall be governed by the laws of California without giving effect to its provision regarding choice of laws, provided that any matter relating to Section 10 shall be governed by the laws of the state in which the Franchised Business is located Nothing in this Section is intended, or shall be deemed, to make the California Franchise Investment Law or the California Franchise Relations Act or any other law apply to this Agreement, or the transactions or relationships contemplated hereby, if such law would not otherwise be applicable

(2) Upon the occurrence of any dispute or disagreement between the parties hereto arising out of or in connection with any term or provision of this Agreement, the subject matter hereof, or the interpretation or enforcement hereof (in each case, a **"Dispute"**), the Dispute shall first be submitted to mediation on an expedited basis in or nearest to the city in which Franchisor's headquarters is then located, administered by JAMS, or its successor, in accordance with JAMS rules and procedures then in effect Either party may commence mediation by providing to JAMS and the other party a written request for mediation, setting forth the subject of the Dispute and the relief requested, with the expectation that the first mediation session shall occur within thirty (30) days of such written request The party seeking the mediation must submit the following in addition to any demand or filing required by JAMS a full and specific description of the claims under this Agreement including without limitation an identification of the specific provisions that the other party has breached, documentary evidence of the facts alleged by the complaining party and a declaration under penalty of perjury that all facts stated in the claims and documentation are true and correct and do not fail to state facts known to the complaining party that are material to the determination of the Dispute The parties will cooperate with JAMS and with one another in selecting a neutral mediator from the JAMS panel of neutrals and in scheduling the mediation proceedings The mediator must be a retired judge or an

attorney experienced in complex commercial transactions If the parties are unable to select the mediator within ten (10) days after receipt of the mediation notice by JAMS, then JAMS shall designate the mediator The parties covenant that they will (a) participate in the mediation in good faith, (b) share equally in the costs of the mediator and related JAMS administrative costs, and (c) pay in advance the estimated reasonable fees and costs of the mediation, as may be specified in advance by the mediator All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties, their agents, employees, experts and attorneys, and by the mediator and any JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any reference, arbitration, litigation or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation In the event it is necessary, any party may file a motion to compel the other party to participate in the mediation and the prevailing party shall be awarded its costs and expenses, including attorneys' fees in connection with such motion If the Dispute is not resolved within ten (10) days after the first mediation session, either party may (i) give written notice to JAMS and the other party that the mediation is terminated and (ii) submit any remaining Disputes to binding arbitration pursuant to Section 15 J(3) below

(3) If the parties are unable to resolve the Dispute pursuant to Section 15 J(2) above, then the parties shall submit the Dispute to final and binding arbitration in or nearest to the city in which Franchisor's headquarters is then located, administered by JAMS, or its successor, in accordance with the rules and procedures of JAMS then in effect Any party may commence the arbitration by filing a written demand for arbitration with JAMS, with a copy to the other party, setting forth the subject of the Dispute and the relief requested, with the expectation that the first arbitration session shall occur within thirty (30) days of such written demand The party seeking arbitration must submit the following in addition to any demand or filing required by JAMS a full and specific description of the claims under this Agreement including without limitation an identification of the specific provisions that the other party has breached, documentary evidence of the facts alleged by the complaining party and a declaration under penalty of perjury that all facts stated in the claims and documentation are true and correct and do not fail to state facts known to the complaining party that are material to the determination of the Dispute The parties agree that any and all Disputes that are submitted to arbitration in accordance with this Agreement shall be decided by one (1) neutral arbitrator who is a retired judge or attorney who is experienced in complex commercial transactions If the parties are unable to agree on an arbitrator, JAMS shall designate the arbitrator The parties will cooperate with JAMS and with one another in selecting the arbitrator and in scheduling the arbitration proceedings in accordance with applicable JAMS procedures The arbitration shall be conducted in accordance with the JAMS Comprehensive Rules Any award issued as a result of such arbitration shall be final and binding between the parties thereto and shall be enforceable by any court having jurisdiction over the party against whom enforcement is sought The parties expressly acknowledge and understand that by entering into this Agreement, they each are waiving their respective rights to have any Dispute between the parties hereto adjudicated by a court or by a jury

(4) The parties recognize that their relationship is unique and that each franchisee is situated differently from all other franchisees, and that no one franchisee can adequately represent the interest of others Therefore, the parties agree that any arbitration, suit, action or other legal proceeding shall be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiff, consolidated or similar basis

(5) The prevailing party in any legal proceeding will be entitled to recover its costs and, as an element of such party's cost of arbitration, suit or proceeding, and not as damages, attorneys' fees to be fixed by the arbitrator or by the court Nothing in this Agreement shall be construed as limiting or precluding either party from bringing any action in any court of competent jurisdiction for injunctive or other extraordinary relief, without the necessity of posting a bond (and if bond shall nevertheless be required, the parties agree that the sum of One Hundred Dollars ($100 00) shall be sufficient bond), in connection with the Marks, Trade Dress, Proprietary Information or Confidential Information The parties shall have the immediate right to seek such injunctive or other extraordinary relief at any time, including without limitation, during the pendency of an arbitration or other proceeding This covenant shall be independent, severable and enforceable notwithstanding any other rights or remedies which such party may have

K **RELATIONSHIP OF PARTIES**

(1) Nothing herein contained shall be deemed or construed to create the relationship of principal and agent, partnership, joint venture or employment, or a fiduciary or trust relationship, and neither party shall hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, servant or employee of the other party or its affiliate With respect to all matters pertaining to the operation of the business conducted hereunder, Franchisee is, and shall be, an independent contractor Neither Franchisor nor Franchisee has the right to bind or obligate the other to any obligations or debts

(2) It is acknowledged that Franchisee is the sole and independent owner of its business, shall be in full control thereof, and shall conduct such business solely in accordance with its own judgment and discretion, subject only to the provisions of this Agreement Franchisee shall conspicuously identify itself as the independent owner of its business No party hereto shall be obligated by, or have any liability for, any agreements, representations or warranties made by the other nor shall Franchisor be liable for any damages to any person or property, directly or indirectly, arising out of the operation of Franchisee's business, whether caused by Franchisee's negligent or willful action or failure to act Neither party shall have liability for any sale, use, excise, income, property or other tax levied upon the business conducted by the other party or in connection with the services performed or business conducted by it or any expenses incurred by it

(3) Franchisee's employees are under Franchisee's sole control Franchisor is not the employer or joint employer of Franchisee's employees Franchisor will not exercise direct or indirect control of Franchisee's employees' working conditions

Franchisor does not share or codetermine the terms and conditions of employment of Franchisee's employees or participate in matters relating to the employment relationship between Franchisee and its employees, such as hiring, promotion, demotion, termination, hours or schedule worked, rate of pay, benefits, work assigned, discipline, response to grievances and complaints or working conditions Franchisee has sole responsibility and authority for these terms and conditions of employment Franchisee must notify and communicate clearly with its employees in all dealings, including, without limitation, its written and electronic correspondence, paychecks, and other materials, that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer

L COMPLIANCE WITH LOCAL LAW

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 hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements hereof Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions Franchisor reserves the right to challenge the applicability of any such law or rule

M SPOUSAL CONSENT

Franchisee's spouse or the spouses of all owners of Franchisee if Franchisee is an entity, shall execute a spousal consent in the form attached hereto as **Exhibit B**

N ENTITY FRANCHISEES

(1) If Franchisee is a partnership, Franchisee shall deliver to Franchisor a copy of its current partnership agreement prior to the execution of this Agreement Thereafter, Franchisee shall deliver to Franchisor copies of all restated partnership agreements and any amendments to the partnership agreement marked to indicate changes since the date of the partnership agreement previously delivered to Franchisor If Franchisee is a corporation, Franchisee shall deliver to Franchisor a copy of its certificate or articles of incorporation, or other charter documents and all amendments thereto, and a copy of its current bylaws and a copy of any shareholders' agreement and all amendments thereto, prior to the execution of this Agreement Thereafter, Franchisee shall deliver to Franchisor copies of all subsequent amendments to its certificate or articles of incorporation or other charter documents and its current bylaws, and any shareholders' agreement, marked to indicate changes since the date of the certificate or articles, bylaws, shareholders' agreement, or other charter documents previously delivered to Franchisor If Franchisee is a limited liability company, Franchisee shall deliver to Franchisor copies of its certificate of formation or articles of organization, its operating agreement and other charter documents, and all amendments thereto Thereafter, Franchisee shall deliver to Franchisor copies of all subsequent amendments to its certificate of formation or articles of organization, operating agreement and other charter documents, marked to indicate changes since

the date of the articles, agreement or other documents previously delivered to Franchisor

(2) If Franchisee is a corporation, partnership, limited liability company or other entity, Franchisee shall complete and deliver to Franchisor **Exhibit C** together with this Agreement Franchisee shall notify Franchisor in writing within ten (10) days of any change in the information contained in **Exhibit C**

(3) If Franchisee is a corporation or otherwise issues ownership certificates, all securities shall be affixed with the following legend conspicuously on the face of the certificate evidencing the issuance thereof

> "The transfer of the shares/ownership interest represented by this certificate is subject to the terms and conditions of a Franchise Agreement entered into with Eliodoro Casa Mexico, Inc dated ____________, 20__, a copy of which is on file with the Secretary of this corporation/entity "

O PERSONAL GUARANTIES

If Franchisee is a corporation, a partnership, a limited liability company or other entity, Franchisor shall not be bound unless all shareholders, general partners or members of Franchisee, as applicable, have read and approved this Agreement and further agree that any restriction applicable to the corporation, partnership, limited liability company or other entity shall also apply to them individually and collectively (including the prohibition on their ability to transfer their interests in Franchisee) and further agree, if Franchisor so requires, to personally, jointly and severally, guarantee the performance of Franchisee under the terms of this Agreement by executing the form of Guaranty and Assumption of Franchisee's Obligations set forth in **Exhibit D** attached hereto

P STATUTE OF LIMITATIONS

The parties hereby acknowledge and agree that any suit, action or other proceeding relating to this Agreement must be brought within one (1) year after the occurrence of the act or omission that is the subject of the suit, action or other legal proceeding

Q SUCCESSION, THIRD PARTY BENEFICIARY

Franchisor's right to sublicense Franchisee to use the Marks is pursuant to a Trademark License Agreement with Guillermo Lopez ("**Mr Lopez**") In the event Franchisor ceases for any reason to receive the right from Mr Lopez to license Franchisee to use the Marks, Franchisee agrees that Mr Lopez, shall, at his option succeed to all of the rights and assume all of the obligations of Franchisor under this Agreement Mr Lopez is a third party beneficiary of this Agreement If required by applicable law, Franchisee agrees to enter into a novation agreement with Mr Lopez

R REASONABLE BUSINESS JUDGMENT

When a provision in this Agreement requires Franchisor to make a decision or determination, and the provision does not state otherwise, Franchisor shall make such decision or determination utilizing reasonable business judgment Reasonable business judgment means that Franchisor's action or inaction has a business basis that is intended to benefit the System or the profitability of franchised businesses and Franchisor, regardless of whether some individual franchisees may be unfavorably affected, or to increase the value of the Marks, or to increase or enhance overall customer or franchisee satisfaction, or to minimize possible brand inconsistencies or customer confusion In the event that such obligation or exercise of discretion is unrelated to franchised businesses or the Marks, reasonable business judgment means that Franchisor has a business basis and has not acted in bad faith Franchisee shall have the burden of establishing that Franchisor failed to exercise reasonable business judgment, and neither the fact that Franchisor benefited economically from an action nor the existence of other "reasonable" alternatives will, by themselves, establish such failure

S REPRESENTATIONS AND WARRANTIES

(1) Franchisee represents and warrants to Franchisor that neither Franchisee (including, without limitation, any and all of its directors, officers and managers), nor any of its affiliates or the funding sources for either is a Specially Designated National or Blocked Person Neither Franchisee nor any of its affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo by the United States government Neither Franchisee nor any of its affiliates is acting on behalf of a government of any country that is subject to such an embargo Franchisee further represents and warrants that it is in compliance with any applicable anti-money laundering law, including, without limitation, the USA Patriot Act

(2) Franchisee (on behalf of itself and all of the holders of (a) an equity interest in Franchisee, and (b) an equity interest in holders of equity interests in Franchisee) represents and warrants to Franchisor that execution and delivery of this Agreement and the performance of Franchisee's obligations hereunder, does not (i) conflict with, violate, result in a breach of or constitute a default (or an event which, with notice or passage of time or both, would constitute a default) under, or result in the termination or in a right of termination or cancellation of, any other agreement to which Franchisee or any such holder is party or by which Franchisee or any such holder, or any of their respective assets may be bound, (ii) violate any order, writ, injunction, decree, judgment or ruling of any court or governmental authority, or (iii) violate any applicable law

(3) Franchisee represents and warrants to Franchisor that neither Franchisor nor any of its representatives has made any of the following representations

(a) that Franchisor guarantees, conditionally or unconditionally, or makes a written or oral representation (i) that would cause a reasonable person in

Franchisee's position to believe that income is assured, (ii) that Franchisee will derive income from the Franchised Business, (iii) that Franchisee's investment is protected from loss or (iv) that Franchisee can earn a profit in excess of its initial payment,

(b) that Franchisor will refund all or part of the fees paid by Franchisee (including, without limitation, a representation that Franchisor will refund Franchisee's initial payment or return any promissory note upon termination or non-renewal of the Franchised Business) or repurchase any of the products, equipment, supplies, goods or chattels supplied by Franchisor or its affiliate to Franchisee,

(c) that Franchisee will be provided with retail outlets or accounts, or assistance in establishing retail outlets or accounts, for the sale or distribution of goods or services, or

(d) that there is a market for the goods or services to be offered, sold or distributed by Franchisee

(4) Franchisee agrees that it will notify Franchisor in writing immediately upon the occurrence of any event that would render the foregoing representations and warranties of this Section incorrect

16 ACKNOWLEDGMENTS

Franchisee acknowledges and represents the following to Franchisor to induce it to enter into this Agreement

1) FRANCHISEE HAS READ THIS AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT AND ALL OTHER RELATED AGREEMENTS AND DOCUMENTS AND UNDERSTANDS AND ACCEPTS THE TERMS, CONDITIONS, AND COVENANTS CONTAINED IN THIS AGREEMENT AS BEING REASONABLY NECESSARY TO MAINTAIN THE SYSTEM'S HIGH STANDARDS OF QUALITY AND SERVICE AND THE UNIFORMITY OF THOSE HIGH STANDARDS IN ORDER TO PROTECT AND PRESERVE THE GOODWILL OF THE MARKS FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR OR ITS REPRESENTATIVES HAVE FULLY AND ADEQUATELY EXPLAINED THE PROVISIONS OF SUCH DOCUMENTS TO THE SATISFACTION OF FRANCHISEE,

2) FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISED BUSINESS FRANCHISEE RECOGNIZES THAT THE NATURE OF THIS BUSINESS MAY EVOLVE AND CHANGE OVER TIME, THAT IT INVOLVES BUSINESS RISKS AND THAT THE SUCCESS OF THE VENTURE DEPENDS PRIMARILY UPON FRANCHISEE'S INDIVIDUAL AND INDEPENDENT BUSINESS ABILITY AND EFFORTS FRANCHISEE UNDERSTANDS THAT THE FRANCHISED BUSINESS IS A RELATIVELY NEW CONCEPT THAT ENTAILS BUSINESS RISKS FRANCHISEE HAS CONSULTED WITH SUCH PROFESSIONAL ADVISORS OF FRANCHISEE'S CHOOSING AS FRANCHISEE DEEMS

NECESSARY, INCLUDING LEGAL COUNSEL, REGARDING ALL ASPECTS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT, ALL RELATED AGREEMENTS AND THE BUSINESS RELATIONSHIP CREATED THEREBY, AND TO DETERMINE THAT FRANCHISEE IS FINANCIALLY PREPARED TO ASSUME THE RISKS THAT MAY BE INVOLVED IN SUCH A BUSINESS VENTURE,

3) FRANCHISEE HAS NOT RECEIVED OR RELIED UPON ANY PROMISE, REPRESENTATION, GUARANTY OR WARRANTY, EXPRESSED OR IMPLIED, ABOUT THE POTENTIAL VOLUME, REVENUES, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT,

4) FRANCHISEE IS AWARE OF THE FACT THAT SOME PRESENT OR FUTURE FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS, AND CONSEQUENTLY, THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY,

5) NO REPRESENTATIONS HAVE BEEN MADE OR AUTHORIZED BY FRANCHISOR, OR BY ITS OFFICERS, DIRECTORS, MANAGERS, SHAREHOLDERS, MEMBERS, EMPLOYEES, SALES PERSONNEL, AGENTS OR OTHER REPRESENTATIVES, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISE DISCLOSURE DOCUMENT HERETOFORE RECEIVED BY FRANCHISEE OR TO THE TERMS CONTAINED IN THIS AGREEMENT, AND FRANCHISEE HAS NOT RELIED UPON ANY OTHER SUCH REPRESENTATIONS,

6) IN ALL OF THEIR DEALINGS WITH FRANCHISEE, THE OFFICERS, DIRECTORS, MANAGERS, SHAREHOLDERS, MEMBERS, EMPLOYEES, SALES PERSONNEL, AGENTS AND REPRESENTATIVES OF FRANCHISOR ACT ONLY IN A REPRESENTATIVE CAPACITY, NOT IN AN INDIVIDUAL CAPACITY, AND THIS AGREEMENT, AND ALL BUSINESS DEALINGS BETWEEN FRANCHISEE AND SUCH INDIVIDUALS AS A RESULT OF THIS AGREEMENT, ARE SOLELY BETWEEN FRANCHISEE AND FRANCHISOR,

7) FRANCHISEE ACKNOWLEDGES THAT In each case IN WHICH franchisor may exercise any option or other right UNDER THIS AGREEMENT OR UNDER ANY AGREEMENT CONTEMPLATED HEREBY, franchisor may do so in its discretion, without liability or other obligation So as to preserve the flexibility to deal with practical situations, franchisor may, in its discretion, elect to not enforce (or to selectively enforce) any provision of this Agreement, or any other agreement, any policy or otherwise, whether with respect to FRANCHISEE or any other franchisee or otherwise, and franchisor may apply different policies to any franchisee, all without liability or other obligation, and any such acts or omissions will not limit or otherwise affect franchisor's rights, whether to STRICTLY enforce this Agreement or otherwise, AND

8) THE APPLICATION MADE BY FRANCHISEE IS TRUE AND CORRECT FRANCHISEE HAS MADE NO INCORRECT STATEMENT IN THE APPLICATION OR

FAILED TO MAKE ANY STATEMENT THAT WOULD BE NECESSARY TO MAKE THE STATEMENTS IN THE APPLICATION NOT MISLEADING

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date stated on the first page hereof

Franchisor

ELIODORO CASA MEXICO, INC
A California corporation

By ______________________________

Title ______________________________

Date ______________________________

Franchisee

____

____
(Signature)

____
(Print Name and Title, if applicable)

Date ______________________________

EXHIBIT A

GEOGRAPHIC AREA, LOCATION AND PROTECTED AREA

Description of Geographic Area (attach map) ______________________________

Location of Franchised Business

Description of Protected Area (attach map) ______________________________

EXHIBIT B

SPOUSAL CONSENT

The undersigned each being the spouse of Franchisee (or the spouse of an owner of Franchisee) hereby states

1) That he or she has read and understands the Franchise Agreement and the Franchise Disclosure Document, and

2) That he or she consents to the terms and conditions of the Franchise Agreement, including but not limited to those concerning transfer, and

3) That he or she consents to execution of the Franchise Agreement by Franchisee, and

4) That he or she consents to execution of the Guaranty and Assumption of Franchisee's Obligations

Dated ______________________ Signature __________________________

Print Name __________________________

By his or her signature below, Franchisee hereby states that he or she is not married and does not have a spouse

Dated ______________________ Signature __________________________

Print Name __________________________

Dated ______________________ Signature __________________________

Print Name __________________________

EXHIBIT C

INFORMATION REGARDING NON-INDIVIDUAL FRANCHISEES

(1) If Franchisee is a corporation or partnership or other entity, there is set forth below the name, address, title and percentage ownership of each shareholder, partner or member of Franchisee

NAME	ADDRESS	TITLE	PERCENTAGE OWNERSHIP

(2) If Franchisee is a corporation or limited liability company, there is set forth below the name, address and title of each officer and director or manager of Franchisee

NAME	ADDRESS	TITLE

(3) The address where Franchisee's records are maintained is

____

____

____

(4) There is set forth below the name, address and title of each of Franchisee's principal officers or partners who will be devoting their full time efforts to the operation of the Franchised Business

NAME	ADDRESS	TITLE

DATE ____________________

____
Name and Title of Person Completing Exhibit

____
Signature

EXHIBIT D

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement ("**Agreement**") with Eliodoro Casa Mexico, Inc , a California corporation ("**Franchisor**"), of even date herewith, each of the undersigned hereby personally and unconditionally (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _______________, a(n) ____________________ ("**Franchisee**") shall punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement, and (2) agrees to be personally bound by and personally liable for the breach of each and every provision in the Agreement, including but not limited to monetary obligations and dispute resolution procedures

Each of the undersigned waives (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings, (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed, (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, (4) any right he/she may have to require that an action be brought against Franchisee or any other person as a condition of liability, and (5) any and all other notices and demands and legal and equitable defenses to which he/she may be entitled

Each of the undersigned consents and agrees that (1) his/her liability under this guaranty shall be joint and several, (2) he/she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so, (3) he/she will individually comply with all the provisions and subsections of the Agreement and any renewals and amendments thereto, (4) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person, and (5) such liability shall not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may, from time to time, grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall, in any way, modify or amend this Guaranty which shall be continuing and irrevocable during the term of the Agreement and thereafter

If any provision of this Guaranty is deemed to be invalid or inoperative, for any reason, that part shall be deemed modified to the extent necessary to make it valid and operative or if it cannot be so modified, then severed, and the remainder of the Guaranty shall continue in full force and effect as if it had been executed and entered into with the invalid portion so modified or eliminated

This Guaranty will continue in effect as to each of the undersigned until the date that Franchisee fully performs all its obligations under the Agreement, or until one or more of the undersigned fully perform them in Franchisee's stead, or until Franchisor agrees in writing to release such person from his or her obligations hereunder

Each of the undersigned waives claim for exemplary or punitive damages arising out of this Guaranty, the Franchisor-Franchisee relationship, the performance of the Agreement, any breach of the Agreement, or the development or operation of any Eliodoro Casa Mexico™ restaurant

IN WITNESS WHEREOF, each of the undersigned hereto affixed his/her signature effective on the same day and year as the executed Agreement

GUARANTOR(S)

By ______________________________
Print Name ______________________

By ______________________________
Print Name ______________________

By ______________________________
Print Name ______________________

By ______________________________
Print Name ______________________

By ______________________________
Print Name ______________________

ADDENDUM

TO THE FRANCHISE DISCLOSURE DOCUMENT OF ELIODORO CASA MEXICO INC REQUIRED BY THE STATE OF 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 DISCLOSURE DOCUMENT

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

Item 3 Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document 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 the franchisee concerning termination, transfer or non-renewal of a franchise If the franchise agreement contains a provision that is inconsistent with the law, the law will control

The franchise agreement provides for termination upon bankruptcy This provision may not be enforceable under federal bankruptcy law (11 U S C A Sec 101 et seq)

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 binding arbitration The arbitration will occur in the city in which the franchisor's headquarters is then located (currently Monrovia, California) with the costs borne by both parties (the prevailing party has the right to seek to recover such costs) 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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www dbo ca gov

The provisions of this Addendum only apply if the jurisdictional requirements of the California Franchise Investment Law and the California Franchise Relations Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute

CASA MEXICO RESTAURANT
OPERATIONS MANUAL

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B PRE-OPENING PROCEDURES

C HUMAN RESOURCES

D DAILY OPERATING PROCEDURES (Cont)

D DAILY OPERATING PROCEDURES (Cont)

E MANAGING A CASA MEXICO RESTAURANT

E MANAGING A CASA MEXICO RESTAURANT (Cont)

F ADVERTISING

RECEIPT

The Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language Read this Disclosure Document and all agreements carefully

If Eliodoro Casa Mexico, Inc offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale

New York requires that we give you this 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 requires 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 Eliodoro Casa Mexico, Inc does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and the applicable state agency listed in Exhibit A

Following is information about the franchise seller involved in this transaction

☐ Guillermo Lopez, 4076 Eastern Avenue, Livermore, CA 94550, (925) 371-0690

☐ ____

Issuance Date July 10, 2017

Eliodoro Casa Mexico, Inc authorizes the respective state agencies listed on Exhibit B to receive service of process in the particular state

I received a Disclosure Document dated July 10, 2017 that included the following Exhibits

A List of State Franchise Administrators
B List of Agents for Service of Process
C Financial Statements
D Franchise Agreement and Addenda
E State-Specific Addenda to Franchise Disclosure Document
F Brand Standards Manual Table of Contents

Date ____________________

Franchisee ____________________
Print Name ____________________
Individually and as an officer, partner or member of
____________________,
a ____________________,
which has been or will be formed to act as franchisee

Address ____________________
____
Telephone ____________________

RECEIPT

The Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language Read this Disclosure Document and all agreements carefully

If Eliodoro Casa Mexico, Inc offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale

New York requires that we give you this 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 requires 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 Eliodoro Casa Mexico, Inc does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and the applicable state agency listed in Exhibit A

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F Brand Standards Manual Table of Contents

Date ____________________

Franchisee ____________________
Print Name ____________________
Individually and as an officer, partner or member of
____________________,
a ____________________,
which has been or will be formed to act as franchisee

Address ____________________
____

Telephone ____________________