FRANCHISE DISCLOSURE DOCUMENT

GANDOLFO'S DELIBOYS, LLC
A Utah Limited Liability Company
370 Safe Water Cove
Lawrenceville, Georgia 30043
(770) 513-7220
www.gandolfosdeli.com
dpool@gandolfosdeli.com

The franchisee will operate either a Gandolfo's Deli franchised restaurant, which is a New York deli-style restaurant specializing in serving large hero style sandwiches in a sporty New York atmosphere, as authorized by Gandolfo's ("Restaurant"), or a Gandolfo's mobile food truck unit, which consists of (a) a commissary where supplies, food products, equipment and other items required under the System may be held, and (b) a motor vehicle truck displaying a New York deli-style decorum traveling on designated routes and offering large hero style sandwiches, as authorized by Gandolfo's ("Mobile Food Truck Unit")

The total investment necessary to begin operation of (i) a Gandolfo's franchised Restaurant is $298,450 to $549,200 and (ii) a Gandolfo's franchised Mobile Food Truck Unit is $112,950 to $165,700 This includes $25,000 for a Gandolfo's franchised Restaurant or $9,000 for a Gandolfo's franchised Mobile Food Truck Unit that must be paid to Gandolfo's or an affiliate The total investment to become an area developer is, in addition to the operational investment described above (less the applicable initial franchise fee), an area development fee equal to $25,000 for the initial Restaurant or $9,000 for the initial Mobile Truck Unit you will open under the Area Development Agreement plus $25,000 for each subsequent Restaurant or $9,000 for each subsequent Mobile Truck Unit you will open under the Area Development Agreement The area development fee must be paid to Gandolfo's 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.**

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, N W, 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

April 1, ~~2016~~2017

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 "K" 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 AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION OR LITIGATION ONLY IN GEORGIA OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN GEORGIA THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT STATES THAT GEORGIA 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 THE FRANCHISE AGREEMENT STATES THAT EACH SHAREHOLDER, MEMBER OR PARTNER, WHICHEVER IS APPLICABLE, OF THE FRANCHISEE MUST SIGN A GUARANTEE AGREEING TO BE PERSONALLY LIABLE FOR THE FRANCHISEE'S OBLIGATIONS

4 FRANCHISE OWNERS AND SPOUSES MUST SIGN PERSONAL GUARANTEES MAKING SPOUSES JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE WHETHER OR NOT THE SPOUSE IS INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS AND THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNERS AND THEIR SPOUSES AT RISK

~~5~~5 THE INDEPENDENT AUDITORS' REPORT REGARDING OUR DECEMBER 31, 2016 FINANCIAL STATEMENTS DISCLOSED A NET CAPITAL DEFICIENCY THAT RAISED DOUBT AS TO OUR ABILITY TO CONTINUE AS A GOING CONCERN

6 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

TO THE EXTENT LOCAL LAW REQUIRES, YOU MAY HAVE CERTAIN RIGHTS UNDER THIS LAW PLEASE SEE EXHIBIT "M" FOR AN EXPLANATION OF ANY APPLICABLE LOCAL LAW

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	~~April 20, 2016~~Renewal Pending
Florida	February 18, ~~2016~~2017
Illinois	June 28, 2016
Indiana	March 8, ~~2016~~2017
Utah	April 4, 2017~~2016~~
Washington	May 9, 2016

TABLE OF CONTENTS

EXHIBITS

Item 1 The Franchisor and any Parents, Predecessors, and Affiliates

Franchisor And Its Predecessor

The name of the Franchisor is Gandolfo's DeliBoys, LLC In this Disclosure Document, Gandolfo's DeliBoys, LLC, is referred to as "**we**" or "**us**" or "**our**" or "**Gandolfo's** " "**You**" means the person who buys the franchise from us and includes the shareholders, members, partners or owners of a corporation, limited liability company, partnership or other entity that buys a franchise from us If you are a corporation, limited liability company, partnership or other entity, your shareholders, members, partners or owners must sign a guaranty agreement that all provisions of our Franchise Agreement also will apply to your shareholders, members, partners or owners (the form of the Principal Owner's Guaranty is attached as Exhibit "D") Our company was organized as a limited liability company on February 5, 2003, in Utah and later acquired all of the rights to the Gandolfo's Deli system

Our principal place of business is 370 Safe Water Cove, Lawrenceville, GA 30043 We do not do business under any other name besides "Gandolfo's DeliBoys, LLC " Our parent company, Pool's Restaurant Group, LLC ("**Parent**") has 100% ownership of us Our Parent's principal place of business is 370 Safe Water Cove, Lawrenceville, GA 30043 We have two affiliates, Petro's Franchising Group, LLC ("**Petro's**") and ~~Two Trucks~~Petro's Company Stores, LLC ("~~Two Trucks~~**PCS**") Petro's offers franchised southwestern style restaurants and mobile food truck units specializing in a menu centered around a "Petro" which consists of a blend of chili, chips and assorted toppings, variations of a Petro involving pasta, salad, hot dogs, baked potatoes, and wraps, soups, desserts and beverages ("**Petro's Franchises**") ~~Two Trucks~~PCS owns and operates ~~Mobile Food Trucks units, currently located in~~ all of the ~~Dallas, Texas area~~ company-owned Petro's Franchises Petro's and ~~Two Trucks'~~PCS's principal place of business is ~~502 Idlewild Road, Grand Prairie, TX 75051~~137 Suffolk Drive Suite D, Knoxville, TN 37922 Our only predecessor is Gandolfo's New York Delicatessen and Catering, Inc , a company incorporated in Utah on January 3, 1995 (our "**Predecessor**") Our agents for service of process are disclosed in Exhibit "H"

Our Business

We franchise the right to operate (i) Gandolfo's Deli restaurants, which are New York deli-style restaurants specializing in serving large hero style sandwiches in a sporty New York atmosphere ("**Gandolfo's Deli Restaurants**") and (ii) Gandolfo's mobile food truck units, each of which consist of (a) a commissary where supplies, food products, equipment and other items required under the System may be held, and (b) a motor vehicle truck displaying a New York deli-style decorum traveling on designated routes and offering large hero style sandwiches ("**Gandolfo's Mobile Food Truck Units**") We do not operate any Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units at this time as company-owned restaurants

We also offer master franchise and area representative opportunities for the Gandolfo's Deli system A master franchisee may develop and own more than one Restaurant and/or Mobile Food Truck Unit and/or recruit other prospective franchises Master franchisees must enter into a Master Franchise Agreement, in addition to separate Franchise Agreements for each Restaurant or Mobile Food Truck Unit that it opens or owns An area representative may recruit other prospective franchisees and must enter into an Area Representative Agreement with us, in addition to separate Franchise Agreements for each Restaurant or Mobile Food Truck Unit that it opens or owns We have been offering master franchise opportunities and area representative opportunities since 2004 As of the date of this Disclosure Document, we have sold 15 master franchise opportunities and 0 area representative opportunities Other than as provided in this paragraph, we have not offered for sale or sold franchises in any other line of business The Gandolfo's Deli system and concept is all we offer at the present time

Our Predecessor operated a New York deli style restaurant under the name "Gandolfo's" for more than 8 years We operate and license and train others to operate independent Gandolfo's Deli franchised businesses

Franchised Business

The Franchise Agreement authorizes you to develop and operate a Gandolfo's Deli Restaurant that offers the Gandolfo's Deli products to customers (the "**Restaurant**") or a Gandolfo's Mobile Food Truck Unit that offers the Gandolfo's Deli products to customers (the "**Mobile Food Truck Unit**") As a Gandolfo's franchisee, we will license you to use the Gandolfo's Deli proprietary name and marks (the "**Marks**") and the Gandolfo's Deli "**Operational System**" at a specific location or facility The Operational System consists of materials such as audiotapes, videotapes, CDs, DVDs, magnetic media, computer software and written materials that we generally furnish to franchisees (and may change periodically) for use in operating a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit The Operational System contains mandatory and suggested specifications, standards, operating procedures and rules ("**System Standards**") that we establish for the operation of a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit and information regarding your other obligations under the Franchise Agreement You must operate the franchised business in accordance with the Operational System and all System Standards that we require, including menus, restaurant decor, quality of products and services, and all other aspects of Restaurant or Mobile Food Truck Unit operations We may change the System Standards periodically and may communicate them to you by means other than the Operational System You will offer products and services to the general public and individual consumers, for on-site consumption and carry out

You will compete with other restaurants, casual restaurants, fast food restaurants, full service restaurants, mobile food service businesses, food trucks and vans, grocery stores and specialty stores that offer food and food related products These restaurants and similar businesses may be associated with national or regional chains or may be local independent restaurants and other businesses The market for Gandolfo's Deli Restaurants is fully developed in some areas and is yet to be developed in other areas, depending on the number of locations in a particular area The market for Gandolfo's Mobile Food Truck Units is yet to be developed as of the effective date of this Franchise Disclosure Document, as this is a new franchise concept offered by us

Although our business is not "seasonal," business does fluctuate during the year depending on weather and other factors in specific locations

You must comply with all local, state and federal laws that apply to your franchised Restaurant's or Mobile Food Truck Unit's operations, including health, food handling, sanitation, EEOC, OSHA, discrimination, employment, and sexual harassment laws If applicable to your franchised Restaurant, the Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, bathrooms, drinking facilities, etc You must obtain any applicable real estate permits (*e g* , zoning), real estate licenses and operational licenses You must comply with any federal, state, county, municipal or other local laws and regulations that may apply to your franchised Restaurant or Mobile Food Truck Unit

The restaurant industry is heavily regulated Many of the laws, rules and regulations that apply to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to restaurants However, other laws, rules and regulations have particular applicability to restaurants

State alcoholic beverage regulatory authorities administer and enforce laws and regulations that govern the sale of alcoholic beverages, including beer and wine If you offer beer and/or wine in your Restaurant, you must determine what laws and regulations apply to the offer and sale of alcoholic beverages

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

You may also have to comply with laws and regulations of the U S Food and Drug Administration and Federal Trade Commission that relate to the presentation of nutritional information Those regulations will apply when we have 20 or more restaurants

The federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation Some state and local governments have also adopted, or are considering proposals, that would regulate indoor air quality, including the limitation of smoking tobacco products in public places such as restaurants

Each of your managers and other employees we designate must be ServSafe certified and must receive TIPS or other alcohol awareness certification

You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Franchised Restaurant

We may offer you the opportunity to become an area developer, where you may develop, own and operate more than one Restaurant and/or Mobile Food Truck Unit To become an area developer, you must enter into an Area Development Agreement ("**Area Development Agreement**" or "**ADA**") with us, and you must also enter into a separate Franchise Agreement for each Restaurant or Mobile Food Truck Unit you open For each future Restaurant and/or Mobile Food Truck Unit, you may be required to sign a form of franchise agreement that is different from the form currently attached to this Disclosure Document As an area developer, you receive revenues from your Restaurants and/or Mobile Food Truck Units (minus Royalties and other fees) Our Area Development Agreement is attached as Exhibit "C" to this Disclosure Document

You will receive an exclusive operating territory in which to operate your business, which we call your "**Trade Area**" Gandolfo's will not establish a company-owned Gandolfo's Deli Restaurant ("**Corporate Restaurant**") or a company-owned Gandolfo's Mobile Food Truck Unit ("**Corporate Mobile Food Truck Unit**") or authorize a franchised Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit to be established within your exclusive territory, provided that you are not in default and you comply fully with the Franchise Agreement and/or ADA, if applicable You will have the right to operate from a single location within the Trade Area, unless you enter into an ADA giving you the right to operate multiple locations in the Trade Area

Affiliate Business

As previously stated, our affiliate Petro's offers franchised Petro's Franchises ~~Another affiliate Petro's Company Stores, LLC ("PCS"),~~ and PCS owns and operates all of the company-owned Petro's Franchises Neither Petro's nor PCS engage in any business activities other than as stated above Petro's has offered franchises of this type since March 1, 2010 and has sold 19 franchises as of the effective date of this Franchise Disclosure Document ~~Two Trucks, LLC operates Mobile Food Trucks units, currently located in the Dallas, Texas area~~ Petro's also offers master franchise and area representative opportunities Petro's has been offering master franchise opportunities and area representative opportunities since 2010 As of the date of this Disclosure Document, Petro's has not sold any master franchise opportunities or area representative opportunities

Item 2 Business Experience

President and CEO Dan Pool

Dan Pool has been the owner and Chief Executive Officer of Gandolfo's since 2008

CFO Sabrina Bright

Sabrina Bright has been the Chief Financial Officer of Gandolfo's in Lawrenceville, GA since February 2015 Prior to becoming CFO, Sabrina served as the President of Gandolfo's from August 2008 through February 2015

CDO Dain Pool

Dain Pool has served as the Chief Development Officer of Gandolfo's in Lawrenceville, GA since February 2015 Prior to his promotion to CDO, Dain served as Vice President for Gandolfo's in Lawrenceville, GA since December 2011

Item 3 Litigation

No litigation is required to be disclosed in this Item

Item 4 Bankruptcy

No bankruptcy information is required to be disclosed in this Item

Item 5 Initial Fees

Your franchise fee is $25,000 for a Restaurant or $9,000 for a Mobile Food Truck Unit (**"Franchise Fee"**) You must pay the Franchise Fee in full when you sign the Franchise Agreement In consideration for this Franchise Fee, we grant you the right to operate a Restaurant or Mobile Food Truck Unit under the Marks and Operational System in a specified territory and provide you with initial training The Franchise Fee is uniformly imposed on all franchisees, fully earned by us and is non-refundable

If we agree with you to enter into an Area Development Agreement, you must pay, at the time of signing, a development fee equal to $25,000 for the initial Restaurant or $9,000 for the initial Mobile Food Truck Unit you will open under the Area Development Agreement plus $25,000 for each subsequent Restaurant or $9,000 for each subsequent Mobile Food Truck Unit you will open under the Area Development Agreement (**"Development Fee"**) This Development Fee is uniformly imposed on all franchisees You will not pay an initial Franchise Fee under each Franchise Agreement for each Restaurant or Mobile Food Truck Unit you open under the ADA Development Schedule (you sign a new Franchise Agreement each time we approve your proposed site for a new Restaurant or Mobile Food Truck Unit) The Development Fee you pay under the Area Development Agreement is non-refundable even if you do not open any or all of the Restaurants or Mobile Food Truck Units scheduled to be opened under your Area Development Agreement.

Item 6 Other Fees

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty[1,2,4]	6% of Gross Sales per Reporting Period[2,3]	Payable weekly on the Payment Date[3]	We require you to pay us the Royalties weekly by electronic transfer (ACH)[6]
Accounting System Fees[1 4]	$1,200 per year or $23 08 per week	Payable on the 1st day of each year or pro rata portion ($23 08) payable weekly on the Payment Date[3]	We require you to pay us this Accounting System Fee for the use of our Accounting System Weekly payments must be made by electronic transfer (ACH)[6 7]
Branding Fund Fees[1 4]	1% of Gross Sales per Reporting Period[2,3]	Payable weekly on the Payment Date[3]	We require you to pay us the Branding Contribution weekly by electronic transfer (ACH)[6]
Local Advertising Fees[1 4 5]	**For Restaurant**, 3% or 2% of Gross Sales per Reporting Period, depending on total Gross Sales	Payable weekly on the Payment Date	We require you to pay us the Local Advertising fees weekly by electronic transfer (ACH)

Type of Fee	Amount	Due Date	Remarks
	for immediately preceding calendar year[2,3] **For Mobile Food Truck Unit**, 2% of Gross Sales per Reporting Period		
Co-op Fees[1,4]	1.5% of Gross Sales per Co-op Reporting Period[2,3]	Co-op Fees payable to us monthly on the Co-op Payment Date and we will promptly transfer to applicable Co-op account[3]	Co-op Fees paid to Co-op Bank Account established in your territory (although Co-op Fees are collected by us and transmitted to the Co-op on your behalf) [6]
Training[1,4]	$100 per person per day for additional training	30 days after billing	We train you and 1 other person for no extra charge. (Item 11) We provide additional training as needed
Refresher Training[1,4]	$100 per person per day	30 days after billing	Payable if additional managers attend the full training program
Transfer[1,4]	½ of our then-current franchise fee	Before consummation of transfer	Payable when the Franchise Agreement or a controlling interest in you transfers
Renewal[1,4]	½ of our then-current franchise fee	At the time you elect to acquire a successor franchise	Payable at the time of election but not later than 30 days prior to the expiration of the Franchise Agreement
Termination/Liquidated Damages[4]	For each terminated franchised Restaurant and/or Mobile Food Truck Unit, the average monthly Royalty Fees owed to us during the 24 months of operation preceding the effective date of termination multiplied by the lesser of 36 months or the number of months remaining in the franchise term, or if the Restaurant and/or Mobile Food Truck Unit has not opened for business or has not been in operation for at least 36 months, then $45,000	Within 15 days after the effective date of termination	Payable to us if the Franchise Agreement is terminated prior to the end of the current franchise term

Type of Fee	Amount	Due Date	Remarks
Inspection or Audit[14]	Cost of inspection or audit plus travel	30 days after billing	Payable if an inspection or audit is required An audit will be required should you fail to furnish reports, supporting records or other required information or if sales are underreported by 3% or more or Royalties, Branding Fund Fees or Co-op Fees are underpaid by 1% or more
Interest[14]	Lesser of 18% per annum or highest contract rate of interest allowed by law	Due on payment of late amount	Payable on all late payments, late reports and invoices including interest and returned check fees
Late Payment Penalties[14]	$25 for late Weekly ACH Royalties, Branding Fund Fees, Co-op Fees and Accounting System Fees $100 for late Monthly Reports $100 for other late payments	Due upon receipt of invoice for late payment penalty	Payable on all late payments or late reports including interest
Returned, Rejected or Dishonored ACH or Check Charge[14]	$25 and bank fees	On demand for each returned, rejected or dishonored ACH entry authorized by you or check tendered by you	You must also pay any bank fees and interest
Manuals[14]	Estimated $50 to $150 per replacement or additional manual, equal to actual cost of reproduction plus shipping & handling	At time of purchase	After you execute the Franchise Agreement, we provide you with 1 New Store Manual and 1 Training Manual per person attending the training session (up to 2 people) You will have to pay for replacement or additional manuals, if necessary
Management Fee[14]	$1,500 per week	As agreed	Payable if our appointed manager manages the Restaurant or Mobile Food Truck Unit upon your death, disability or if you do not have a trained manager to operate it
Costs and Attorneys' Fees[14]	Will vary under circumstances	As incurred	Payable upon your failure to comply with the Franchise Agreement
Indemnification[14]	Will vary under circumstances	As incurred	You have to reimburse us if we are held liable for claims from your Restaurant's or Mobile Food Truck Unit's operation

Type of Fee	Amount	Due Date	Remarks
Testing[14]	$250 per day plus personnel travel and living expenses	At time of request	This covers the costs of testing new products or inspecting new suppliers you propose
Relocation Expenses[14]	Cost of relocation	15 days after billing	This covers the cost we incur if you relocate your Restaurant or Mobile Food Truck Unit under Section 3 4 of the Franchise Agreement

[1] We uniformly impose on franchisees all such fees except the Local Advertising Fees and Co-Op Fees which vary between Restaurant franchisees and Mobile Food Truck Unit franchisees and which may vary between Restaurant franchisees depending on each franchisee's previous year's total Gross Sales See Item 11 Except as noted in the chart above, you pay all fees to us

[2] "**Gross Sales**" means the total actual gross charges for all products (food and non-food) and services sold to customers of the Restaurant or Mobile Food Truck Unit for cash or credit, whether these sales are made at or from the Restaurant or Mobile Food Truck Unit premises, or any other location All discounted employee meals and complimentary owner meals provided by you must be included as Gross Sales and calculated at the full retail price charged by you to customers for those meals Any amounts that you collect and transmit to state or local authorities as sales, use or other similar taxes are excluded from the definition of Gross Sales

[3] "**Reporting Period**" is that period we designate in the Operational System which is currently a weekly reporting period for Royalty and Branding Fund Fee calculations that runs from the Sunday of each week through the Saturday of each week, provided that, for weeks which include the end of a current month and the beginning of a new month, there shall be two reporting periods in such weeks, the first reporting period running from Sunday through the end of the month and the second running from the beginning of the new month through Saturday Each Monday (the "**Reporting Day**"), you must report to us, by electronic means or in written form as we direct, the Restaurant's true and correct Gross Sales for the immediately preceding Reporting Period (or if the previous week transitioned to a new month, the previous two Reporting Periods) ("**Report**") Each Friday (the "**Payment Day**"), you must deliver to us the Royalty payment for the previous Reporting Period (or if the previous week transitioned to a new month, the previous two Reporting Periods) We also reserve the right to change the Reporting Period to a different time period for financial statement purposes

"**Co-op Reporting Period**" is that period we designate in the Operational System which is currently a monthly reporting period for Co-op Fee calculations that runs from the initial day of each month through the last day of each month On the initial Reporting Day of each month (the "**Co-op Reporting Day**"), you must report to us, by electronic means or in written form as we direct, the Restaurant's true and correct Gross Sales for the immediately preceding Co-op Reporting Period ("**Co-op Report**") Each Friday immediately after the Co-op Reporting Day (the "**Co-op Payment Day**"), you must deposit your Co-Op Fee Payment into your Co-Op Bank Account for the Co-op Fee payment for the previous Co-op Reporting Period We also reserve the right to change the Co-op Reporting Period to a different time period for financial statement purposes

[4] These particular fees are nonrefundable

[5] We require you to expend 2% of your Gross Sales on local advertising if you own a Mobile Food Truck Unit We require you to expend 3% of your Gross Sales on local advertising the first year of operation if you own a Restaurant Local Advertising Fees are payable to us and we will reimburse you for amounts you spend on local advertising (up to the amount of Local Advertising Fees you have paid to us) upon submission to us of receipts of expenditures and copies of each promotional material. We may use your Local Advertising Fee amounts at our discretion in the event you fail to utilize such monies, but are not obligated to do so For Restaurants, after the first calendar year of operation, the Local Advertising Fee may be reduced to 2% of your Restaurant Gross Sales, depending on what your total Restaurant Gross Sales for the immediately preceding calendar year were If your total Restaurant Gross Sales for the immediately preceding calendar year were equal to or greater than $500,000, then the Local Advertising Fees will be reduced to 2% of the Restaurant Gross Sales per Reporting Period for the current calendar year A reduction of Local Advertising Fees one calendar year does not ensure a similar reduction the following calendar year, because it is based on the immediately preceding calendar year's total Restaurant Gross Sales See Item 11 for more information

[6] We require you to execute, simultaneously with the signing of your Franchise Agreement, the Franchisee-to-Franchisor ACH Authorization form set forth as ***Schedule D 1*** to the Franchise Agreement This form authorizes us to debit weekly Royalties, Accounting Fund Fees and Accounting System Fees (if applicable)

[7] We require you to use the Accounting System and pay recurring Accounting System Fees on either a yearly or weekly basis If there are two or more franchisees or Corporate Restaurants or Corporate Mobile Food Truck Units in your Geographic Area (defined in Item 11), you will be required to form a Co-op with the other owner-operators in your Geographic Area The Co-op will be required to use the Accounting System and pay recurring Accounting System Fees on a monthly basis By contributing your Co-op Fees, you are participating and paying your pro-rated share (based on number of Restaurants and/or Mobile Food Truck Units) of the costs of these Accounting System Fees payable by the Co-op

Item 7 Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT

FOR

RESTAURANT FRANCHISE

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
1 Franchise Fee	$25,000 (Note 1)	Lump Sum	At Signing	Gandolfo's
2 Travel and living expenses while training	$7,500 - $12,500 Per Person Trained (Note 2)	As Incurred	As Incurred	Airlines, Hotels and Restaurants

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
3 Pre-opening employee training	$5,000 - $10,000 (Note 3)	As Incurred	As Incurred	Orientation, Training, Friends & Family
4 Opening Advertising	$7,500 - $10,000 (Note 4)	Lump Sum ACH payment	90 Days prior to opening	Gandolfo's
5 Real Property for Restaurant	$4,000 - $10,000 (Note 5)	Monthly	Monthly	Contractors and Vendors
6 Equipment, Fixtures & Décor, Register System, Hood, Furniture	$106,500 - $204,500 (Note 6)	As Incurred	As Incurred	Suppliers
7 Signs	$10,000 - $20,000 (Note 7)	As Incurred	As Incurred	Suppliers, Utilities, Etc
8 Leasehold Improvements	$87,500 - $204,500 (Note 8)	As Incurred	As Incurred	Contractors and Vendors
9 Opening Inventory	$12,500 (Note 9)	As Incurred	As Incurred	Vendors and Suppliers
10 Deposits and Prepaid Expenses	$0 - $1,000 (Note 10)	As Incurred	As Incurred	Hired Suppliers, Accountants, Employees, Etc
11 Business Licenses	$250 - $1,500 (Note 11)	As Incurred	As Incurred	City, County, State Agencies
12 Insurance	$500 - $1,500 (Note 12)	As Incurred	As Agreed	Insurance Brokers or Agents
13 Additional Funds (3 months)	$30,000 (Note 14)	As Incurred	As Incurred	Hired Suppliers, Accountants, Employees, Etc
14 Accounting System	$1,200 payable yearly or $23 08 payable weekly (Note 14)	Yearly or Weekly	Yearly or Weekly	Gandolfo's
15 Miscellaneous Expenses	$1,000 - $5,000 (Note 15)	As Incurred	As Incurred	Hired Suppliers, Accountants, Employees, Etc
Total	$298,450 to $549,200 (Note 17)	***Does not include royalties or advertising fees**		

YOUR ESTIMATED INITIAL INVESTMENT
FOR
MOBILE FOOD TRUCK FRANCHISE

Type of Expenditure		Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
1	Franchise Fee	$9,000 (Note 1)	Lump Sum	At Signing	Gandolfo's
2	Travel and living expenses while training	$800 - $3,000 Per Person Trained (Note 2)	As Incurred	As Incurred	Airlines, Hotels and Restaurants
3	Opening Advertising	$3,000 (Note 4)	Lump Sum ACH payment	90 Days prior to opening	Gandolfo's
4	Real Property for Commissary	$650 - $2,000 (Note 5)	Monthly	Monthly	Contractors and Vendors
5	Equipment, Fixtures & Smallwares for Commissary, Register System for Truck	$8,000 - $20,000 (Note 6)	As Incurred	As Incurred	Suppliers
6	Signs	$300 - $1,000 (Note 7)	As Incurred	As Incurred	Suppliers, Utilities, Etc
7	Leasehold Improvements	$5,000 - $20,000 (Note 8)	As Incurred	As Incurred	Contractors and Vendors
8	Opening Inventory	$ 7,500 (Note 9)	As Incurred	As Incurred	Vendors and Suppliers
9	Deposits and Prepaid Expenses	$1,000 - $2,000 (Note 10)	As Incurred	As Incurred	Hired Suppliers, Accountants, Employees, Etc
10	Business Licenses	$1,000 - $2,000 (Note 11)	As Incurred	As Incurred	City, County, State Agencies
11	Insurance	$500 - $5,000 (Note 12)	As Incurred	As Agreed	Insurance Brokers or Agents
12	Additional Funds (3 months)	$15,000 (Note 13)	As Incurred	As Incurred	Hired Suppliers, Accountants, Employees, Etc
13	Accounting System	$1,200 payable yearly or $23 08 payable weekly (Note 14)	Yearly or Weekly	Yearly or Weekly	Gandolfo's
14	Miscellaneous Expenses	$0 - $5,000 (Note 15)	As Incurred	As Incurred	Hired Suppliers, Accountants, Employees, Etc
15	Mobile Food Truck	$60,000 - $70,000 (Note 16)	As Incurred	As Incurred	Hired Suppliers
Total		$112,950 to $165,700 (Note 17)	***Does not include royalties or advertising fees.**		

NOTE 1 The franchise fee is $25,000 for a Restaurant or $9,000 for a Mobile Food Truck Unit, which you pay when you sign the Franchise Agreement It is not refundable We do not finance any portion of this fee Each chart assumes you open only one (1) Restaurant or Mobile Food Truck Unit However, if you enter into an Area Development Agreement for the right to develop multiple Restaurants and/or Mobile Food Truck Units, your initial investment will be higher and will depend on the number of Restaurants and/or Mobile Food Truck Units scheduled to be open under your Development Schedule See Item 5

NOTE 2 We provide initial training to you and one other person (2 people from your organization) without charge, but you are responsible for all travel and living expenses

NOTE 3 You must conduct orientation and pre-opening training for your employees to ensure all employees are ready for the grand opening

NOTE 4 Required expenditures for opening advertising for Restaurants will range from $7,500 to $10,000 depending on whether your Restaurant is being opened in an established or new market, as we will determine in our sole discretion Opening advertising sums for Restaurants and Mobile Food Truck Units are paid to us We will use those funds to assist you in conducting a grand opening advertising and promotional program within 4 weeks of your opening of your Restaurant or within 6 weeks of your opening of your Mobile Food Truck Unit

NOTE 5 The Restaurant's location or the Commissary's location (each, the "**Site**") typically is in a strip mall that is close to retail or other commercial areas The size of the Restaurant is usually between 1,200 and 2,000 square feet The size of the Commissary is usually between 400 and 600 square feet We estimate that the average rental for a Restaurant would range from $12 to $40 per square foot We estimate that the average rental for a Commissary would range from $20 to $40 per square foot. The amount of the rent and security deposit will depend on the size, condition and location of the Restaurant or Commissary Site and the demand for the Site among prospective lessees You must sign our then current form of Conditional Assignment and Assumption of Lease (attached as Exhibit "J"), and you and your Landlord must sign our then current form of Conditional Assignment and Assumption of Lease included with the Letter of Intent

NOTE 6 For a Restaurant, this item may include tables and booths, sinks, refrigerators, ovens, ventilation systems, display cases, stools, chairs, utensils, freezers, slicers, small-wares, prep coolers, register systems, phone system, store décor, fax machine, desk, filing cabinets and related office supplies for the Restaurant If you obtain a Site that was previously a restaurant location, the build out and possibly some of the equipment costs will significantly be reduced You must hire an architect (who we designate or approve) to prepare all required construction plans and specifications for the Site, and you must submit these plans (at your own expense) to an architect hired by us for review and approval until they meet all of our requirements and specifications

For a Mobile Food Truck Unit, this item may include sinks, refrigerators, ovens, ventilation systems, utensils, freezers, slicers, small-wares, prep coolers, register systems, phone system, Truck decor, fax machine, desk, filing cabinets and related office supplies for the Commissary The estimated cost for this item assumes the Commissary is in an existing Gandolfo's Deli

Restaurant or other existing food service establishment, which is our recommendation The cost of oven, utensils, freezers, slicers, small-wares, prep coolers, desk, filing cabinets and related office supplies for the Commissary will be increased if Franchisee chooses to use a Commissary that is not an existing food service establishment

NOTE 7 The costs of signage vary depending on the size and type of signs, whether you own a Restaurant or Mobile Food Truck Unit, the location of the Restaurant and any local area development requirements If local law permits, you must display a curb or marquee sign at the Site of the Restaurant that complies with our specifications and standards

NOTE 8 Build-out or renovation of your Site to conform to our standards will include paint, tile work, lighting, drywall partitions, counters and the like The cost of these improvements will be significantly more if you select a Site with no pre-existing improvements If you lease your Site, you may be able to negotiate an allowance to cover a portion of these build-out and leasehold improvements Costs of leasehold improvements, which include floor covering, wall treatment, lighting, counters, ceilings, painting, window covering, plumbing, electrical, carpentry and related work and contractors fees, will vary significantly depending on the condition, location, and size of the Site, whether you own a Restaurant or Mobile Food Truck Unit, whether the Commissary is in an existing food service establishment or whether the Commissary must be built from scratch, the demand for the Site among prospective lessees and any construction or other allowances granted by the landlord after negotiations These costs include architectural plans and drawings, as well as the process to receive our approval for the plans and drawings Some states may have laws regarding contractors that may increase your initial build out costs Some Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units may also have to pay government imposed impact and permit fees depending on the Site They vary considerably due to numerous factors and we are unable to estimate them For Mobile Food Truck Units, the estimated investment amount in this item assumes your Commissary will be built into an existing Restaurant or other existing food service establishment, which we recommend

NOTE 9 You must purchase a beginning inventory pursuant to our Inventory Stock Plan

NOTE 10 The amount of deposit will depend on local utility, phone and various other suppliers of which you require service or goods

NOTE 11 You must obtain business and health licenses for the operation of your Restaurant or Mobile Food Truck Unit Other considerations are, but not limited to, zoning, electrical, plumbing, fire inspection, fictitious name, occupations, and various other licenses or permits You should consult the appropriate governmental authority concerning those licenses and/or permits and the associated expenses for your Restaurant or Mobile Food Truck Unit before you sign a Franchise Agreement

NOTE 12 Insurance must be obtained to meet the minimum requirements established in the Franchise Agreement, Area Development Agreement, and/or by the System Standards The insurance policy must be in force and effect when the lease for your store is signed If there is no lease, for example, you own the property then the insurance policy must be in force and effect when you start construction

NOTE 13 This item estimates your initial startup expenses and working capital requirements for the first 3 months These expenses include payroll costs, but not taxes These figures are estimates based on our experience in the industry We cannot guarantee that you will not have additional expenses starting and operating the business Your costs will depend on factors like how much you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions, the local market for your products and services, the prevailing wage rate, competition, and the sales level reached during the initial period

NOTE 14 On or before the 1st day of January of each year, you must pay us $1,200 (or elect to pay 52 weekly payments of $23 08) for the use of our mandated accounting system (the "**Accounting System Fee**") It is not refundable We will maintain the accounting system This fee does not cover, and we will not provide or perform, bookkeeping, reporting or tax return services

NOTE 15 Although the estimates given are the best estimates possible, based on previous openings and experience, we do not warrant these to be exact We recommend that you plan for various unforeseen miscellaneous expenses

NOTE 16 The cost of the Mobile Food Truck includes a pre-owned 16-foot Chevrolet P30 vehicle or a 2000-2004 23 ft double AA Catering Truck and includes all required equipment (excluding the register system) and sound system to operate the deli from the truck The price also includes a branded wrap and delivery/freight. The price assumes the Gandolfo's spec of a pre-owned 16-foot Chevrolet P30 vehicle or a 2000-2004 23 ft double AA Catering Truck Any variation from this specification is not included in the above table

NOTE 17 These figures are estimates and we cannot guarantee that you will not have additional expenses starting your business Your costs will depend on factors like how well you follow our method and procedures, your management skill, experience and business acumen, local economic conditions, the local market for our services, the prevailing wage rate, competition, and the sales level reached during the initial period 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 for any item Except as otherwise described in the notes above, the tables in this Item 7 provide an estimate of your initial investment and the costs necessary to begin operating a Franchised Business Actual costs will vary for each franchise location depending on a number of factors including market condition, and the geographic location of your Franchised Business All fees and payments are non-refundable, unless otherwise stated or permitted by the payee

Item 8 Restrictions on Sources of Products and Services

Approved Suppliers

In order to maintain the quality of the goods and services sold by Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units, and the reputation of the Gandolfo's Deli franchise system, you must purchase fixtures, equipment and supplies, furnishings, beverages, food products, and related items that meet our minimum standards and specifications You must purchase these products from suppliers that we approve (which may be limited to or include us or our affiliates) We may change approved suppliers periodically A complete listing of suppliers is provided in our Operational System We do not make any express or implied warranties regarding any products or goods we recommend for your use We do not attempt to negotiate purchase arrangements with suppliers (including price terms) for the benefit of franchisees We do not provide material benefits (e g , renewal or granting additional franchises) to our franchisees based on a franchisee's purchase of particular products or services or use of particular suppliers There are no franchisee purchasing or distribution cooperatives ~~The cost of equipment and products purchased from approved suppliers represents approximately 32% of your total purchases to establish your Restaurant or Mobile Food Truck Unit and approximately 90% of your total purchases to operate your Restaurant or Mobile Food Truck Unit~~ We are not currently an approved supplier and there are no approved suppliers in which any of our officers own an interest

Standards and Specifications

You must construct or remodel the Restaurant or Commissary in accordance with our specifications The Franchise Agreement requires you to purchase or lease and use only the equipment and supplies that we specify or approve We also will furnish you with mandatory and suggested specifications and layouts for the Restaurant or Mobile Food Truck Unit, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings and color scheme

You must operate the Restaurant or Mobile Food Truck Unit according to our System Standards System Standards may regulate, among other things, the types, models and brands of required fixtures, furnishings, equipment, signs, software, materials, food and beverage products and other supplies to be used in operating the Restaurant or Mobile Food Truck Unit and required or authorized products and product categories and designated or approved suppliers of these items (which may be limited to or include us or our affiliates) Our standards and specifications may impose minimum requirements for quality, taste, cost, delivery, performance, design and appearance, delivery capabilities, financing terms and ability to service our franchise system as a whole We will notify you in our Operational System or other communications of our standards or specifications and/or names of approved suppliers Required purchases, according to our required standards and specifications, may represent approximately 95% of your total purchases for the establishment of your Restaurant or Mobile Food Truck Unit and 95% of your overall purchases in operating the Restaurant or Mobile Food Truck Unit For the fiscal year ended December 31, ~~2015~~2016, our revenues from franchisees' required purchases or leases of food, beverage and paper ~~product~~products were $~~217,223~~212,333, or 29 ~~57~~35% of our total revenues of $~~734,555~~723,415 None of our affiliates received revenues from required purchases or leases of franchisees in ~~2015 Required purchases or leases are estimated to make up 45% of a franchisee's total initial investment and 90% of a franchisee's annual operating expenses~~2016

Changes of Suppliers

If you want to use any item that does not comply with System Standards or you wish to purchase from a supplier that we have not approved, you must first submit sufficient information, specifications and samples for our determination whether the item complies with System Standards or the supplier meets approved supplier criteria We will, within a reasonable time, notify you of our decision. We may charge a fee for evaluating alternative suppliers of $250 per day for personnel time plus travel and living expenses. We will periodically establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. We condition the approval of a supplier on requirements of product quality, frequency of delivery, standards of service and concentration of purchases with one or more suppliers in order to obtain better prices and services and may be temporary, pending our continuing evaluation of the supplier. Approval of alternative suppliers may be revoked if you fail to satisfy the specifications set forth in the Operations Manual, as may be periodically updated. Supplier criteria, and any changes we may make to such, is available to franchisees.

Rebates

We negotiate with manufacturers to receive rebates on certain items franchisees must purchase. Our rebate programs vary depending on the supplier and the nature of the product or service. We deposit all rebates collected into our general fund. Listed are the suppliers and the rebates we currently receive: Brakebush pays us a rebate of $1.00 per case purchased, Dr Pepper pays us a rebate of $1.50 per gallon purchased, Frito Lay pays us a rebate of $0.70 per case purchased~~;~~, Lower Foods pays us a rebate of $0.10 per pound purchased, Pepsi pays us a rebate of $1,500 per new store opening, Pepsi also pays us $2.25 per gallon used to pay for approved marketing involving Pepsi, ~~Solo pays us $5.00 per case of 20 oz. cups purchased,~~and SYSCO pays us a rebate of one-half of one percent on all SYSCO brands purchases and three quarters of one percent on all purchases meeting contract requirements~~, Traco pays us a rebate of $0.05 per box purchased~~.

Computer Hardware and Software

We require you to purchase computer hardware and software as well as a high-speed Internet connection that meets our specifications and standards. Among other things, the software enables you to use our required accounting system. Currently, we require computer hardware and software with a Point of Sale (POS) system compatible to run all Gandolfo's Deli Accounting and Operational Systems. We will determine what this system will be.

Insurance

In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, the insurance coverage that we require and meet the other insurance-related obligations in the Franchise Agreement. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment, and your history. All insurance policies must name us as an additional insured party. We currently require you to carry the following: i) comprehensive general liability, including products/completed operations liability, with a minimum coverage of at least $1,000,000 per occurrence, ii) statutory workers' compensation insurance limits with employers' liability limits of at least $100,000 per occurrence and in the aggregate, and iii) auto liability insurance with minimum coverage of $1,000,000 per occurrence. These limits may be satisfied in conjunction with or by using an umbrella liability policy. The insurance carrier(s) must be rated at least A- by AM Best and have a financial size of at least VIII. You must demonstrate compliance with the above requirements at least annually and before opening/purchasing any new store You may use single policies to cover multiple controlled locations, but in so doing must show that each location is covered as described above If insuring multiple locations on a single policy, you must also carry comprehensive umbrella liability coverage with minimum limits per occurrence as follows $2,000,000 for 3 to 4 stores or units, $3,000,000 for 5 to 9 stores or units, and $5,000,000 for 10 or more stores or units The above limits reflect only our minimum requirements, they may or may not be adequate to address all risks associated with your operations We may, at any time and at our discretion, change the limits, coverages or structure of the above required insurances

Item 9 Franchisees' Obligations

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 (Note 1)	Disclosure Document Item
a.	Site Selection and Acquisition/Lease	FA Section 3, Conditional Assignment and Assumption of Lease Sections 4 – 7 ADA §4	Items 7, 11, 12
b	Pre-Opening Purchases/Leases	FA Sections 3 and 4, Conditional Assignment and Assumption of Lease Sections 4 - 7	Items 5, 6, 7, 8, 11 16
c.	Site Development and other Pre-Opening Requirements	FA Sections 3, 4 and 6	Items 6, 7 and 11
d	Initial and Ongoing Training	FA Section 6	Item 11
e	Opening	FA Sections 4 6 and 4 7	Item 11
f	Fees	FA Sections 2 6, 4 4, 5, 6 1, 11 1, 11 5, 11 6 and 14 3 ADA §5	Items 5, 6, 7
g.	Compliance with Standards and Policies/Operational System	FA Sections 3 3, 4, 6, 7, 8, 10, and 12	Items 8, 11, 12 and 13
h	Trademarks and Proprietary Information	FA Section 7 and 8, Application Agreement Sections 3 and 4	Items 13 and 14
i.	Restrictions on Products/Services Offered	FA Sections 4 and 10	Items 11 and 16
j	Warranty and Customer Service Requirements	None	None
k	Territorial Development and Sales Quotas	FA Sections 3 and 4 ADA §1, 5	Item 12
l.	On-going Product/Service Purchases	FA Sections 4 and 10	Items 8

	Obligation	Section in Agreement (Note 1)	Disclosure Document Item
m	Maintenance, Appearance and Remodeling Requirements	FA Sections 2 2, 4 and 10 3	Items 11 and 17
n	Insurance	FA Sections 4 5 and 10 1	Items 7 and 8
o	Advertising	FA Sections 4 6, 4 7 and 11	Items 6, 7 and 11
p	Indemnification	FA Sections 7 5 and 17 4, Conditional Assignment and Assumption of Lease Section 3 ADA §8	Item 6
q	Owner's Participation/Management/Staffing	FA Sections 6, 9, 10 9 and 10 10	Items 11 and 15
r	Records and Reports	FA Sections 10 and 12	Item 11
s	Inspections and Audits	FA Section 13	Items 6 and 11
t	Transfer	FA Section 14 ADA §9	Items 6 and 17
u	Renewal	FA Section 2	Items 6 and 17
v	Post-Termination Obligations	FA Section 16	Item 17
w	Non-Competitive Covenants	FA Sections 8 4, 9, 10 9, 10 10, 14 3, and 16 6 ADA §11	Item 17
x	Dispute Resolution	FA Sections 18 1, 18 4 18 6 and 19, Conditional Assignment and Assumption of Lease Section 11 ADA §17	Item 17

Note 1 Section references in the chart above are to the Franchise Agreement (indicated by "**FA**") and the Area Development Agreement (indicated by "**ADA**")

Item 10 Financing

~~Neither we nor~~We do not offer any ~~agent or affiliate offers~~ direct or indirect financing ~~to you, guarantees any~~ We do not guarantee your note, lease~~,~~ or obligation ~~of yours, or has any practice or intent to sell, assign or discount to a third party all or part of any financing arrangement of yours~~

~~Franchisees of Gandolfo's system are eligible for expedited and streamlined SBA loan processing through the SBA's Franchise Registry Program, www franchiseregistry com~~

Item 11 Franchisor's Assistance, Advertising, Computer Systems, and Training

Except as listed below, Gandolfo's is not required to provide you with any assistance

Pre-Opening Obligations Before you open your Restaurant or Mobile Food Truck Unit, we will provide you with the following assistance on the same basis that we provide this assistance to other Gandolfo's Deli franchisees

1 Assist you in locating a suitable Site, and review and consider approval of your proposed site and lease agreement If you sign an Area Development Agreement, we must approve each proposed site before you sign a Franchise Agreement or begin to operate a Restaurant or Mobile Food Truck Unit at the proposed site, and our then-current standards for site approval will apply You, the lessor and any lender, if applicable, for the Site must sign our then-current form of Conditional Assignment and Assumption of Lease, which is attached as Exhibit "J " (Franchise Agreement – Section 3) We do not generally own the premises of Sites and lease such to franchisees The factors we consider in approving proposed sites include demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other restaurants (including other Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Unit), the nature of other businesses in proximity to the proposed site and other commercial characteristics and the size, appearance and other physical characteristics of the proposed site The time limit for Gandolfo's to approve or disapprove a proposed site is 30 days after Gandolfo's receives a complete proposed site report, a copy of the proposed lease agreement and other materials Gandolfo's requests If we cannot agree on a site with you, or if you have not obtained a fully signed lease agreement for the Site within 180 days after signing the Franchise Agreement, we may terminate your Franchise Agreement

2 Furnish you with mandatory specifications and layouts for a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit, including requirements for dimensions, design, color scheme, image, interior layout, décor, and operating assets which include fixtures, equipment, signs and furnishings (Franchise Agreement – Section 4 1)

3 Identify our designated architect to prepare all required construction plans and specifications and to ensure that such plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions Approve architectural drawings and construction plans for Gandolfo's Deli specifications (at your expense) You must give us notice of the beginning of construction of your Restaurant or Mobile Food Truck Unit within 10 days of its beginning date and progress reports every week Construction of the Restaurant or Mobile Food Truck Unit must be completed within 180 days of our Site approval (Franchise Agreement – Section 4 1)

4 Identify the fixtures, furnishings, equipment (including signs, cash registers, and computer hardware and software), food and beverage products, materials and supplies necessary for the Restaurant or Mobile Food Truck Unit to begin operations, the minimum standards and specifications that you must satisfy and the suppliers from whom you may purchase or lease these items Gandolfo's does not deliver or install these items (Franchise Agreement – Section 4 3) (See Item 8)

5 Loan you an electronic on-line version of our Operational System, New Store Manual, Training Manual, and Training DVDs (Franchise Agreement – Section 8 1)

6 Assist you in implementing a grand opening advertising and promotional program for your Restaurant or Mobile Food Truck Unit (Franchise Agreement – Section 4 6)

7 Train two people who will execute the operations of the Restaurant or Mobile Food Truck Unit (Franchise Agreement – Section 6)

Post Opening Obligations During your operation of the Restaurant or Mobile Food Truck Unit, we will provide you with the following assistance on the same basis as we provide this assistance to other Gandolfo's Deli franchisees

1 Advise you periodically regarding the operation of the Restaurant or Mobile Food Truck Unit based on reports you submit or inspections we make In addition, we will provide guidance to you on standards, specifications and operating procedures and methods utilized by Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units, recipes, food preparation methods, and menu items, use of suppliers, approved products and volume buying, advertising and marketing programs, employee training, and administrative, bookkeeping and accounting procedures We will furnish this guidance to you in the Operational System, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the Restaurant or Mobile Food Truck Unit (Franchise Agreement – Section 6 3)

2 Evaluate, at your request, the need for additional guidance, assistance and training (Franchise Agreement – Sections 6 2 & 6 3) (See Item 6)

3 Issue, modify and supplement System Standards for Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Unit. We may periodically modify System Standards, which may accommodate regional or local variations as we determine, and these modifications may obligate you to invest additional capital in the Restaurant or Mobile Food Truck Unit and/or incur higher operating costs (Franchise Agreement – Section 10 2)

4 Inspect and observe, photograph and videotape the operations of the Restaurant or Mobile Food Truck Unit, remove samples of any products, materials or supplies for testing and analysis, interview the Restaurant's or Mobile Food Truck Unit's customers and personnel, and inspect and copy any books, records and documents related to the operation of the Restaurant or Mobile Food Truck Unit periodically to assist you in complying with the Franchise Agreement and all System Standards (Franchise Agreement – Section 13 1)

5 Establish, maintain and administer a Branding Fund (the "**Branding Fund**") You must contribute to the Branding Fund the amounts that we require periodically (see Item 6 regarding "**Branding**") Corporate Restaurants and Corporate Mobile Food Truck Units that we (or our affiliates) own and operate will contribute to the Branding Fund on the same basis as franchisees (Franchise Agreement – Section 11 1)

<u>Branding Fund</u>

We have established and administer a Branding Fund for the creation and development of marketing, advertising and related programs and materials on a system wide basis You must contribute 1% of your Gross Sales to the Branding Fund, payable to us in the same method as you pay Royalties ("Branding Fund Fee") The Branding Fund may be used to pay the costs of preparing and producing video, audio, and written advertising materials, administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies, marketing and advertising training programs and materials, and supporting public relations, market research and other advertising, promotion and marketing activities that will be used in advertising The Branding Fund will periodically furnish you with samples of advertising, marketing and promotional formats and materials at a reduced cost or no cost We will furnish multiple copies of these materials to you at our direct cost of producing them, plus any related shipping, handling and storage charges We administer the Branding Fund, and direct all programs financed by the Branding Fund, with sole discretion over the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation of the programs (Franchise Agreement - Sections 11 1-11 2)

We will account for the Branding Fund separately from our other funds and will not use it to defray any of our general operating expenses, except for the reasonable salaries, administrative costs, travel expenses and overhead, including rent and utilities, that we incur in activities related to the administration of the Branding Fund and its programs These activities may include conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for Branding Fund Fees We will use all interest earned on Branding Fund Fees to pay advertising costs before we expend other assets of the Branding Fund We may borrow from the Branding Fund to cover other general operating expenses from time to time

We may spend, for the Branding Fund, in any fiscal year an amount greater or less than the aggregate contribution of all restaurants to the Branding Fund in that year and the Branding Fund may borrow from us or others to cover deficits or invest any surplus for future use If we lend money to the Branding Fund, we may charge interest at an annual rate 1% greater than the rates we pay our lenders We will prepare an annual statement of monies collected and costs incurred by the Branding Fund and furnish a statement to you upon written request. These financial statements are not audited We may incorporate the Branding Fund or transfer its operation to a separate entity, when we deem it appropriate, and the successor entity will have all the rights and duties described in the Franchise Agreement (Franchise Agreement – Section 11 3)

During our most recently concluded fiscal year, we spent ~~41 93~~42 22% of the Fund on production, ~~42 18~~39 45% on administrative expenses, ~~11 26~~13 02% on travel expenses and ~~4 64~~5 31% on other items such as utilities, phone, rent, website, insurance, postage, register programming and taxes No percentage of funds was used primarily on solicitation of new franchise sales

The Branding Fund is intended to maximize recognition of the Marks and patronage of Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units Although we will endeavor to utilize the Branding Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units, we undertake no promise, obligation or guarantee to ensure that expenditures by the Branding Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Branding Fund by Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units operating in that geographic area or that any Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units will benefit directly or in proportion to its contribution to the Branding Fund from the development of advertising and marketing materials or the placement of advertising We assume no direct or indirect liability or obligation to you for collecting Branding Fund Fees, or maintaining, directing or administering the Branding Fund (Franchise Agreement- Section 11 4)

Branding Fund Fees will generally be charged on a uniform basis, but we may defer or reduce contributions of a franchisee Upon 30 days prior written notice to you, we may (i) reduce or suspend contributions to and operations of the Branding Fund for one or more periods of any length, (ii) terminate the Branding Fund, and/or (iii) if terminated, reinstate the Branding Fund If a balance remains in the Branding Fund account at the end of the calendar year, the balance will roll over to the next year If the Branding Fund is terminated, all unspent monies on the date of termination will be distributed to franchisees in proportion to their respective contributions to the Branding Fund during the preceding twelve (12) months We and our affiliates owning and operating Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units will contribute Branding Fund Fees on the same basis as franchisees (Franchise Agreement – Section 11 1)

Local Co-Op

A "**Co-op**" is an association of franchisees established in your "**Geographic Area**" which is defined as a market with one or more Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units in the same television, radio and newspaper market If a Co-op is already established in your geographic area, you must join and actively participate If a Co-op is not established in your geographic area and you are the only Restaurant or Mobile Food Truck Unit in your Geographic Area, you must establish a separate bank account owned by you ("**Initial Co-op Account**") to which all Co-op Fees (defined below) must be deposited, until you have another member in your geographic area If a Co-op is not established in your geographic area and either (i) you become the second owner of a Gandolfo's Deli Restaurant or Mobile Food Truck Unit in your Geographic Area, or (ii) another franchised Gandolfo's Deli Restaurant, Gandolfo's Mobile Food Truck Unit, Corporate Restaurant or Corporate Mobile Food Truck Unit is established in your Geographic Area, you and the other owner-operator must form the Co-op as a new business entity with proper organizational documents, establish a separate bank account owned by the new Co-op ("**Permanent Co-op Account**"), establish a Co-op board, use the Accounting System for the Co-op by executing the Accounting System Agreement attached as **Exhibit E** to the Franchise Agreement, and authorize the Co-op to pay monthly Accounting System Fees All amounts in the Initial Co-op Account must be transferred to the Permanent Co-op Account and the Initial Co-op Account must be closed (Franchise Agreement – Section 11 6)

You must contribute amounts as are determined by the Co-op periodically, but not less than 1 5% of Gross Sales ("**Co-op Fees**") You must deliver a report to us on the initial Reporting Day of each month ("**Co-op Reporting Day**") describing the immediately preceding month's total Gross Sales You must pay the Co-op Fees directly to the Co-op account delivered on the Payment Day immediately following the Co-op Reporting Day ("**Co-op Payment Day**") All franchisees, Corporate Restaurants and Corporate Mobile Food Truck Units in the Geographic Area are required to join the Co-op and contribute the same percentage of Gross Sales The Co-op board is responsible for administering the Co-op The Co-op is required to operate from written governing documents and such documents are available to franchisees for review If a Co-op has been established, you must participate in and pay your pro rata share (based on number of Restaurants or Mobile Food Truck Units) of the cost of such listings and advertising We must approve all advertising utilized by the Co-op (Franchise Agreement – Section 11 6)

The Co-op is required to prepare annual or periodic financial statements and such statements are available to franchisees for review The Co-op must use our mandated Accounting System and also pay us the Accounting System Fee via monthly recurring $100 ACH payments By paying your Co-op Fees, you are participating in and paying your pro rata share (based on number of Restaurants or Mobile Food Truck Units) of the cost of such Accounting System Fees We have the power to require such Co-ops to be formed, changed, dissolved, or merged (Franchise Agreement – Section 11 6)

Local Advertising

In addition to your required Branding Fund Fees and the required grand opening advertising expenditures, you must spend for local advertising and promotion of (i) the Restaurant, a minimum of 3% of your Gross Sales or, if you qualify, 2% of your Gross Sales, or (ii) the Mobile Food Truck Unit, a minimum of 2% of your Gross Sales ("**Local Advertising Fees**") Local Advertising Fees are payable to us and we will reimburse you for amounts you spend on local advertising (up to the amount of Local Advertising Fees you have paid to us) upon submission to us of receipts of expenditures and copies of each promotional material. We may use your Local Advertising Fee amounts at our discretion in the event you fail to utilize such monies, but are not obligated to do so

At the beginning of each calendar year, the Local Advertising Fee required for a Restaurant may change depending on the total Gross Sales recorded by you in the prior calendar year If your total Restaurant Gross Sales for the immediately preceding calendar year are equal to or less than $499,999 99, then the Local Advertising Fee will remain at 3% of the Restaurant Gross Sales per Reporting Period for the current calendar year If your total Restaurant Gross Sales for the prior calendar year are equal to or greater than $500,000 00, then the Local Advertising Fee will be reduced to 2% of the Restaurant Gross Sales per Reporting Period for the current calendar year Because the Local Advertising Fee depends on the immediately preceding calendar year's total Restaurant Gross Sales, this fee may not be uniform for all Restaurant franchisees and Corporate Restaurants Each determination is made by us separately from year to year and we will provide you notice of such determination by January 31st of each calendar year As such, one calendar year of reduced Local Advertising Fees does not ensure that you will receive the same reduction the following calendar year (Franchise Agreement – Section 11 5)

All advertising, promotion and marketing must be completely clear, factual, not misleading and conform to the highest standards of ethical marketing and the promotion policies, which we require periodically Samples of all advertising, promotional and marketing materials which we have not prepared or previously approved must be submitted for approval before you use them, including any materials submitted to and/or posted on social media websites such as Groupon, Facebook or Twitter You must execute our Social Media Policy prior to registering and operating a social media account in connection with the franchised business Any social media website provider that provides you with a sample or proof of the marketing or communication must be sent to and approved by us prior to you accepting such sample or proof If you do not receive written disapproval from us for any submitted proposals within 15 days (for traditional mediums such as radio, print or billboard) or 2 days (for non-traditional mediums such as social media websites) after our receipt of such materials, we will be deemed to have given the required approval. You may not use any advertising or promotional materials that we have disapproved (Franchise Agreement – Section 11 5) (See Items 6, 8, and 9)

Hardware and Software Requirements

You must obtain a computer system that meets our specifications and standards, which may change periodically, a telephone line with a separate business line, a facsimile machine with a separate phone number, high-speed Internet connection with a minimum speed we designate periodically The computer system must contain, and you must be reasonably proficient with, the computer software programs that we designate for use periodically, including database, spreadsheet, financial, word processing, communications, e-mail and calendaring programs We currently require you to have a personal computer You must obtain the necessary training for proficiency in any programs we require you to have You may obtain the computer system and software from anyone you choose We do not require you to purchase an ongoing service contract for these programs or computer systems We may provide you ongoing guidance, assistance, maintenance, repairs, upgrades, or updates regarding the operation of these systems in accordance with our System Standards, but we are not required to do so You must upgrade the hardware and software periodically The annual cost of this maintenance will be $1,100-$1,500 The computer will go hand in hand with the POS system we require you to have, which includes purchasing a FOCUS Terminal that stores coupon and inventory counts, daily, weekly and period sales, labor, products sold, and other data We estimate the cost of purchasing or leasing this equipment and systems to be between $14,000 and $17,500 for Restaurant Franchises and between $6,000 and $13,000 for Mobile Food Truck Unit Franchises (Franchise Agreement – Section 10 5)

Generally, you will incur a monthly cost to obtain access to Internet services from an Internet Service Provider ("**ISP**") We estimate that your monthly fee to an ISP would range from $20 to $75 depending on the services provided by the ISP

You must use the reporting and accounting system we require You must deliver financial and operating reports to us in the form, manner, content and time we specify We require you to provide us independent access to your computer and/or register system at all times We may access information regarding inventory, sales, labor, and accounting and there are no contractual limitations on our right to access this information (Franchise Agreement – Sections 12 1 and 12 2)

Time to Opening

We estimate that there will be an interval of 12 months between the signing of the Franchise Agreement and the opening of the Restaurant or Mobile Food Truck Unit, but the interval may vary based upon factors like the location and the condition of the Site, the construction schedule for the Restaurant or Commissary, the extent to which an existing location must be upgraded or remodeled, the delivery schedule for equipment and supplies, delays in securing financial arrangements and completing training and your compliance with local laws and regulations You may not open the Restaurant or Mobile Food Truck Unit for business until (1) we approve the Restaurant or Mobile Food Truck Unit developed according to our specifications and standards, (2) you have completed pre-opening training to our satisfaction, (3) you have paid the franchise fee and all other amounts then due to us, (4) you have furnished us with copies of all required insurance policies, or other proof of insurance coverage and payment of premiums that we request, and (5) you have delivered all signed counterparts of all required documents to us pertaining to your acquisition of the Site You must open the Restaurant or Mobile Food Truck Unit for business within 12 months of signing the Franchise Agreement and within 10 days after we notify you that the Restaurant or Mobile Food Truck Unit is ready to open (Franchise Agreement – Section 4 5)

Training

Gandolfo's offers a stringent, mandatory franchisee training program that covers the business from A to Z Training sessions may be conducted in Lawrenceville, Georgia and/or an operating Gandolfo's Deli franchise location of our choosing Existing franchisees may be offered monetary incentives to host, supervise and teach a training orientation seminar at their franchise locations

The training program is for twenty-four (24) days which consists of four consecutive six day weeks (Monday through Saturday), 12 hours per day New franchisees must attend the training themselves along with a Partner or Manager Two people are required to successfully complete training prior to the store opening If the franchisee or manager has previously successfully completed training then two different owners, managers or employees are required to attend and successfully complete training for the Restaurant or Mobile Food Truck Unit granted under this Franchise Agreement. Successful completion of the training program means that the franchisee is ready to begin operating a Gandolfo's Deli franchise At the end of the training program, we will conduct an assessment to determine if additional training is necessary for a "successful completion " Employees who have worked for more than 6 months in an operational Gandolfo's and completed all the training brochures and successfully completed the training certification checklist as assessed by Gandolfo's will be considered certified

There must be two certified, Gandolfo's trained personnel (franchisee, manager, employee, etc) per store at all times We conduct initial training in a time frame relative to the planned restaurant opening date We conduct later mandatory training whenever we decide additional training is necessary Seminars and classroom training are a significant part of mandatory Franchise Meetings held throughout the year

Instructors are carefully selected from existing Gandolfo's Deli franchisees and Corporate Staff with substantial previous training and hands-on experience in the business

We do not charge you (beyond the franchise fee) for the 24 days of initial training for two people However, franchisees must pay their own travel expenses to the designated location and must be on-site to receive training Additional training and additional persons attending the initial training program are at the franchisee's expense

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Setup/Food Preparation	2	22	Lawrenceville, GA and/or an operating Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit location of our choosing
Making Sandwiches	3	33	Same as above
Register, Counter and Floor Training	2	22	Same as above
Administration Checklist	1	11	Same as above
Operations Checklist	2	22	Same as above
Ordering and Inventory Control	2	22	Same as above
Employee Orientation and Training	1	11	Same as above
Employee Scheduling	2	22	Same as above
Administrative Accounting	2	22	Same as above
Management Opening and Overall Operations	2	22	Same as above
Catering	2	22	Same as above
Marketing	1	11	Same as above
Total	22	242	

1 The nature of the Gandolfo's Deli Restaurant and Gandolfo's Mobile Food Truck Unit business dictates that all aspects of training are integrated, that is, there are no definitive starting and stopping times

2 We do not have a formal training staff, but instructors from the following group of individuals will conduct the training- Dan Pool, Sabrina Bright and Dain Pool Each instructor has extensive experience in the subject matter being taught ~~Dan Pool*, Sabrina Bright*, Dain Pool*, Sean Whaley, and Don Luther Sean Whaley has operated a successful~~Dan Pool has been the owner and Chief Executive Officer of Gandolfo's ~~New York Delicatessen~~ since ~~July 2007 and~~ 2008 Sabrina Bright has been ~~training franchisees since March 2008 Don has operated a successful~~the Chief Financial Officer of Gandolfo's ~~New York Delicatessen~~since February 2015, and previously served as the President of Gandolfo's from August 2008 through February 2015 Dain Pool has been the Chief Development Officer of Gandolfo's since February ~~2010~~2015, and served as Vice President for Gandolfo's from December 2011 through February 2015

~~*The experience of these instructors is described in Item 2~~

Operational System (Operations Manual)

The table of contents for our on-line Operational System (operations manual) is as follows

Item 12 Territory

The franchise granted under a Franchise Agreement is for a specific location that we approve where your Restaurant or Commissary will be located (the "**Site**") We will also grant you an exclusive territory called your "**Trade Area**" The Trade Area consists of the Site and a geographic area surrounding the Site, based on population and demographics that you and we agree on in the Franchise Agreement If you own a Mobile Food Truck Unit, you shall develop and propose to us designated routes within the Trade Area that the Truck may travel and operate We must approve of your proposed routes in writing before you use and implement those routes After we receive your proposals, we have 14 business days to approve your initial proposed routes and 5 business days to approve any future proposed modifications to the established routes If we have not rejected or approved your proposed routes within 14 or 5 business days, as applicable, after we received your proposal, the proposed routes shall be deemed accepted and approved by us You may not deviate from the approved designated routes without our express written approval.

The Franchise Agreement does not provide you with any options, rights of first refusal, or similar rights to acquire additional franchises

If you sign an Area Development Agreement with us, the Area Development Agreement will designate a Trade Area in which you must develop the number of Restaurants or Mobile Food Truck Units according to the "**Development Schedule**" specified in the Area Development Agreement We will not approve a site within the Trade Area of any other Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit, whether we franchise or own it or it is within the Trade Area of any Gandolfo's area developer or master franchisee So long as you comply with the Franchise Agreement and, if applicable, the Area Development Agreement, we will not grant a franchise for, nor ourselves operate, a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit within your Trade Area (until expiration of the Development Schedule) If you sign an Area Development Agreement and do not comply with the Development Schedule specified in the Area Development Agreement, your Trade Area will automatically become non-exclusive, and we may grant franchises for, or ourselves operate, Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units within your Trade Area Other than your right to operate the Restaurant or Mobile Food Truck Unit in its Trade Area or develop Restaurants or Mobile Food Truck Units in the Trade Area, if applicable, we do not grant you any territorial rights We may establish other Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units (franchised or owned by us) anywhere that may compete with your location We retain the right (in our sole discretion) to sell products identified by the Marks through distribution channels other than Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units (including mobile locations, kiosks, special purpose venues and grocery stores)

Even though we grant you a Trade Area, you will not receive an exclusive territory You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control We retain the right, for ourselves or through affiliates, in our discretion, and without granting any additional right or compensation to you, to

(a) solicit prospective franchisees and grant franchises or other rights to operate Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units through national or regional advertising, trade shows or conventions or through e-commerce or similar means,

(b) own and operate Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units ourselves or through affiliates except in your Trade Area,

(c) sell, solicit, recruit and provide services for restaurants or by franchised business not defined as a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit,

(d) sell and provide the services authorized for sale by, Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units under the Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels by telephone, mail order, kiosks, co-branded sites and/or sites located on or within the confines or premises of other retail businesses, military bases, shopping malls or centers, airports, stadiums, major industrial or office complexes, parking lots or structures, airports, hotels, resorts, school campuses, train stations, travel plazas, toll roads, casinos, hospitals, theme parks and sports or entertainment venues, Intranet, Internet, web sites, wireless, email or other forms of e-commerce, for distribution within and outside of your Trade Area and pursuant to such terms and conditions as we consider appropriate,

(e) sell any Gandolfo's Deli products and services within the Trade Area to "national accounts," which means interstate restaurants, hotels, offices and other similar multi-state businesses purchasing food products or services as end-users and not as re-sellers We may allocate any business to install or maintain national accounts among Gandolfo's Deli franchisees, and

(f) solicit prospective franchisees to own and operate businesses and restaurants of any other kind or nature, anywhere

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 may relocate your Site and the Restaurant or Mobile Food Truck Unit only with our written approval and by complying with all of the terms and conditions for initial site selection For any relocation we approve, you may request a change of Trade Area However, we may deny the request In the event Franchisee does not request a change or Franchisor denies Franchisee's request, the Trade Area remains the same

Item 13 Trademarks

The principal trademarks for Gandolfo's, which we will license to you, include the following "GANDOLFO'S Logo Design," "Gandolfo's Deli," and "ONE BITE AND YOU'RE THERE " The term "principal trademarks" means primary trademarks, service marks, names, logos, and commercial symbols used to identify the franchise You will operate your franchise under these names and any other name or mark that we designate You also may use our other current or future marks to identify your Restaurant or Mobile Food Truck Unit, as we designate

Registered Marks

The service marks shown below are registered on the United States Patent and Trademark Office's ("**PTO**") Principal Register by Gandolfo's

Mark	Registration Date	Registration No	Principal / Supplemental Register	Comments
GANDOLFO'S NEW YORK DELICATESSEN	12/16/03	2,794,627	Principal Register	Gandolfo's has filed all required affidavits for this principal trademark The registration of this Mark has been renewed until 2023
Gandolfo's Logo Design	05/27/03	2,719,448	Principal Register	Gandolfo's has filed all required affidavits for this principal trademark The registration of this Mark has been renewed until 2023
ONE BITE AND YOU'RE THERE	1/22/08	3,373,117	Principal Register	Gandolfo's has filed all required affidavits for this principal trademark Gandolfo's has not renewed this registration because the original term has not yet expired

Except as described above, we have not registered any of the Marks

The service mark "Gandolfo's Deli" is not registered with the PTO or any state trademark office, but Gandolfo's claims common law rights in this service mark and trade name from our exclusive use, protection and enforcement of this mark from the date of its first use, which was at least as early as April 20, 1990 By not having a Principal Register federal registration for "Gandolfo's Deli," this trademark does not have as many legal benefits and rights as a federally registered trademark If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses

Gandolfo's does not know of any presently effective determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending interference, opposition or cancellation proceeding, or any pending material litigation involving the Marks which is relevant to their use in any state in which your franchise is to be located

There are currently no effective agreements which significantly limit Gandolfo's right to use or license the use of the Marks and we do not know of any infringing uses that could materially affect your use of the Marks

Use of the Marks

You must follow our rules when you use the Marks You cannot use any Mark as part of your corporate or legal business name or with modifying words, designs or symbols (except for those we license to you) You cannot represent that you have acquired any ownership rights in any of the Marks, infringe upon the Marks, contest or help others to contest the validity of our right to use our Marks You cannot use any Mark in the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing You must operate and advertise your franchise only under the Marks that we designate You must use these Marks only in the manner we require and you must refrain from using these Marks to perform any activity or to incur any obligation that may subject us to liability You also must observe the requirements for our trademark registrations, including using appropriate notice of ownership and registration (Franchise Agreement – Section 7)

Infringement

You must notify us immediately of any apparent infringement or challenge to your use of any Mark or of any claim by any person of any rights in any Mark, and you may not communicate with any person other than us, our attorneys and your attorneys regarding any infringement, challenge or claim The Franchise Agreement does not require us to take any affirmative action when notified of such uses or claims, and we have sole discretion to take this action, as we deem appropriate, and the right to control exclusively any litigation, PTO proceeding or any other administrative proceeding from this infringement, challenge or claim or otherwise related to any Mark You must sign any instruments and documents, provide assistance and take any action that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or PTO or other proceeding or otherwise to protect and maintain our interest in the Marks The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed to you by us or if the proceeding is resolved unfavorably to you (Franchise Agreement – Section 7 3)

Changes to the Marks

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice We will not reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditure you make to promote a modified or substitute trademark or service mark (Franchise Agreement – Section 7 3)

Indemnification

We will indemnify you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any of the Marks resulting from claims by third parties that your use of any of the Marks infringes their trademark rights and for all costs you reasonably incur in the defense of any claim in which you are named as a party, as long as you have timely notified us of the claim and have otherwise complied with the terms of our agreements with you We will not indemnify you against the consequences of your use of the Marks except in accordance with the requirements of our agreements with you You must provide written notice to us of any claim within 10 days of your receipt of notice and you must tender the defense of the claim to us We have the right to defend any claim and if we do so, we do not have to indemnify or reimburse you for any fees or disbursements of any attorney retained by you If we elect to defend the claim, we have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim (Franchise Agreement – Section 7 5)

We do not know of either superior prior rights or any infringing uses that could materially affect your use of our principal trademarks in any state

Item 14 Patents, Copyrights and Proprietary Information

There are no registered or pending patents that are material to the franchise

We claim copyrights to the Operational System, menus, advertising materials and related items used in operating the franchise These copyrights have not been registered with the United States Registrar of Copyrights

The Operational System, which is described in Item 11, and other materials we possess contain our confidential information This information includes site selection criteria, recipes, methods, formats, specifications, standards, systems and procedures, sales and marketing techniques used, and knowledge of and experience in developing and operating restaurants and food truck units, marketing and advertising programs for restaurants and food truck units, knowledge of specifications for and suppliers of certain fixtures, furnishing, equipment, products, materials and supplies, and knowledge of the operating results and financial performance of restaurants and food truck units other than your Restaurant or Mobile Food Truck Unit

All ideas, concepts, techniques or materials related to Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units (including any of these specific to your Restaurant or Mobile Food

Truck Unit), whether or not constituting protectable intellectual property and whether created by or for you or your owners, must be promptly disclosed to us, will be considered our property and part of our franchise system and will be considered to be works made-for-hire for us You and your owners must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in these ideas, concepts, techniques or materials

You may not use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others We may require your managers to sign our then current form of Confidentiality and Non-Competition Agreement

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials Nor are there any agreements currently in effect which significantly limit our right to use or authorize franchisees to use the copyrighted materials Also, there are no infringing uses actually known to us, which could materially affect a franchisee's use of the copyrighted materials in any state We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so when this action is in the best interests of the Gandolfo's Deli franchise system

Item 15 Obligation to Participate in the Actual Operation of the Franchise Business

You must at all times faithfully, honestly and diligently perform your obligations under the Franchise Agreement, continuously exert your best efforts to promote and enhance the Restaurant or Mobile Food Truck Unit and not engage in any other business or activity that conflicts with your obligations to operate the Restaurant or Mobile Food Truck Unit in compliance with the Franchise Agreement You (or your owners) are obligated to participate personally in the direct operation of the Restaurant or Mobile Food Truck Unit New franchisees are expected to go through our training program themselves, along with one other person, or send a Partner or Manager and one other person There are no specific restrictions that the franchisee is required to place on its Manager

If you are a corporation, limited liability company or limited partnership, your owners must not only personally guarantee your obligations under the Franchise Agreement but also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities The form of "**Principal Owner's Guaranty**" is attached as Exhibit "D " We also require you to complete a "**Principal Owner's Statement**" in the form attached as Exhibit "E " The Principal Owner's Statement describes all of your owners and their interests in you

Item 16 Restrictions on What the Franchisee May Sell

You must offer for sale all products, and perform all services, that we require, periodically, for Restaurants or Mobile Food Truck Units You may not offer for sale any products or perform any services that we have not authorized (See Items 8 and 9) Our System Standards may regulate required or authorized products, product categories and supplies We have the right to change the types of required and/or authorized goods and services periodically There are no limits on our right to do so, except that we will not require you to invest additional capital ("**Capital Modifications**") in the Restaurant or Mobile Food Truck Unit if the investment cannot, in our reasonable judgment, be amortized during the remaining term of the Franchise Agreement, unless we agree to extend its term so that the investment can be amortized or unless the investment is necessary to comply with applicable laws Capital Modifications are in addition to costs to repair, replace or refurbish your equipment and fixtures periodically

We will give you 30 days to comply with Capital Modifications we require, but, if the Capital Modification requires an expenditure of more than $2,500, we will give you 3 months from the date we make the request to comply with that Capital Modification You must comply with all modifications to System Standards, other than Capital Modifications, within the time period we specify We will not require you to spend more than $50,000 during the term of the Franchise Agreement for Capital Modifications

Item 17 Renewal, Termination, Transfer and Dispute Resolution

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 as Exhibits "B" and "C"

THE FRANCHISE RELATIONSHIP

	Provision	**Section in Franchise Agreement ("FA"), Area Development Agreement ("ADA") or Other Agreement**	**Summary**
a	Length of the franchise term	FA Section 2 1 ADA Section 2	10 years for each Restaurant or Mobile Food Truck Unit Terms of Area Development Agreements may vary
b	Renewal or extension of the term	FA Sections 2 2 – 2 7	If you are in good standing, you can renew or extend the term of your franchise on our then current terms for an additional 10 year term
c	Requirements for franchisee to renew or extend	FA Sections 2 2 – 2 7	Maintain Site or secure substitute Site, bring Restaurant or Mobile Food Truck Unit into compliance with our then current specifications and standards, sign new Franchise Agreement and ancillary agreements, general releases, satisfactory completion of training and refresher programs, and pay fee Franchisees may be asked to sign a contract with materially different terms and conditions than their original contract

	Provision	Section in Franchise Agreement ("FA"), Area Development Agreement ("ADA") or Other Agreement	Summary
d	Termination by franchisee ~~See Note 1~~	FA Section 15 1 ADA Section 10(A)	You can terminate the Franchise Agreement (or Area Development Agreement, if applicable) only through legal process resulting from our material breach or by mutual agreement with us
e.	Termination by franchisor without cause ~~See Note 1~~	None	Not applicable
f	Termination by franchisor with cause ~~See Note 1~~	FA Section 15 2 and 15 3 ADA Section 10(B)	We can terminate only if you commit one of several violations
g.	"Cause" defined – curable defaults	FA Section 15 3 ADA Section 10(B) and (C)	You have 24 hours to cure health, safety or sanitation law, ordinance or regulation violations You have 30 days to resolve curable defaults including, but not limited to (i) you or a trained manager not being present at the Restaurant or Mobile Food Truck Unit during all open hours, (ii) failure to keep the Restaurant or Mobile Food Truck Unit open during the required hours, (iii) purchasing or leasing any product or service from an unapproved supplier, (iv) failure to participate in a local advertising Co-op, (v) failure to pay, when due, any federal or state income, service, sales or other taxes due on the operations of the Restaurant or Mobile Food Truck Unit, unless Franchisee is in good faith contesting Franchisee's liability for such taxes, (vi) failure to obtain and maintain required permits, (vii) if you are a Business Entity, failure to maintain active status in your state of organization, (viii) failure to make payments of any amounts due to us or your suppliers, (ix) failure to make and submit required reports, (x) failure to maintain sufficient liquid funds to pay amounts to us via electronic transfer, (xi) failure to comply with any provision of the FA or Software License Agreements, (xii) failure to comply with the System Standards or Operational System, (xiii) continued violation of any law, ordinance, rule or regulation of a governmental agency, or (xiv) failure to obtain any approvals or consents required by the Agreement

	Provision	Section in Franchise Agreement ("FA"), Area Development Agreement ("ADA") or Other Agreement	Summary
h	"Cause" defined – non-curable defaults	FA Section 15.2 ADA Section 10(B)	Non-curable defaults include (i) material misrepresentation or omission, (ii) failure to open the Restaurant or Mobile Food Truck Unit within 12 months of signing FA, (iii) failure to complete required training, (iv) abandonment, (v) unapproved transfers of operational control, (vi) conviction of or a plea of no contest or guilty to a felony or other serious crime, (vii) dishonest or unethical conduct, (viii) understatement of Gross Sales by 3% or more, (ix) unauthorized assignment of the FA or ADA, if applicable, or of an ownership interest in you or the Restaurant or Mobile Food Truck Unit, (x) failure to make the required assignment upon death or disability (xi) loss of the Site or Truck, (xii) unauthorized use or disclosure of the Operational System or confidential information, (xiii) an assignment for the benefit of creditors or insolvency or inability to pay debts as they become due, (xiv) violation of any health, safety or sanitation law, ordinance or regulation and failure to begin to cure the noncompliance or violation immediately, or failure to correct such noncompliance or violation within 24 hours, after written notice is delivered to Franchisee, (xv) failure on three or more separate occasions within any period of 12 consecutive months or on five occasions during the term of this Agreement to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice was delivered to Franchisee if applicable, and (xvi) if you are an Area Developer, failure to comply with the Development Schedule on two or more occasions
i.	Franchisee's obligations on termination / non-renewal	FA Section 16	Obligations include payment of outstanding amounts, complete de-identification, sign general release and return of confidential information
j	Assignment of contract by	FA Section 14.1 ADA Section 9(A)	No restriction on our right to assign

	Provision	Section in Franchise Agreement ("FA"), Area Development Agreement ("ADA") or Other Agreement	Summary
	franchisor	Application Agreement Section 7	No assignment without consent of the other party
k	"Transfer" by franchisee - defined	FA Section 14 2 ADA Section 9(B) Application Agreement Section 7	Voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the Franchise Agreement, Area Development Agreement, if applicable, you or the Restaurant or Mobile Food Truck Unit No assignment without consent of the other party
l	Franchisor approval of transfer by franchisee	FA Sections 14 2 - 14 4 ADA Section 9(B)	We have the right to approve all transfers, even to a Business Entity controlled by you
m	Conditions for franchisor approval of transfer	FA Section 14 3	New franchisee qualifies, you pay us all amounts due, new owners and/or managerial employees agree to be trained, transferee agrees to sign our then-current form of Franchise Agreement, transferees agrees to upgrade the Restaurant or Mobile Food Truck Unit as needed, transfer fee (if any) paid, we approve material terms, you subordinate amounts due to you, and you sign other documents we require – including general releases
n	Franchisor's right of first refusal to acquire franchisee's business	FA Section 14 8	We can match any offer for your business or an ownership interest in you as long as we may substitute cash for any form of payment at a discounted amount if an interest rate will be charged on any deferred payments, our credit will be deemed equal to that of any proposed purchaser, we will have no less than 30 days to prepare for closing and we receive all customary representations and warranties, as we specify
o	Franchisor's option to purchase franchisee's business	FA Section 16 7	We have the option to buy the Restaurant or Mobile Food Truck Unit, including leasehold rights to the Site, at fair market value after termination (but no expiration) of the agreement If we cannot agree on a fair market value, independent appraisal will be conducted
p	Death or disability of franchisee	FA Sections 14 5 and 14 6	Franchise or an ownership interest in you must be assigned to an approved buyer within 3 months and must be run by a trained manager during the period before the assignment Assignment is subject to our right of first refusal
q	Non-competition covenants during the term of the franchise	FA Section 9 ADA Section 11(A)	No interest in a competitive business, no direct or indirect controlling ownership interest in, or performance of services for, a competitive business anywhere, no direct or indirect ownership interest in a competitive business, no recruiting or hiring of any person who is our employee or an employee of any Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit We may require your managers

	Provision	Section in Franchise Agreement ("FA"), Area Development Agreement ("ADA") or Other Agreement	Summary
			and employees to sign our current form of Confidentiality and Non-Competition Agreement
r	Non-competition covenants after the franchise is terminated or expires	FA Section 16 6 ADA Section 11(B)	No direct or indirect interest in competing business for 2 years at, or within 10 miles of, the Site (same restrictions apply after assignment)
s	Modification of the agreement	FA Section 18 11 ADA Section 12(B)	No modifications except by written agreement, but Operational System and System Standards are subject to change
t	Integration/ merger clause	FA Section 18 11 ADA Section 12(A)	Only the terms of the Franchise Agreement (including the Operational System, System Standards, addenda and exhibits) are binding with respect to your Restaurant or Mobile Food Truck Unit, and only the terms of the Area Development Agreement are binding with respect to your Trade Area (subject to state law) Any representations or promises made outside the disclosure document, Franchise Agreement, and Area Development Agreement may not be enforceable
u	Dispute resolution by arbitration or mediation	FA Section 19 ADA Section 17	Except for certain claims, all disputes must be mediated at a mutually agreeable location, or at our headquarters If the dispute is not resolved within 60 days, the dispute must be arbitrated at the office of the American Arbitration Association closest to Atlanta, Georgia
v	Choice of forum	FA Sections 18 1 and 19 5 ADA Section 17 Application Agreement Section 5	Forum for litigation in Gwinnett County, Georgia and forum for arbitration in Atlanta, Georgia Litigation in Gwinnett County, Georgia See any requirements of local law in Exhibit "M" of this Disclosure Document
w	Choice of law	FA Section 19 1 Application Agreement Section 5	Georgia law, U S Patent and Trademark law as applicable Georgia law See any requirements of local law in Exhibit "M" of this Disclosure Document

NOTE 1 ~~Our and your, rights to terminate the Franchise Agreement are described in Section 15 of the Franchise Agreement Our and your, rights to terminate the Area Development Agreement, if applicable, are described in Section 10 of the Area Development Agreement~~

~~NOTE 2~~ Certain states have statutes which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise These and other states may have court decisions that may supersede the Franchise Agreement and Area Development Agreement, if applicable, in your relationship with us, including the areas of termination and renewal of your franchise

Item 18 Public Figures

We do not use any public figure to promote our franchise

Item 19. Financial Performance Representations

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet~~.~~ If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Sabrina Bright, CFO, at Gandolfo's Corporate Office at 1475 Buford Drive, #403-116, Lawrenceville, GA 30043 and 1-770-513-7220, the Federal Trade Commission, and the appropriate state regulatory agencies

Item 20 Outlets and Franchisee Information

Table No 1

Systemwide Outlet Summary
For Years ~~2013~~2014 to ~~2015~~2016

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2014~~2013~~	32	32	0
	~~2014~~2015	32	~~32~~27	~~0~~-5
	2016~~2015~~	~~32~~27	~~27~~26	-~~5~~1

Company-Owned	**2014~~2013~~**	**1**	**1**	**0**
	2015~~2014~~	**1**	**1**	**0**
	2016~~2015~~	**1**	**1**	**0**
Total Outlets	**2014~~2013~~**	**33**	**33**	**0**
	2015~~2014~~	**33**	**~~33~~28**	**~~0~~-5**
	2016~~2015~~	**~~33~~28**	**~~28~~27**	**~~-5~~1**

Table No 2

Transfers of Outlets From Franchisees to New Owners (other than the Franchisor)
For Years ~~2013~~2014 to 2016~~2015~~

Column 1 State	Column 2 Year	Column 3 Number of Transfers
~~California~~	~~2013~~	~~2~~
	~~2014~~	~~0~~
	~~2015~~	~~0~~
Florida	2014~~2013~~	~~0~~1
	~~2014~~	~~1~~
	2015	0
~~Maryland~~	2016~~2013~~	1
	~~2014~~	~~0~~
	~~2015~~	~~0~~
~~Utah~~	~~2013~~	~~0~~
Utah	2014	2
	2015	0
	2016	1
Total	2014~~2013~~	3
	~~2014~~	~~3~~
	2015	0
	2016	2

Merged Cells

Split Cells

Merged Cells

Split Cells

Table No 3

Status of Franchised Outlets
For Years ~~2013~~-2014-2016~~2015~~*

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 the Year
Arizona	2014~~2013~~	1	0	0	0	0	0	1
	~~2014~~2015	1	0	0	0	0	0	1
	~~2015~~2016	1	0	0	0	0	0	1
California	2014~~2013~~	~~5~~4	0	0	0	0	0	~~5~~4
	~~2014~~	~~5~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~5~~
	2015	~~5~~4	1	0	0	0	1	~~5~~4
~~Florida~~	~~2013~~2016	~~0~~4	~~0~~1	0	0	0	~~0~~1	~~0~~4
Florida	2014	0	2	0	0	0	0	2
	2015	2	1	0	0	0	2	1
~~Idaho~~	~~2013~~2016	~~3~~1	~~0~~1	0	0	0	0	~~3~~2
Idaho	2014	3	0	0	0	0	1	2
	2015	2	0	0	0	0	1	1
~~Indiana~~	~~2013~~2016	~~0~~1	~~1~~0	0	0	0	0	1
Indiana	2014	1	3	0	0	0	0	4
	2015	4	2	0	0	0	1	5
	2016	5	1	0	0	0	3	3
Maryland	2014~~2013~~	1	~~1~~0	0	0	0	~~1~~0	1
	~~2014~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2015	1	0	0	0	0	1	0
	2016	0	0	0	0	0	0	0
Michigan	2014~~2013~~	1	0	0	0	0	~~0~~1	~~1~~0
	~~2014~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~	~~0~~
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Montana	2014~~2013~~	1	0	0	0	0	0	1
	~~2014~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Nebraska	2014~~2013~~	2	0	0	0	0	0	2
	2015~~2014~~	2	0	0	0	0	0	2
	~~2015~~2016	2	0	0	0	0	0	2
Nevada	2014~~2013~~	1	0	0	0	0	0	1
	~~2014~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2015	1	0	0	0	0	1	0
~~New Hampshire~~	~~2013~~2016	~~1~~0	0	0	~~1~~0	0	0	0
	~~2014~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	~~2015~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~

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 the Year
North Carolina	2014~~2013~~	1	0	0	0	0	0	1
	~~2014~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2015	1	0	0	1	0	0	0
	2016	0	0	0	0	0	0	0
Oregon	2014~~2013~~	1	0	0	0	0	0	1
	~~2014~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2015	1	0	0	0	0	0	1
~~Utah~~	~~2013~~2016	~~13~~1	~~1~~0	0	~~1~~0	0	0	~~13~~1
Utah	2014	13	0	0	0	0	3	10
	2015	10	0	0	0	0	0	10
	2016	10	0	0	0	0	0	10
Washington	2014~~2013~~	1	0	0	0	0	0	1
	~~2014~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2015	1	0	0	0	0	0	1
~~Total~~	~~2013~~2016	~~32~~1	~~3~~0	0	~~2~~0	0	~~1~~0	~~32~~1
Total	2014	32	5	0	0	0	5	32
	2015	32	4	0	1	0	8	27
	2016	27	3	0	0	0	4	26

Merged Cells

Split Cells

Merged Cells

Split Cells

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

Table No 4

Status of Company-Owned Outlets For Years ~~2013~~2014 to ~~2015~~2016

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Texas	2014~~2013~~	1	0	0	0	0	1
	2015~~2014~~	1	0	0	0	0	1
	~~2015~~2016	1	0	0	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
All Other States	2014~~2013~~	0	0	0	0	0	0
	2015~~2014~~	0	0	0	0	0	0
	~~2015~~2016	0	0	0	0	0	0
Total	2014~~2013~~	1	0	0	0	0	1
	2015~~2014~~	1	0	0	0	0	1
	~~2015~~2016	1	0	0	0	0	1

Table No 5

Projected Openings as of December 31, ~~2015~~2016

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets In the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In the Current Fiscal Year
Arkansas	1	1	0
~~California~~	~~2~~	~~2~~	~~0~~
~~Florida~~	~~1~~	~~1~~	~~0~~
~~Indiana~~	~~1~~	~~1~~	~~0~~
Nebraska	1	~~1~~0	0
Total	~~6~~2	~~6~~1	0

Exhibit "F lists the name, address, and telephone number of all current franchisees for each of their outlets as of December 31, ~~2015~~2016

Exhibit "G" lists the name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year or who has not communicated with Gandolfo's within 10 weeks of December 31, ~~2015~~2016 If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

During the last three fiscal years, no franchisees have signed confidentiality clauses restricting their ability to speak openly about their experience with Gandolfo's

There are no franchisee organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this disclosure document

Item 21 Financial Statements

Attached as Exhibit "L" are our audited financial statements for the years ended December 31, ~~2015~~2016, December 31, 2015~~2014~~, and December 31, ~~2013~~ 2014

Item 22 Contracts

We have attached the following standard forms of agreements to this Disclosure Document as Exhibit "A," the Application Agreement, as Exhibit "B," the Franchise Agreement, as Exhibit "C," the Area Development Agreement, as Exhibit "D," the Principal Owner's Guaranty, and as Exhibit "J," the Conditional Assignment and Assumption of Lease Agreement. All other contracts and agreements are to be entered into with persons of your choice and therefore cannot be attached

Item 23 Receipts

The last page of this Disclosure Document is Exhibit "N" in duplicate, which is a detachable acknowledgment that you have received this Disclosure Document

EXHIBIT A TO THE DISCLOSURE DOCUMENT

APPLICATION AGREEMENT

APPLICATION AGREEMENT

THIS APPLICATION AGREEMENT (this "**Agreement**") is effective as of ______________________________, 20____ (the "**Effective Date**"), regardless of when it is signed, by and between **GANDOLFO'S DELIBOYS, LLC**, a Utah limited liability company ("we", "us" and "our"), and ____ ("you" or "your") You and we are sometimes referred to collectively as the "parties" or separately as a "party "

BACKGROUND INFORMATION

We grant franchises for the operation of (i) sandwich restaurant shops specializing in large hero style sandwiches in a sporty New York atmosphere and decorum at an economical price (a "Gandolfo's Deli Restaurant" or "Restaurant") and (ii) mobile food truck units consisting of (a) a commissary where supplies, food products, equipment and other items required under the System may be held, and (b) a motor vehicle truck displaying a New York deli-style decorum traveling on designated routes and offering large hero style sandwiches (a "Gandolfo's Mobile Food Truck Unit" or "Mobile Food Truck Unit") to persons who meet our qualifications and are willing to undertake the investment and effort, a Franchise to own and operate a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit.

You have applied for a Franchise to own and operate a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit To determine whether to grant you a Franchise, we must evaluate your credentials and you want to make sure that operating a Restaurant or Mobile Food Truck Unit is compatible with your objectives We incur various expenses in making those evaluations and determinations

Accordingly, the parties agree as follows

OPERATIVE TERMS

1 **Representations and Warranties** You represent and warrant that all of the statements you made in your application are true, correct, and complete

2 **Evaluation** As part of the screening process, we may choose to have you work up to 50 hours at a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit that we designate, and you agree to do so You will not be paid compensation of any type for work performed by you during this screening process The work you perform under this Agreement does not constitute training under any franchise agreement with us

3 **Confidential Information** We may disclose certain information to you regarding the System (as that term is defined in our current Franchise Agreement) and the know-how related to its use, plans, specifications, size and physical characteristics of Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units, site selection criteria, land use and zoning techniques and criteria, methods in obtaining licensing and meeting regulatory requirements, sources and design

of equipment, furniture, forms, materials and supplies, marketing, advertising and promotional programs for Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units, the selection, testing and training of personnel for Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units, the recruitment, qualification and investigation methods to secure employment for employment candidates, any computer software we make available or recommend for Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units, methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units, knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment, recipes, formulas, preparation methods and serving techniques, and knowledge of operating results and financial performance of Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units You acknowledge and agree that all of this information is confidential and proprietary (the "Confidential Information") You will not acquire any interest in the Confidential Information The use or duplication of any Confidential Information in any other business will constitute an unfair method of competition You will not disclose, leak, divulge, disseminate, reveal, make available, replicate, duplicate (in any form, tangible or intangible) or otherwise communicate all or any portion of the Confidential Information to any other person or entity, or use it for any purpose other than good faith negotiations with us to obtain a Franchise Program, either directly or indirectly, unless given permission to do so in writing by us You will use the highest degree of care to safeguard the confidentiality of the Confidential Information and not make any copies or abstracts of the Confidential Information (tangible, printed or an intangible form) except where permitted to do so by us in writing You will adopt and implement all reasonable procedures we may require periodically to prevent unauthorized use or disclosure of the Confidential Information

4 **Return of Confidential Information** If, for any reason whatsoever, you and we do not enter into a Franchise Agreement within 60 days of the effective date of this Agreement, you and we agree as follows

(a) **Return** You will immediately return to us all franchise disclosure documents, franchise agreements, prototypes, samples, brochures, copies, materials, duplicates, derivations, portions, extracts and any other aspects of the Confidential Information in your possession

(b) **Copies** You will immediately deliver to us all additional copies or other duplicates of the Confidential Information produced or created by you or us, including without limitation, all prototypes, documents, photocopies, notes, memoranda, extracts, excerpts, derivations, worksheets or other ancillary documentation containing, or derived from, Confidential Information, whether contained on paper, tangible material, tape or in computer memory banks or the storage devices

(c) **Destruction** You will immediately destroy any Confidential Information or derivations, which you may possess in computer memory or elsewhere in machine-readable form that cannot be returned to us, thereby leaving no written evidence or intangible embodiment of the Confidential Information in your possession

(d) **Certificate** Within 10 days following notice from us of our demand that you return or destroy the Confidential Information, you will deliver to us a written certificate executed by a duly authorized officer on your behalf, stating that you have fully and completely discharged all of your obligations pursuant to the provisions of this Agreement and returning all of the Confidential Information not destroyed

5 **Governing Law and Jurisdiction** Georgia law governs this Agreement. Jurisdiction and venue for any claims involving this Agreement is exclusively in the courts serving Gwinnett County, Georgia The parties irrevocably submit to the venue and jurisdiction of such courts

6 **Litigation Expenses** In any action or dispute, at law or in equity, that may arise under or otherwise relate to the terms of this Agreement, the prevailing party will be entitled to full reimbursement of its litigation expenses from the other party Litigation expenses include attorneys' fees, defense costs, witness fees and other related expenses including paralegal fees, travel and lodging expenses and court costs Reimbursement is due within 30 days of written notice after prevailing

7 **Assignment** This Agreement, and all rights and obligations of the parties, may not be assigned, subcontracted, or transferred by any party without the prior written consent of the other party

8 **Background Information** Both parties agree that the background information at the beginning of this Agreement is accurate

9 **Effect** This Agreement neither evidences, nor commits us to, an award of a Franchise to you Any grant of a Franchise to you will be subject to a definitive Franchise Agreement mutually acceptable and signed by both you and us However, in the meantime, you and we will naturally be expected to investigate each other's qualifications, background and respective businesses Thus, each of us will cooperate with each other to obtain further information in order to proceed on a mutually beneficial business basis Neither party has any obligation to the other party other than as described in this Agreement

10 **Automatic Termination** This Agreement shall terminate automatically upon the complete and full execution of a Franchise Agreement between the parties hereto

11 **Effective Date** The effective date of this Agreement is __________________, 20____, regardless of the actual date of signature ("Effective Date")

[*Signatures on Following Page*]

IN WITNESS WHEREOF, the parties have duly executed this Application Agreement as of the Effective Date

"US"

GANDOLFO'S DELIBOYS, LLC	
Print full name	
Title	
Date	
Signature	

"YOU"

Business Entity Name	
Print full name	
Date	

Signature	
Print name	
Title	
SS#	
Date	

Signature	
Print name	
Title	
SS#	
Date	

Signature	
Print name	
Title	
SS#	
Date	

Signature	
Print name	
Title	
SS#	
Date	

EXHIBIT B TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

GANDOLFO'S DELIBOYS, LLC
FRANCHISE AGREEMENT
FOR

☐ **RESTAURANT UNIT**

☐ **MOBILE FOOD TRUCK UNIT**

[*SELECT ONE*]

______________________, 20_____
AGREEMENT DATE

____
FRANCHISEE

____
FRANCHISE LOCATION CITY & STATE

____
Franchisee Name

____
Franchisee Address

____
Franchisee City, State, Zip Code

____
Franchisee Telephone Number

____
Franchisee Name

____
Franchisee Address

____
Franchisee City, State, Zip Code

____
Franchisee Telephone Number

____
Franchisee Name

____
Franchisee Address

____
Franchisee City, State, Zip Code

____
Franchisee Telephone Number

____
Franchisee Name

____
Franchisee Address

____
Franchisee City, State, Zip Code

____
Franchisee Telephone Number

THIS AGREEMENT REQUIRES CERTAIN DISPUTES TO BE SUBMITTED TO BINDING ARBITRATION

GANDOLFO'S DELIBOYS, LLC
FRANCHISE AGREEMENT
TABLE OF CONTENTS

GANDOLFO'S DELIBOYS, LLC
FRANCHISE AGREEMENT
TABLE OF CONTENTS

GANDOLFO'S DELIBOYS, LLC
FRANCHISE AGREEMENT
TABLE OF CONTENTS

GANDOLFO'S DELIBOYS, LLC
FRANCHISE AGREEMENT
TABLE OF CONTENTS

GANDOLFO'S DELIBOYS, LLC
FRANCHISE AGREEMENT
TABLE OF CONTENTS

GANDOLFO'S DELIBOYS, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is effective as of the date set forth on its cover page (the "**Agreement Date**") The parties to this Agreement are **GANDOLFO'S DELIBOYS, LLC**, a Utah limited liability company with its principal business address at 370 Safe Water Cove, Lawrenceville, GA 30043 (referred to in this Agreement as "**Franchisor**"), and ____, whose principal business address is ____ (referred to in this Agreement as "**Franchisee**")

WHEREAS, Franchisor and its affiliates have expended considerable time and effort in developing a sandwich restaurant shop specializing in large hero-style sandwiches in a sporty New York atmosphere and decorum at an economical price (a "**Gandolfo's Deli Restaurant**" or "**Gandolfo's Deli Restaurants**"),

WHEREAS, Franchisor and its affiliates have expended considerable time and effort in developing a mobile food truck business with a commissary where supplies, food products, equipment and other items required under the System may be held and a motor vehicle truck displaying a New York decorum offering large hero-style sandwiches at an economical price (collectively, a "**Gandolfo's Mobile Food Truck Unit**" or "**Gandolfo's Mobile Food Truck Units**"),

WHEREAS, Franchisor licenses, and Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units operate under, distinctive business formats, methods, procedures, designs, layouts, signs, equipment, menu, recipes, trade dress, standards and specifications, all of which Franchisor may improve, further develop or otherwise modify from time to time (the "**System**"),

WHEREAS, Franchisor uses, promotes and licenses in the operation of Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units, certain trademarks, service marks and other commercial symbols including the trade and service marks "**GANDOLFO'S DELI**" and "**GANDOLFO'S DELI Logo Design®**," and other associated logos, designs, artwork and trade dress, trademarks, service marks, commercial symbols, and e-names which have gained and continue to gain public acceptance and goodwill and may create, use and license additional trademarks, service marks, e-names and commercial symbols in conjunction with the operation of Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units (collectively, the "**Marks**"),

WHEREAS, Franchisor grants to persons who meet its qualifications, and are willing to undertake the investment and effort, franchises to own and operate Gandolfo's Deli Restaurants and/or Gandolfo's Mobile Food Truck Units offering the products and services Franchisor authorizes and approves and utilizing the Marks and the System,

WHEREAS, Franchisee desires to acquire the right to operate a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit and utilize the System developed by Franchisor, and Franchisor is willing to grant such a right, subject to the terms and conditions of this Agreement

NOW, WHEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows

1 GRANT

1.1 Grant of Franchise Subject to the terms of and upon the conditions contained in this Agreement, Franchisor grants Franchisee the non-exclusive right to operate either (i) a Gandolfo's Deli Restaurant (the "**Restaurant**") solely at the location identified on Exhibit A attached hereto (the "**Site**") and within the Trade Area hereinafter delineated, or (ii) a Gandolfo's Mobile Food Truck Unit, consisting of a commissary where supplies, food products, equipment and other items required under the System may be held, solely at the Site identified on Exhibit A attached hereto (the "**Commissary**") and a mobile, "Gandolfo's Deli" branded motor vehicle truck, traveling solely on the routes designated by Franchisor within the Trade Area hereinafter delineated (the "**Truck**" and together with the Commissary, the "**Mobile Food Truck Unit**") If Franchisee is an existing Gandolfo's Deli franchisee, the Commissary Site may be an existing site for one or more of Franchisee's existing Gandolfo's Deli Restaurants or existing Gandolfo's Mobile Food Truck Units Franchisor further grants to Franchisee the non-exclusive rights to use the Marks and use the System, all solely in connection with operating the Restaurant or the Mobile Food Truck Unit The rights granted herein are sometimes referred to in this Agreement as the "**Franchise** " Franchisee agrees that Franchisee will, at all times, faithfully, honestly and diligently perform Franchisee's obligations, continuously exert Franchisee's best efforts to promote and enhance the Restaurant or the Mobile Food Truck Unit and not engage in any other business or activity that conflicts with Franchisee's obligations to operate the Restaurant or the Mobile Food Truck Unit in compliance with this Agreement Franchisee may not operate the Restaurant or the Commissary from any location other than the Site without Franchisor's prior written consent If Franchisee is a business entity, all of its principal owners must guarantee Franchisee's performance of its obligations under this Agreement by signing the Principal Owner's Guaranty attached hereto as Exhibit B

1.2 Franchisee's Trade Area The trade area of the Restaurant or the Mobile Food Truck Unit consists of the Site and a geographic area around the Site as described in Exhibit A attached hereto (the "**Trade Area**") Franchisor will not approve another site within the Trade Area, whether it is franchised or owned by Franchisor So long as Franchisee is in compliance with this Agreement, Franchisor will not grant a franchise for, nor itself operate, a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit within Franchisee's Trade Area For a Mobile Food Truck Unit franchise, Franchisee shall develop and propose to Franchise designated routes within the Trade Area that the Truck may travel and operate Franchisor must provide written approval of the proposed routes prior to Franchisee's implementation of such routes After receipt of Franchisee's proposals, Franchisor shall have fourteen (14) business days to approve the initial proposed routes and five (5) business days to approve any future proposed modifications to the established routes If Franchisor has not rejected or approved the proposed routes within fourteen (14) or five (5) business days, as applicable, after receipt of such proposal from Franchisee, the proposed routes shall be deemed accepted and approved by Franchisor Franchisee may not deviate from the approved designated routes without Franchisor's express written approval.

1.3 Rights Franchisor Reserves Franchisor and its affiliates retain the right, in Franchisor's sole discretion, to

(a) solicit prospective franchisees and grant other franchises or other rights to operate Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units through national or regional advertising, trade shows or conventions or through the Internet, Intranet or other forms of e-commerce or through similar means,

(b) own and operate Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units itself (each, "Corporate Restaurants" or "Corporate Mobile Food Trucks") through affiliates anywhere, except Franchisee's Trade Area,

(c) sell, solicit, recruit and provide services for Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units or any franchised business not defined as a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit in this Agreement,

(d) sell, and provide the services authorized for sale by, Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units under the Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels, including without limitation by telephone, mail order, kiosks, co-branded sites and/or sites located on or within the confines or premises of other retail businesses, military bases, shopping malls or centers, airports, stadiums, major industrial or office complexes, parking lots or structures, airports, hotels, resorts, school campuses, train stations, travel plazas, toll roads, casinos, hospitals, theme parks and sports or entertainment venues, Intranet, Internet, web sites, wireless, email or other forms of e-commerce, for distribution within and outside of Franchisee's Trade Area and pursuant to such terms and conditions as Franchisor considers appropriate,

(e) sell any Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Units products and services within the Trade Area to national accounts, which shall be defined as interstate restaurants, hotels, offices and other similar multi-state businesses purchasing food products or services as end-users and not as re-sellers Franchisor and its affiliates further retain the right to allocate any business related to the installation and maintenance of national accounts among Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units franchisees, as Franchisor in its sole discretion shall determine, and

(f) solicit prospective franchisees for, and own and operate, businesses and restaurants of any other kind or nature, anywhere

2 TERM AND SUCCESSOR TERM

2 1 Initial Term The term of the Franchise and this Agreement begins on the Agreement Date and expires 10 years from such date This Agreement may be terminated before it expires

2.2 Successor Term Upon expiration of this Agreement, subject to the conditions of this Section, Franchisee will have the right to acquire a successor term for a franchise to operate the Restaurant or Mobile Food Truck Unit for an additional 10-year period, on the terms and conditions of the franchise agreement Franchisor is then using in granting franchises for Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units, if Franchisee (and each of Franchisee's owners) has substantially complied with this Agreement during its term, and either

(a) Franchisee maintains possession of and agrees to remodel and/or expand the Restaurant, Commissary or Truck, as applicable, add or replace improvements, equipment and signs and otherwise modify the Restaurant, Commissary or Truck, as Franchisor requires to bring it into compliance with specifications and standards then applicable for Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units, or

(b) if Franchisee is unable to maintain possession of the Site or, if in Franchisor's judgment the Restaurant or Commissary should be relocated, Franchisee secures substitute premises that Franchisor approves, develops such premises in compliance with specifications and standards then applicable to Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units and continues to operate the Restaurant or Commissary at the Site until operations are transferred to the substitute premises

2.3 **Successor Term Grant.** Franchisee must give Franchisor written notice of Franchisee's election to acquire a successor franchise during the 9th year of the term of this Agreement, but no later than 180 days before expiration Franchisor will respond (the "**Response Notice**") within 90 days after Franchisor receives Franchisee's notice with Franchisor's decision to either

(a) grant Franchisee a successor franchise,

(b) grant Franchisee a successor franchise on the condition that deficiencies of the Restaurant or Mobile Food Truck Unit or in Franchisee's operation of the Restaurant or Mobile Food Truck Unit are corrected, or

(c) not grant Franchisee a successor franchise based on Franchisor's determination that Franchisee and Franchisee's owners have not substantially complied with this Agreement during its term

(d) If applicable, Franchisor's Response Notice will

(i) describe the remodeling and/or expansion of the Restaurant, Commissary or Truck and other improvements or modifications required to bring the Restaurant, Commissary or Truck into compliance with then applicable specifications and standards for Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units, and

(ii) state the actions Franchisee must take to correct operating deficiencies and the time period in which such deficiencies must be corrected

If Franchisor elects not to grant a successor franchise, the Response Notice will describe the reasons for Franchisor's decision Franchisee's right to acquire a successor franchise is subject to Franchisee's continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to Franchisee's compliance with the obligations described in the Response Notice

In Franchisor's discretion, Franchisor may extend the term of this Agreement for such period of time as Franchisor deems necessary in order to provide Franchisee with either reasonable time to correct deficiencies or 90 days' notice of Franchisor's refusal to grant a successor franchise

2.4 **Agreements/Releases** If Franchisee satisfies all of the other conditions to the grant of a successor franchise, Franchisee and Franchisee's owners agree to sign the then-current form of franchise agreement and any ancillary agreements that Franchisor is then using in connection with the grant of successor franchises for Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck

Units Franchisee and Franchisee's owners further agree to sign general releases, in form satisfactory to Franchisor, of any and all claims against Franchisor and its shareholders, officers, directors, employees, agents, successors and assigns Failure by Franchisee or Franchisee's owners to sign such agreements and releases and deliver them to Franchisor for acceptance and signature within 60 days after their delivery to Franchisee will be deemed an election not to acquire a successor franchise

2.5 Training and Refresher Programs Franchisor's grant of a successor franchise is also conditioned on the satisfactory completion by Franchisee (or Franchisee's owners) of any new training and refresher programs as Franchisor may reasonably require

2 6 Fees and Expenses Franchisor's grant of a successor franchise is contingent on Franchisee's payment to Franchisor of a successor Franchise Fee of 1/2 of Franchisor's then-current Franchise Fee Franchisor must receive the fee from Franchisee at the time of Franchisee's election, but not later than 30 days prior to the expiration date of this Agreement. In addition, Franchisor has the right to charge Franchisee for services Franchisor renders to Franchisee and expenses Franchisor incurs in conjunction with the grant of the successor franchise Payment of those charges is due upon Franchisee's receipt of Franchisor's invoice

2 7 Subsequent Successor Terms/Franchises The fees and other conditions for any grant of subsequent successor franchises will be governed by the successor franchise agreement (as described above)

3 SITE SELECTION AND DEVELOPMENT

3 1 Site Selection If Franchisee and Franchisor have not already agreed upon a Site for the Restaurant or Commissary before signing this Agreement, Franchisee shall find a Site within 180 days of the Agreement Date that Franchisor approves The Site must meet Franchisor's criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other restaurants (including other Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units), the nature of other businesses in proximity to the Site and other commercial characteristics and the size, appearance and other physical characteristics of the proposed Site Franchisor will approve or disapprove a site Franchisee proposes for the Restaurant or Commissary within 30 days after Franchisor receives the complete site report, a copy of the proposed lease agreement and other materials Franchisor requests If Franchisee and Franchisor are unable to agree on a location for the Site or Franchisee has not obtained a fully signed lease agreement for the Site, within 180 days of the Agreement Date, Franchisor may terminate this Agreement. Franchisee agrees and acknowledges that Franchisor strongly recommends, but does not require, that the Commissary Site be an existing Gandolfo's Deli Restaurant or another existing food service business, and that any Site which does not meet this criteria will likely cause Franchisee to incur additional costs and initial investment

(a) Franchisor's recommendation or approval of the Site, and any information regarding the Site communicated to Franchisee, does not constitute a representation or warranty of any kind, express or implied, as to the suitability of the Site for a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit or for any other purpose,

(b) Franchisor's recommendation or approval of the site indicates only that Franchisor believes that the Site falls within the acceptable criteria for sites and premises that Franchisor has established as of the time of Franchisor's recommendation or approval of the Site,

(c) the application of criteria that have appeared effective with respect to other sites and premises may not accurately reflect the potential for all sites and premises and after Franchisor's approval of a site, demographic and/or other factors included in or excluded from Franchisor's criteria could change to alter the potential of a site and premises, and

(d) the uncertainty and instability of such criteria are beyond Franchisor's control and Franchisor will not be responsible for the failure of a site and premises Franchisor has recommended or approved to meet expectations as to potential revenue or operational criteria

3.2 <u>Lease of Site</u>

(a) **Lease of Site** Franchisee must deliver a copy of any proposed lease agreement and related documents to Franchisor prior to its execution Franchisee must not sign any lease agreement, lease renewal or related documents unless Franchisor has previously approved them The insurance policy required by the System Standards and/or by this Agreement must be in force and effect when the lease is signed Additionally, before entering into such a lease or lease renewal, Franchisee and the Lessor must sign Franchisor's then-current form of Conditional Assignment of Lease Agreement (the "**Conditional Assignment**") Franchisee must give the Lessor Franchisor's form of the Conditional Assignment when Franchisee begins discussions with the prospective Lessor If Franchisee chooses to lease the Site from any of Franchisee's affiliates (or affiliates of Franchisee's principal owners), Franchisor may also require them to sign such agreements to ensure compliance with the provisions of this Agreement

(b) **Signed Lease** Franchisee must deliver a copy of the signed lease to Franchisor within 15 days after its execution along with the Conditional Assignment

(c) **Mandatory Lease Terms** Franchisor may require that the lease or any renewal contain certain provisions, including the following

(i) a provision which expressly permits the Lessor of the Site to provide Franchisor with all revenue and other information it may have related to the operation of Franchisee's Restaurant or Mobile Food Truck Unit as Franchisor may request,

(ii) a provision which requires the Lessor to contemporaneously provide Franchisor in a timely manner with copies of any written notice of default under the lease sent to Franchisee and which grants to Franchisor, at Franchisor's option, the right (but not the obligation) to cure any default under the lease (should Franchisee fail to do so) within 15 days after the expiration of the period in which Franchisee may cure the default,

(iii) a provision which evidences Franchisee's right to display the Marks in accordance with the specifications required by the Operational System (hereinafter defined), subject only to the provisions of applicable law~~,~~

(iv) a provision which requires that any lender or other person will not disturb Franchisee's possession of the Site so long as the lease term continues and Franchisee is not in default (along with such documents as are necessary to ensure that such lenders and other persons are bound),

(v) a provision which expressly states that any default under the lease which is not cured within any applicable cure period also constitutes grounds for termination of this Agreement, and

(vi) a lease term which is at least equal to the initial term of this Agreement, either through an initial term of the length or rights, at Franchisee's option, to renew the lease for the full term of this Agreement

(d) **No Warranty** Franchisee acknowledges that Franchisor's approval of the lease for the Site does not constitute a guarantee or warranty, express or implied, of the successful operation or profitability of a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit operated at the Site Such approval indicates only that Franchisor believes that the terms of the lease fall within the acceptable criteria Franchisor has established as of the time of Franchisor's approval. Franchisee further acknowledges that Franchisor has advised Franchisee to have an attorney review and evaluate the lease

3.3 Ownership and Financing Instead of leasing a Site, Franchisee may propose to purchase and own any or all of a Site directly, or through affiliates The insurance required by Franchisor's System Standards (hereinafter defined) and/or by this Agreement must be in force and effect when Franchisee begins construction of the Restaurant Franchisee must meet certain conditions if Franchisee or Franchisee's affiliates own a Site, if at any time prior to acquisition, or subsequently, Franchisee or Franchisee's affiliates propose to obtain any financing with respect to the Site or for the Restaurant or Mobile Food Truck Unit or for any Operating Assets in which any of such items are pledged as collateral securing Franchisee's performance, the form of any purchase contract with the seller of a Site and any related documents, and the form of any loan agreement with or mortgage in favor of any lender and any related documents, must be approved by Franchisor before Franchisee signs them Franchisor's consent to them may be conditioned upon the inclusion of various terms and conditions, including the following

(a) a provision which requires any lender or mortgagee concurrently to provide Franchisor with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to Franchisee or Franchisee's affiliates or the purchaser,

(b) a provision granting Franchisor, at Franchisor's option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should Franchisee fail to do so) within 15 days after the expiration of a period in which Franchisee may cure such default or deficiency, and

(c) a provision which expressly states that any default under the loan or mortgage, if not cured within the applicable time period, constitutes grounds for termination of this Agreement and any default under this Agreement, if not cured

3 4 Site Relocation

(a) Franchisee may relocate the Site and the Restaurant or Commissary only after receiving Franchisor's written approval, given in Franchisor's sole discretion, and by complying with all of the terms and conditions for initial site selection contained herein,

(b) Pursuant to any relocation approved by Franchisor, Franchisee may request a change of Trade Area However, Franchisor, in its sole discretion, may deny such a request In the event Franchisee does not request such a change or Franchisor denies Franchisee's request, the Trade Area shall remain the same as described in this Agreement,

(c) If Franchisee relocates the Restaurant, Franchisee shall conform the new premises to Franchisor's then-current standards for Gandolfo's Deli Restaurant design at Franchisee's expense,

(d) If Franchisee relocates the Restaurant or Commissary, Franchisee agrees to close the old location simultaneously with the opening of the new location so that only one Restaurant or Commissary is open and operating under the terms of this Agreement within the Trade Area at any time,

(e) If Franchisee relocates the Restaurant or Commissary, Franchisor may charge Franchisee for the expenses Franchisor incurs in connection with the relocation and the review and approval process for the relocation, and

(f) Franchisee agrees, at Franchisee's expense, to remove from and around the old location and obliterate any visible indicia of all signs, graphics and advertising materials displaying the Gandolfo's Deli Restaurant names, marks and slogans immediately upon relocation of the Restaurant or Commissary

4 DEVELOPMENT, DECOR AND OPERATING ASSETS

4 1 Development Franchisee is responsible for developing the Restaurant or Mobile Food Truck Unit Franchisor will furnish Franchisee with mandatory and suggested specifications and layouts for a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit, including requirements for dimensions, design, color scheme, image, interior layout, decor, and operating assets, which include fixtures, equipment, signs and furnishings Franchisee is obligated, at Franchisee's expense, to have the architect designated by Franchisor in the Operational System prepare all required construction plans and specifications to suit the shape and dimensions of the Site or Truck and to ensure that such plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions Franchisee must, at Franchisee's expense, use construction contractors designated or approved by Franchisor If Franchisor or its affiliates serve as the architect or contractor to build-out the Restaurant or otherwise supervise the Restaurant's development, Franchisor or its affiliates will have the right to receive a fee in connection with such services

Franchisee agrees, at Franchisee's own expense, to do the following with respect to developing the Restaurant or Mobile Food Truck Unit

(a) secure all financing required to develop and operate the Restaurant or Mobile Food Truck Unit,

(b) obtain all building, utility, sign, health, sanitation, business and other permits and licenses required to construct and operate the Restaurant or Mobile Food Truck Unit, including but not limited to business licenses, food service licenses and/or mobile food service licenses,

(c) construct all required improvements to the Site or Mobile Food Truck Unit and decorate the Restaurant or Mobile Food Truck Unit in compliance with plans and specifications Franchisor has approved (the "**Construction**") For example, Franchisee must give Franchisor notice of commencement of the Construction within 10 days of the date it began, provide Franchisor with progress reports at least weekly thereafter and the Construction must be completed within 180 days of Franchisor's approval of the Site,

(d) sign a lease or otherwise obtain the right to occupy the Site within 180 days of the Agreement date,

(e) purchase or lease and install all Operating Assets required for the Restaurant or Mobile Food Truck Unit, and

(f) purchase an opening inventory of authorized and approved products, materials and supplies

4.2 Decor Franchisee agrees that all decor of the Restaurant or Truck must be previously approved by Franchisor and must comply with Franchisor's standards as described in the Operational System (hereinafter defined) or other communications which may be revised, from time to time Franchisee's failure to maintain the Restaurant's or Truck's décor in compliance with the System and the standards described in the Operational System (hereinafter defined) or otherwise constitutes a material breach of this Agreement.

4.3 Operating Assets and Operating Materials Franchisee must acquire all supplies, materials and food and beverage products for use in connection with the Restaurant or Mobile Food Truck Unit (collectively, the "**Operating Materials**") and all fixtures, furnishing, equipment (signs, cash registers, copiers and computer hardware and software) (the "**Operating Assets**") from Franchisor (or its affiliates) or suppliers Franchisor has previously approved Franchisor will approve only suppliers whose Operating Materials and Operating Assets meet the quality standards that Franchisor establishes from time to time Franchisee will place or display at the Site or Truck (interior and exterior) only such signs, emblems, lettering, logos and display materials that Franchisor periodically approves Franchisor may negotiate group or volume purchasing arrangements with approved suppliers Franchisor will be entitled to all rebates, bonuses and promotional benefits associated with those programs

4 4 Changes to Approved Suppliers If Franchisee would like to propose a new supplier of Operating Materials or Operating Assets, Franchisee must submit to Franchisor sufficient written information about the proposed new supplier to enable Franchisor to approve or reject either the supplier or the particular items Franchisor will, within a reasonable time, notify Franchisee of Franchisor's decision to approve or reject the proposed new supplier or items Franchisor may consider, in providing such approval, not just the quality standards of the products or services, but their delivery capabilities, financing terms and ability to service the franchise system as a whole Franchisor may terminate or withhold approval of any Operating Materials, Operating Assets or any supplier of such items that does not meet Franchisor's quality standards by giving Franchisee written notice At Franchisor's Request, Franchisee must submit to Franchisor sufficient information about a proposed supplier and samples of the proposed Operating Materials or Operating Assets for Franchisor's examination so that Franchisor can determine whether they meet Franchisor's quality standards Franchisor also must have the right to require Franchisor's representative to be permitted to inspect the proposed supplier's facilities at Franchisee's expense Franchisor may charge a fee for evaluating alternative suppliers of $250 per day for personnel time plus travel and living expenses Franchisee may not use or use the services of unapproved suppliers

4.5 **Insurance** Franchisee shall purchase and maintain during the entire term of this Agreement, from an insurance carrier acceptable to Franchisor and at Franchisee's own expense, (i) comprehensive general liability, including products/completed operations liability, with a minimum coverage of at least $1,000,000 per occurrence, (ii) statutory workers' compensation insurance limits with employers' liability limits of at least $100,000 per occurrence and in the aggregate, and (iii) auto liability insurance with minimum coverage of $1,000,000 per occurrence Franchisee shall name Franchisor, and Franchisor's officers, directors, employees, affiliates and parent companies as additional insureds under such policy Franchisee shall supply to Franchisor Certificates of Insurance evidencing compliance with these requirements The Certificates of Insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days' prior written notice to Franchisor These limits may be satisfied in conjunction with or by using an umbrella liability policy The insurance carrier(s) must be rated at least A- by AM Best and have a financial size of at least VIII Franchisee shall demonstrate compliance with the above requirements at least annually and before opening/purchasing any Restaurant or Mobile Food Truck Unit The insurance requirements contained herein this Agreement reflect only Franchisor's minimum requirements, which may or may not be adequate to address all risks associated with Franchisee's operations At any time and in Franchisor's sole discretion, Franchisor reserves the right to modify the limits, coverages or structure of the above required insurance

4 6 **Opening** Franchisee agrees not to open the Restaurant or Mobile Food Truck Unit for business until

(a) Franchisor approves the Restaurant or Mobile Food Truck Unit as developed in accordance with its specifications and standards,

(b) pre-opening training has been completed to Franchisor's satisfaction,

(c) the Franchise Fee and all other amounts then due to Franchisor have been paid,

(d) Franchisor has been furnished with copies of all insurance policies required by this Agreement or such other evidence of insurance coverage and payment of premiums as Franchisor requests or accepts, and

(e) Franchisor has received signed counterparts of all required documents pertaining to Franchisee's acquisition of the Site

Franchisee shall open the Restaurant or Mobile Food Truck Unit for business no later than 12 months following the Agreement Date and 10 days after Franchisor notifies Franchisee that the above conditions have been satisfied (see also Section 4 1 above)

4 7 **Grand Opening Program** A grand opening advertising and promotional program for the Restaurant or Mobile Food Truck Unit must be conducted after its opening Franchisee agrees to pay to Franchisor (i) $7,500 for a Restaurant opened in an established market, as determined by Franchisor in its sole discretion, (ii) $10,000 for a Restaurant opened in a new market, as determined by Franchisor in its sole discretion, or (iii) $3,000 for a Mobile Food Truck Unit, and Franchisor will use such funds to assist Franchisee in conducting a grand opening advertising and promotional program within 4 weeks for a Restaurant opening or within 6 weeks of a Mobile Food Truck Unit opening All program fees are exclusive of the cost of food, mailing magnets and distribution of fliers that Franchisor specifies for use in the grand opening program All grand opening advertising and promotion will utilize the marketing and public relations programs and media and advertising materials Franchisor has developed or approved, including the direct mailer

5 **FEES**

5 1 **Franchise Fee** Franchisee shall pay Franchisor a one-time franchise fee in the amount of (i) $25,000 for a Restaurant Franchise or (ii) $9,000 for a Mobile Food Truck Unit Franchise ("**Franchise Fee**") The Franchise Fee must be paid on the Agreement Date The Franchise Fee is nonrefundable and is fully earned by Franchisor when paid

5.2 **Royalty** Franchisee shall pay Franchisor a recurring royalty ("**Royalty**") in the amount of 6% of the Gross Sales during each Reporting Period, payable via direct account debit (ACH) electronic transfer from a bank account designated by Franchisee in the Franchisee-to-Franchisor ACH Authorization form set forth in ***Schedule D 1*** "**Reporting Period**" is that period Franchisor designates in the Operational System (hereinafter defined) which is currently a weekly Reporting Period for Royalty and Branding Fund Fee calculations that runs from the Sunday of each week through the Saturday of each week, provided that, for weeks which include the end of a current month and the beginning of a new month, there shall be two Reporting Periods in such weeks, the first Reporting Period running from Sunday through the end of the month and the second running from the beginning of the new month through Saturday Each Monday (the "**Reporting Day**"), Franchisee must report to Franchisor, by electronic means or in written form as Franchisor directs, the true and correct Gross Sales for the immediately preceding Reporting Period (or if the previous week transitioned to a new month, the previous two Reporting Periods) ("**Report**") For those weeks transitioning to a new month, Franchisee shall deliver two (2) Reports for the two (2) Reporting Periods contained within such weeks Each Friday (the "**Payment Day**"), Franchisee must deliver to Franchisor the Royalty payment for the previous Reporting Period (or if the previous week transitioned to a new month, the previous two Reporting Periods) The Report(s) and Royalty must be received by Franchisor's Corporate Office on the Reporting Day and Payment Day, respectively, or else they will be considered late and a late charge will apply (discussed further in Section 5 7) Franchisor reserves the right to have Royalties and Reports collected monthly or on some other accounting system for financial statement purposes

5.3 **Electronic Funds Transfer** Franchisor requires Franchisee to pay to Franchisor the Royalties, the Branding Fund Fees (hereinafter defined), the Local Advertising Fees (hereinafter defined) and certain other fees by electronic funds transfer on the Payment Day Franchisee must comply with the procedures Franchisor specifies in its Operational System (hereinafter defined) and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method, including but not limited to completing, executing and returning to Franchisor the

Franchisee-to-Franchisor ACH Authorization form attached hereto as ***Schedule D 1***, on or before the Agreement Date The amount actually transferred from the Account (defined below) to pay Royalties and Branding Fund Fees will be based on the Restaurant's or Mobile Food Truck Unit's Sales reported to Franchisor via the Report(s) delivered on the Reporting Day If Franchisee has not reported the Restaurant's or Mobile Food Truck Unit's Gross Sales to Franchisor for any Reporting Period, Franchisor may transfer from the Account an amount calculated in accordance with its reasonable estimate of the Restaurant's or Mobile Food Truck Unit's Gross Sales during any such Reporting Period Franchisor may require Franchisee to submit authorization, in a form that Franchisor designates, to initiate non-recurring debit entries or credit correction entries to the Restaurant's or Mobile Food Truck Unit's bank operating account (the "**Account**") for payments of any fees or other amounts due under this Agreement, including any applicable interest charges If so, Franchisee must make the funds available in the Account for withdrawal by electronic transfer no later than the Payment Day immediately following Franchisee's submission of authorization

If Franchisor determines at any time that Franchisee has underreported Gross Sales or underpaid Royalties, Branding Fund Fees, Local Advertising Fees, Co-op Fees or other amounts due to Franchisor or required to be deposited with others Franchisor will be authorized to immediately initiate a transfer from the Account in the appropriate amount in accordance with the foregoing procedures, including applicable interest and late charges Any overpayment will be credited to the Account through a credit, effective as of the first Payment Day after Franchisee and Franchisor determine and agree that such credit is due

5 4 <u>Definition of "Gross Sales"</u> As used in this Agreement, the term "**Gross Sales**" means the total actual gross charges for all products (food and non-food) and services sold to customers of the Restaurant or Mobile Food Truck Unit for cash or credit, whether these sales are made at or from the Restaurant or Mobile Food Truck Unit premises, or any other location All discounted employee meals and complimentary owner meals provided by Franchisee must be included as Gross Sales and calculated at the full retail price charged by Franchisee to customers for those meals Any amounts that Franchisee collects and transmits to state or local authorities as sales, use or other similar taxes are excluded from the definition of Gross Sales

5.5 <u>Accounting System Fees</u> In consideration of Franchisee's use of Franchisor's mandated Accounting System (hereinafter defined), Franchisee must pay Franchisor either (i) $1,200 delivered in lump sum on or before the 1st day of January of each year, or (ii) 52 installments of $23 08 via weekly electronic fund transfers delivered on each Payment Day (the "**Accounting System Fee**") On or before the date Franchisee commences operation of the Restaurant or Mobile Food Truck Unit, Franchisee must pay Franchisor the pro rata amount of $1,200 based on the opening date by either (i) delivering a lump sum payment equal to the pro rata amount of $1,200 based on the opening date and the calendar year, or (ii) commence payments of the $23 08 installment payments via weekly electronic fund transfers To account for increased costs over the term of this Agreement, Franchisor may, at Franchisor's sole discretion, increase the Accounting System Fee from time to time after providing Franchisee notice of such increase at least 30 days prior to implementation of such Franchisor will maintain the Accounting System The Accounting System Fee does not cover, and Franchisor will not provide or perform, bookkeeping, reporting or tax return services

5 6 <u>Interest on Late Payments</u> All amounts which Franchisee owes Franchisor will bear interest after their due date at the annual rate of eighteen percent (18%) or the highest contract rate of interest permitted by law, whichever is less Franchisee acknowledges that Franchisor does not agree to accept any payments after they are due and does not commit to extend credit to, or otherwise finance Franchisee's operation of, the Restaurant or Mobile Food Truck Unit Franchisee's failure to pay all amounts when due constitutes grounds for termination of this Agreement

5 7 **Late Payment Penalties** Any required payments or reports not actually received by Franchisor during regular business hours on the date due (or postmarked by U S postal authorities at least 3 days prior to such date, or for which the receipt from the commercial courier service is not dated at least 3 days prior to such date) will be deemed late All Reports that have not been delivered on or before the Reporting Day are subject to a late payment fee of $100 per occurrence Royalties, Accounting System Fees and Branding Fund Fees (if applicable) that have not been delivered on or before the Payment Day are subject to a late payment fee of $25 per occurrence All amounts due for purchases of goods by Franchisee from Franchisor and any interest accrued thereon or any other amounts which Franchisee owes Franchisor, or its affiliates, are subject to a late payment fee of $100 for payment not received by Franchisor five days after its due date The late payment fee is due immediately when incurred The provision in this Agreement concerning late payment fees does not mean that Franchisor accepts or condones late payments nor does it indicate that Franchisor is willing to extend credit to, or otherwise finance, the operation of Franchisee's Restaurant or Mobile Food Truck Unit

5.8 **Returned, Rejected or Dishonored ACH or Check Charge** Franchisee agrees to pay on demand a $25 fee for any returned, rejected or dishonored ACH or check charge, any applicable bank fees and the fee charged to Franchisor by its bank for each returned, rejected or dishonored ACH or check Franchisee authorized or tendered to Franchisor

5 9 **Application of Payments** Notwithstanding any designation Franchisee might make, Franchisor has sole discretion to apply any of Franchisee's payments to any of Franchisee's past due indebtedness to Franchisor Franchisee acknowledges and agrees that Franchisor has the right to set off any amounts Franchisee or Franchisee's owners owe Franchisor against any amounts Franchisor might owe Franchisee or Franchisee's owners

5 10 **Payment Offsets** Franchisor may offset from any amounts that Franchisor may owe Franchisee any amount that Franchisee owes to Franchisor, or its affiliates, for any reason whatsoever, including, without limitation to, Royalties, Branding Fund Fees, Local Advertising Fees, Accounting Fees, late payment penalties and late payment interest, amounts owed to Franchisor or its affiliates for purchases or services or for any other reason Thus, payments that Franchisor makes to Franchisee may be reduced, in Franchisor's discretion, by amounts that Franchisee owes to Franchisor or its affiliates from time to time In particular, Franchisor may retain, or direct to its affiliates, any amounts that Franchisor has received for Franchisee's account as a credit and payment against any amounts that Franchisee may owe to Franchisor, or its affiliates, at any time Franchisor may do so without notice to Franchisee at any time However, Franchisee does not have the right to offset payments owed to Franchisor for amounts purportedly due to Franchisee from Franchisor

5 11 **Suspension of Services** If Franchisee is 10 or more business days late in paying any amount due to Franchisor under or related to this Agreement, Franchisor may suspend providing services and assistance to Franchisee, including, without limitation, suspension of vendor services

and contracts, without limiting any other rights in this Agreement, until such time as Franchisee pays all amounts due or this Agreement is terminated

5 12 **Grant of Security Interest.**

(a) **Collateral** Franchisee grants to Franchisor a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage, realty (including Franchisee's interests under all real property and personal property leases), and all other tangible or intangible assets owned by Franchisee and used in the operation of the Restaurant and/or Mobile Food Truck Unit, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Restaurant and/or Mobile Food Truck Unit. All items in which a security interest is granted are referred to as the "Collateral"

(b) **Indebtedness Secured** The Security Interest is to secure payment of the following (the "Indebtedness")

(i) All amounts due under this Agreement or otherwise by Franchisee,

(ii) All sums which Franchisor may, at its option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness,

(iii) All expenses, including reasonable attorneys' fees, which Franchisor incurs in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting its rights under the Security Interest and this Agreement, and

(iv) All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of Franchisee to Franchisor or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not Franchisee executes any extension agreement or renewal instruments

(c) **Subordination** Franchisor's security interest, as described herein, shall be subordinated to any financing related to Franchisee's operation of the Restaurant and/or Mobile Food Truck Unit, including, but not limited to, a real property mortgage and equipment leases

(d) **Additional Documents** Franchisee hereby authorizes Franchisor to file, and will execute as required by Franchisor, any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to Franchisor to effect the grant and perfection of the Security Interest

(e) **Possession of Collateral** Upon default and termination of Franchisee's rights under this Agreement, Franchisor shall have the immediate right to possession and use of the Collateral

(f) **Franchisor's Remedies in Event of Default** Franchisee agrees that, upon the occurrence of any default as set forth herein, the full amount remaining unpaid on the Indebtedness secured shall, at Franchisor's option and without notice, become due and payable immediately, and

Franchisor shall then have the rights, options, duties, and remedies of a secured party under, and Franchisee shall have the rights and duties of a debtor under, the Uniform Commercial Code of Georgia (or other applicable law), including, without limitation, Franchisor's right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found Any sale of the Collateral may be conducted by Franchisor in a commercially reasonable manner Reasonable notification of the time and place of any sale shall be satisfied by mailing to Franchisee pursuant to the notice provisions set forth herein

(g) **Special Filing as Financing Statement** This Agreement shall be deemed a Security Agreement and a Financing Statement This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction

6 TRAINING AND ASSISTANCE

6 1 Initial Training Before the Restaurant or Mobile Food Truck Unit opens, Franchisor will furnish initial training on the operation of a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit to Franchisee and one other person (or, if Franchisee is a Business Entity, two of Franchisee's owners) Two people must attend training per Restaurant or Mobile Food Truck Unit If Franchisee employs a "deli operator," that person must complete the initial training program with Franchisee The training program is for twenty-four (24) days which consists of four consecutive six day weeks (Monday through Saturday), 12 hours per day Training sessions may be conducted in Franchisor's Corporate Office in Lawrenceville, Georgia and/or an operating Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit of Franchisor's choosing Franchisee or Franchisee's owners are required to complete the initial training to Franchisor's satisfaction Satisfactory completion of the initial training program by Franchisee or Franchisee's owners is a condition to the opening of the Restaurant or Mobile Food Truck Unit to the public Initial training must be completed prior to opening Two people are required to successfully complete training prior to the store opening If the Franchisee or manager has previously successfully completed training then two different owners, managers or employees are required to attend and successfully complete training for the store in which this Franchise Agreement is in accordance with Franchisee also is required to participate in all other activities required to operate the Restaurant or Mobile Food Truck Unit Although Franchisor will furnish initial training to Franchisee and one other person, or Franchisee's owners, at no cost, Franchisee is responsible for all travel and living expenses that such persons incur in connection with training If more than two persons are scheduled to be trained, Franchisee must pay Franchisor $100 per person, per day, for such training, plus all travel and living expenses such persons incur in connection with training There must be two certified Gandolfo's trained personnel (franchisee, manager, employee, etc) per store at all times Franchisee agrees to replace an employee if Franchisor determines that he/she is not qualified to serve at the Restaurant or Mobile Food Truck Unit If Franchisor determines that any of Franchisee or Franchisee's owners are unable to complete initial training to Franchisor's satisfaction, Franchisor may terminate this Agreement. If a trained deli operator leaves Franchisee's employ for any reason, his/her replacement must attend and successfully complete the initial training program, at Franchisee's expense

6.2 Periodic Training Franchisor may require Franchisee, or Franchisee's owners, to attend periodic refresher training courses at such times and locations that Franchisor designates, and Franchisor may charge fees for such courses Franchisee agrees to give Franchisor reasonable assistance in training other Gandolfo's Deli Restaurant franchisee or Gandolfo's Mobile Food Truck Unit franchisees, upon Franchisor's request Franchisor will reimburse Franchisee for Franchisee's reasonable out-of-pocket expenses in providing such assistance

6.3 General Guidance Franchisor will advise Franchisee from time to time regarding the operation of the Restaurant or Mobile Food Truck Unit based on reports Franchisee submits to Franchisor or inspections Franchisor makes In addition, Franchisor will furnish guidance to Franchisee with respect to

(a) standards, specification and operating procedures and methods utilized by Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units,

(b) purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies,

(c) recipes, food preparation methods, and menu items,

(d) use of suppliers, approved products, volume buying,

(e) advertising and marketing programs,

(f) employee training, and

(g) administrative, bookkeeping and accounting procedures

Such guidance will, at Franchisor's discretion, be furnished in Franchisor's Operational System (hereinafter defined), bulletins or other written materials and/or during telephone consultations and/or consultations at Franchisor's office, Restaurant, Commissary and/or Truck

At Franchisee's request, Franchisor will furnish additional guidance and assistance and, in such a case, may charge the per diem fees and charges Franchisor establishes from time to time If Franchisee requests or Franchisor requires additional or special training for Franchisee's employees, all of the expenses that Franchisor incurs in connection with such training, including per diem charges and travel and living expenses for Franchisor's personnel, will be Franchisee's responsibility

7 MARKS

7 1 Ownership and Goodwill of Marks Franchisee expressly acknowledges Franchisor's rights in and to the Marks and agrees not to represent in any manner that Franchisee has acquired any ownership rights in the Marks Franchisee's right to use the Marks is derived solely from this Agreement and limited to Franchisee's operation of the Restaurant at the Site or operation of the Mobile Food Truck Unit within the Trade Area pursuant to and in compliance with this Agreement and all System Standards (as defined in Section 8 1) that Franchisor prescribes from time to time during its term Franchisee understands and agrees that any use of the Marks other than as expressly authorized by this Agreement, without Franchisor's prior written consent, may constitute an infringement of Franchisor's rights therein and a material breach of this Agreement, and that the right to use the Marks granted herein does not extend beyond the termination or expiration of this Agreement Franchisee expressly covenants that, during the term of this Agreement and thereafter, it shall not, directly or indirectly, commit any act of infringement or contest or aid others in contesting the validity of Franchisor's right to use the Marks or take any other action in derogation thereof Franchisee acknowledges and agrees that Franchisee's usage of the Marks and any goodwill established by such use will be exclusively for Franchisor's benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee (other than the right to operate the Restaurant or Mobile Food Truck Unit in compliance with this Agreement) Upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Marks All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols Franchisor authorizes Franchisee to use

7.2 **<u>Limitations on Franchisee's Use of Marks</u>** Franchisee agrees to use the Marks as the sole identification of the Restaurant or Mobile Food Truck Unit, except that Franchisee agrees to identify itself as the independent owner in the manner Franchisor prescribes, to adopt and use the Marks solely in the manner prescribed by Franchisor, and to refrain from using the Marks to perform any activity or to incur any obligation or indebtedness in such a manner as may, in any way, subject Franchisor or its affiliates to liability therefore Franchisee shall not use any of the Marks or any marks, names or indicia that are or may be confusingly similar in its own corporate or business name except as authorized in this Agreement Franchisee may not use modifying words, terms, designs or symbols (other than logos Franchisor licenses to Franchisee) in any modified form, and Franchisee may not use any Mark in connection with the performance or sale of any unauthorized services or products in any manner that Franchisor has not expressly authorized in writing No Mark may be used in any advertising concerning the transfer, sale or other disposition of the Restaurant or Mobile Food Truck Unit, the Franchise or an ownership interest in Franchisee Franchisee agrees to display the Marks prominently in the manner Franchisor prescribes at the Restaurant or on the Truck, on supplies or materials Franchisor designates and in connection with forms and advertising and marketing materials Franchisee agrees to give such notices of trade and service mark registrations as Franchisor specifies and to obtain any fictitious or assumed name registrations required under applicable law

7.3 **<u>Notification of Infringements and Claims</u>** Franchisee agrees to notify Franchisor immediately of any apparent infringement or challenge to Franchisee's use of any Mark, or of any claim by any person of any rights in any Mark, and Franchisee agrees not to communicate with any person other than Franchisor, Franchisor's attorneys and Franchisee's attorneys in connection with any such infringement, challenge or claim Franchisor has sole discretion to take such action, as Franchisor deems appropriate, and the right to control exclusively any litigation, U S Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark Franchisee agrees to sign any and all instruments and documents, render such assistance and take any action that, in the opinion of Franchisor's attorneys, may be necessary or advisable to protect and maintain Franchisor's interests in the Marks in any litigation, Patent and Trademark Office or other proceeding

7 4 **<u>Discontinuance of Use of Marks, New Marks</u>** If it becomes advisable at any time in Franchisor's sole discretion for Franchisor and/or Franchisee to modify or discontinue the use of any Mark and/or use one or more new, additional or substitute trade or service marks, Franchisee

agrees to comply with Franchisor's directions within a reasonable time after receiving notice Franchisor will not reimburse Franchisee for any loss of revenue attributable to any modified or discontinued Mark or for any expenditure Franchisee makes to promote a new, modified or substitute trademark or service mark

7.5 Indemnification Franchisor will indemnify Franchisee against and reimburse Franchisee for all damages for which Franchisee is held liable to third parties in any proceeding arising out of Franchisee's authorized use of any of the Marks, pursuant to and in compliance with this Agreement, resulting from claims by third parties that Franchisee's use of any of the Marks infringes their trademark rights, and for all costs Franchisee reasonably incurs in the defense of any such claim in which Franchisee is named as a party, so long as Franchisee has timely notified Franchisor of the claim and has otherwise complied with the terms of this Agreement. Franchisor will not indemnify Franchisee against the consequences of Franchisee's use of the Marks except in accordance with the requirements of this Agreement Franchisee must provide written notice to Franchisor of any such claim within 10 days of Franchisee's receipt of such notice and Franchisee must tender the defense of the claim to Franchisor Franchisor will have the right to defend any such claim and if Franchisor does so, Franchisor will have no obligation to indemnify or reimburse Franchisee for any fees or disbursements of any attorney retained by Franchisee If Franchisor elects to defend the claim, Franchisor will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim and to determine whether to appeal a final determination of the claim

8 CONFIDENTIAL OPERATIONAL SYSTEM

8 1 Operational System Franchisor will provide to Franchisee, during the term of this Agreement, a copy of Franchisor's operational system (the "**Operational System**") The Operational System consists of materials such as audiotapes, videotapes, CDs, DVDs, magnetic media, computer software and written materials that Franchisor generally furnishes to franchisees from time to time for use in operating a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit. The Operational System contains mandatory and suggested specifications, standards, operating procedures and rules ("**System Standards,**" as further defined in Section 10 1) that Franchisor prescribes from time to time for the operation of a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit and information relating to Franchisee's other obligations under this Agreement and related agreements Franchisee agrees to follow the standards, specifications and operating procedures Franchisor establishes as System Standards and/or that are described in the Operational System Franchisee also must comply with all updates and amendments to the Operational System and System Standards as described in newsletters or notices Franchisor distributes, including via computer systems Franchisee must maintain the Operational System as confidential and maintain the information in the Operational System as secret and confidential. The Operational System may be modified, updated and revised from time to time to reflect changes in System Standards Franchisee agrees to keep Franchisee's copy of the Operational System current and in a secure location at the Restaurant or Commissary In the event of a dispute relating to its contents, the master copy of the Operational System Franchisor maintains at its principal office will be controlling Franchisee may not at any time copy, duplicate, record or otherwise reproduce any part of the Operational System If Franchisee's copy of the Operational System is lost, destroyed or significantly damaged, Franchisee agrees to obtain a replacement copy at Franchisor's then applicable charge

8.2 Other Types of Confidential Information Franchisor possesses (and will continue to develop and acquire) certain confidential information (collectively, the "**Confidential Information**") relating to the development and operation of Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units, which includes (without limitation)

(a) the Operational System and the know-how related to its use,

(b) plans, specification, sizes and physical characteristics of Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units,

(c) site selection criteria, land use and zoning techniques and criteria,

(d) methods in obtaining licensing and meeting regulatory requirements,

(e) sources and design of equipment, furniture, forms, materials and supplies,

(f) marketing, advertising and promotional programs for Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units,

(g) staffing and delivery methods and techniques for personal services,

(h) the selection, testing and training of personnel for Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units,

(i) the recruitment, qualification and investigation methods to secure employment for employment candidates,

(j) any computer software Franchisor makes available or recommend for Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units,

(k) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units,

(l) knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment,

(m) recipes, formulas, preparation methods and serving techniques, and

(n) knowledge of operating results and financial performance of Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units other than those operated by Franchisee or Franchisee's affiliates

8.3 Disclosure and Limitations on Use To protect the reputation and goodwill of the businesses operating under the System Standards and to maintain standards of operation under the Marks, Franchisee shall conduct the Franchise and operate the Restaurant or Mobile Food Truck Unit in accordance with the Confidential Information, including any modifications thereto, as Franchisor may disclose to Franchisee from time to time, all of which Franchisee acknowledges belongs solely to Franchisor and shall be on loan from Franchisor to Franchisee during the term of this Agreement. Franchisor will disclose much of the Confidential Information to Franchisee and personnel of the Restaurant or Mobile Food Truck Unit by furnishing the Operational System to Franchisee and by providing training, guidance and assistance to Franchisee When any provision in this Agreement requires Franchisee to comply with any standard, specification or requirement of Franchisor, unless otherwise indicated, such standard, specification or requirement shall be such as is set forth in this Agreement or as may, from time to time, be disclosed by Franchisor as part of the Confidential Information In addition, in the course of the operation of the Restaurant or Mobile Food Truck Unit, Franchisee or Franchisee's personnel may develop ideas, concepts, methods, techniques or improvements ("**Improvements**") relating to the Restaurant or Mobile Food Truck Unit, which Franchisee agrees to disclose to Franchisor Franchisor will be deemed to own the Improvements and may use them and authorize Franchisee and others to use them in the operation of Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units Improvements shall also constitute Confidential Information

8 4 Confidentiality Obligations Franchisee agrees that Franchisee's relationship with Franchisor does not vest in Franchisee any interest in the Confidential Information other than the right to use it in the development and operation of the Restaurant or Mobile Food Truck Unit, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition Franchisee acknowledges that the unauthorized use or disclosure of Franchisor's Confidential Information or trade secrets will cause irreparable injury to Franchisor and that damages are not an adequate remedy Franchisee acknowledges and agrees that the Confidential Information is proprietary, includes trade secrets belonging to Franchisor and is disclosed to Franchisee or authorized for Franchisee's use solely on the condition that Franchisee agrees, and Franchisee therefore does agree, that Franchisee

(a) will not use the Confidential Information in any other business or capacity,

(b) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement,

(c) will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Operational System, and

(d) will adopt and implement all reasonable procedures Franchisor may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including, restrictions on disclosure to Franchisee's employees and the use of nondisclosure and non-competition agreements Franchisor may prescribe for employees or others who have access to the Confidential Information

8 5 Exceptions to Confidentiality The restrictions on Franchisee's disclosure and use of the Confidential Information will not apply to the following

(a) disclosure or use of information, processes, or techniques which are generally known and used in the restaurant or mobile food service business (as long as the availability is not because of a disclosure by Franchisee), provided that Franchisee has first given Franchisor written notice of Franchisee's intended disclosure and/or use, and

(b) disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent Franchisee is legally compelled to disclose it, provided that Franchisee has first given Franchisor the opportunity to obtain an appropriate protective order or other assurance satisfactory to Franchisor that the information required to be disclosed will be treated confidentially

9 EXCLUSIVE RELATIONSHIP

Franchisee acknowledges and agrees that Franchisor would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among Gandolfo's Deli Restaurant operators or Gandolfo's Mobile Food Truck Unit operators if franchisees of Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units were permitted to hold interests in or perform services for a Competitive Business (hereinafter defined) Franchisee also acknowledges that Franchisor has granted the Franchise to Franchisee in consideration of and reliance upon Franchisee's agreement to deal exclusively with Franchisor Franchisee agrees that, during the term of this Agreement, neither Franchisee nor any of Franchisee's owners or guarantors (nor Franchisee's spouse or children or Franchisee's owners' spouses or children) will

(a) have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located,

(b) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located, or

(c) recruit or hire any person who is Franchisor's employee or the employee of any Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit without obtaining the prior written permission of that person's employer

The term **"Competitive Business"** as used in this Agreement means any business or facility owning, operating or managing, or granting franchises or licenses to others to do so, any restaurant, food service facility or mobile food service business that offers casual dining and take-out of sandwiches, salads or any type of deli foods and beverages (other than a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit operated under a franchise agreement with Franchisor)

10 OPERATION AND SYSTEM STANDARDS

10 1 Compliance with System Standards Franchisee acknowledges and agrees that Franchisee's operation and maintenance of the Restaurant or Mobile Food Truck Unit in accordance with System Standards is essential to preserve the goodwill of the Marks and all Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units Therefore, at all times during the term of this Agreement, Franchisee agrees to operate and maintain the Restaurant or Mobile Food Truck Unit in accordance with each and every System Standard, as Franchisor periodically modifies and supplements them during the term of this Agreement System Standards may regulate any one or more of the following with respect to the Restaurant or Mobile Food Truck Unit

(a) design, layout, decor, appearance and lighting, periodic maintenance, cleaning and sanitation, periodic remodeling, periodic painting, replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs, and use of interior and exterior signs, emblems, lettering and logos, and illumination,

(b) types, models and brands of required fixtures, furnishings, equipment, signs, software, materials and supplies,

(c) required or authorized products and product categories including for all food and beverage items and portions devoted to each supplier of products,

(d) designated or approved suppliers (which may be limited to or include Franchisor) of fixtures, furnishings, equipment, signs, software, products, ingredients, materials, supplies and all food and beverage items,

(e) terms and conditions of the sale and delivery of, as well as terms and methods of payment for, products, materials, supplies and services, including direct labor which Franchisee obtains from Franchisor, unaffiliated suppliers or others,

(f) sales, marketing, advertising and promotional programs and materials and media used in such programs,

(g) use and display of the Marks,

(h) staffing levels for the Restaurant or Mobile Food Truck Unit and matters relating to managing the Restaurant or Mobile Food Truck Unit, communication to Franchisor of the identities of the Restaurant's or Mobile Food Truck Unit's personnel, and qualifications, training, dress and appearance of employees,

(i) days and hours of operation of the Restaurant or Mobile Food Truck Unit,

(j) participation in market research and testing and product and service development programs,

(k) acceptance of credit cards, gift certificates, coupons, other payment systems and check verification services,

(l) bookkeeping, accounting, data processing and record keeping systems, including software and forms, methods, formats, content and frequency of reports to Franchisor of sales, revenue, financial performance and condition, and furnishing tax returns and other operating and financial information to Franchisor,

(m) types, amounts, terms and conditions of insurance coverage required to be carried for the Restaurant or Mobile Food Truck Unit and standards for underwriters of policies as an additional named insured, required or impermissible insurance contract provisions, assignment of policy rights to Franchisor, periodic verification of insurance coverage that must be furnished to Franchisor; Franchisor's right to obtain insurance coverage for the Restaurant or Mobile Food Truck Unit at Franchisee's expense if Franchisee fails to obtain required coverage, Franchisor's right to defend claims, and similar matters relating to insured and uninsured claims,

(n) complying with applicable laws including, but not limited to, all local, state and/or federal employment and labor laws and regulations and data privacy laws, obtaining required licenses and permits including without limitation, a certification of compliance from the PCI Security Standards Council, adhering to good business practices, observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and Franchisor, and notifying Franchisor if any action, suit or proceeding is commenced against Franchisee or the Restaurant or Mobile Food Truck Unit, and

(o) regulation of such other aspects of the operation and maintenance of the Restaurant or Mobile Food Truck Unit that Franchisor determines from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks, Gandolfo's Deli Restaurants and/or Gandolfo's Mobile Food Truck Units

Franchisee agrees that System Standards prescribed from time to time in the Operational System, or otherwise communicated to Franchisee in writing or other tangible form, constitute provisions of this Agreement as if fully set forth All references to this Agreement include all System Standards as periodically modified

10.2 Modification of System Standards Franchisor may periodically modify System Standards, which may accommodate regional or local variations, as Franchisor determines, and any such modifications may obligate Franchisee to invest additional capital in the Restaurant or Mobile Food Truck Unit (**"Capital Modifications"**) and/or incur higher operating costs Franchisor agrees to give Franchisee 30 days to comply with Capital Modifications that Franchisor requires, provided that if a Capital Modification requires an expenditure of more than $2,500, Franchisor agrees to give Franchisee 3 months from the date such request is made to comply with such Capital Modification Franchisee is obligated to comply with all modifications to System Standards, other than Capital Modifications, within the time period Franchisor specifies In no event will Franchisor require Franchisee to spend in excess of $50,000 during the term of this Agreement in connection with Capital Modifications Capital Modifications are in addition to the costs Franchisee will incur to repair, replace or refurbish Franchisee's equipment and fixtures from time to time

10.3 Interior and Exterior Upkeep Franchisee must at all times maintain the Restaurant's or Commissary's and Truck's interior and exterior and the surrounding area in the highest degree of cleanliness, orderliness and sanitation and comply with the requirements regarding the upkeep of the Restaurant or Commissary and Truck established in the Operational System and by federal, state and local laws

10.4 Hours of Operation Franchisee must operate the Restaurant or Truck during the hours and on the days prescribed by Franchisor in the Operational System or otherwise approved in advance in writing by Franchisor Franchisor closes system wide for two holidays, Thanksgiving Day and Christmas Day Franchisee may also close the Restaurant or Truck for Thanksgiving Day and Christmas Day All other holidays are OPEN days for the Restaurant or Truck

10.5 Accounting, Computers and Records Franchisee must obtain Franchisee's accounting services and any required hardware or software related to them Franchisee must at all times maintain the records reasonably specified in the Operational System, including, without limitation to, sales, inventory and expense information Franchisee must report gross sales and other business information to Franchisor using the format reporting system and accounting system (the

"**Accounting System**") that Franchisor requires from time to time The Accounting System is resident on Franchisor's computer system and Franchisor will provide Franchisee access to the Accounting System through Franchisee's computer system Franchisee will pay Franchisor an Accounting System Fee for Maintenance of the Accounting System Franchisee must provide Franchisee's own Internet service provider Franchisee must use, in developing and operating the Restaurant or Mobile Food Truck Unit, the computer equipment and operating and accounting software (the "**Computer System**") that Franchisor periodically specifies Franchisor may require Franchisee to obtain specified computer hardware or software and may modify specifications for and components of the Computer System from time to time Franchisor's modifications and specifications for components of the Computer System may require Franchisee to incur costs to purchase, lease or license new or modified computer hardware or software and to obtain service and support for the Computer System during the term of this Agreement Franchisee agrees to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications) Within 30 days after Franchisee receives notice from Franchisor, Franchisee must obtain the components of the Computer System that Franchisor designates and requires The Computer System must be capable of connecting with Franchisor's Computer System so that Franchisor can daily review the results of the Restaurant's or Mobile Food Truck Unit's operations Franchisor also has the right to charge Franchisee a reasonable systems fee for modifications of and enhancements made to any proprietary software that Franchisor licenses to Franchisee and other maintenance and support services that Franchisor or its affiliates furnish to Franchisee related to the Computer System

10 6 <u>Trade Accounts and Taxes</u> Franchisee must maintain Franchisee's trade accounts in a current status and seek to resolve any disputes with trade suppliers promptly Franchisee must timely pay all taxes incurred in connection with the Restaurant's or Mobile Food Truck Unit's operations If Franchisee fails to maintain Franchisee's trade accounts in a current status, timely pay such taxes or any other amounts owing to any third parties or perform any non-monetary obligations to third parties, Franchisor may, but is not required to, pay any and all such amounts and perform such obligations on Franchisee's behalf If Franchisor elects to do so, then Franchisee must reimburse Franchisor for such amounts Franchisee agrees to repay Franchisor immediately upon receipt of Franchisor's invoice Franchisor may also offset the amount of any such reimbursement obligations against all amounts which Franchisor may owe Franchisee

10 7 <u>Proprietary Materials</u> Franchisee must purchase from Franchisor or approved manufacturers or suppliers all articles used in operating the Restaurant or Mobile Food Truck Unit and bearing any of the Marks These items may include employee clothing (such as shirts, hats and aprons) and menus (collectively, the "**Proprietary Materials**"), at the then prevailing prices plus freight, taxes and delivery costs

10.8 <u>Approved Products and Services</u> Franchisee must not sell any food or beverage products or other items at the Restaurant or Truck that Franchisor has not previously approved for sale Franchisee must only use and display menus that have been prescribed or approved in advance by Franchisor Franchisee must sell all the food and beverage products that are included on the prescribed or approved menus and no others Franchisee must strictly follow all of Franchisor's recipes for all menu items, such recipes are specified from time to time in the Operational System Franchisee must not, without Franchisor's prior written consent, sell, dispense, give away or otherwise provide food or beverage products or other items except by means of retail sales or complimentary meals to employees or customers at the Restaurant or Truck, or a program of charitable giving Franchisee must immediately implement changes to the products, food, service or other items requested by Franchisor, including menu changes Franchisee must maintain an inventory of food and beverage products sufficient to meet the daily demands of the Restaurant or Mobile Food Truck Unit for all items specified in the menus Any and all recipes or menu changes submitted by Franchisee for inclusion in the menus will become Franchisor's property and Franchisee agrees to sign all documents necessary to convey all rights and title, including all rights in such recipes to Franchisor

10 9 Management. Franchisee, or one of Franchisee's owners, must assume responsibility for the Restaurant's or Mobile Food Truck Unit's day-to-day management and operation and supervise the Restaurant's or Mobile Food Truck Unit's personnel The Restaurant or Truck must at all times be under Franchisee's or Franchisee's owner's direct supervision Additionally, because Franchisor has a strong interest to maximize sales in the catering segment of the business, Franchisor may require a full-time dedicated catering manager as a staff member

10 10 Personnel Franchisee must hire, train and supervise Restaurant or Mobile Food Truck Unit personnel in accordance with the specifications set forth in the Operational System All personnel must meet every requirement imposed by applicable federal, state and local law and those required by Franchisor as a condition to their employment. All persons Franchisee employs that have access to any of the Confidential Information must sign a Confidentiality and Non-Competition Agreement in a form satisfactory to Franchisor Franchisee is liable to Franchisor for any unauthorized disclosure of such information by any of Franchisee's Owners, directors, employees, representatives or agents

10 11 Non-Disparagement. Franchisee agrees that the nature of its relationship with Franchisor, including but not limited to Restaurant or Mobile Food Truck Unit operations, System development and marketing activities, places Franchisee in a position in which disparagement of Franchisor or the System by Franchisee (or its principals, directors, officers, employees, agents, representatives, or senior managers) would cause irreparable harm to Franchisor and/or adversely affect the reputation of the System, one or more Gandolfo's Deli Restaurant(s) or Gandolfo's Mobile Food Truck Unit(s) and/or the goodwill associated with the Marks As such, commencing on the Agreement Date, throughout the term of this Agreement, and for twelve (12) months after the expiration or termination of this Agreement, Franchisee shall not, and shall ensure that its principals, directors, officers, employees, agents, representatives, or senior managers shall not, directly or indirectly, talk about, discuss, issue, cause or authorize to be issued, or participate in, any communication, publication, book, article, correspondence, memorandum, leaflet, handbill, press release, website, lecture, public statement, or speech of any kind, whether oral, written or effected by electronic means, that mentions or refers directly to Franchisor, including its principals, directors, officers, employees, agents, representatives, attorneys and/or its business and operations, in a way that disparages, criticizes, or otherwise reflects adversely on or induces or encourages any individual, group, organization, or entity to take any action against Franchisor Nothing in this Section 10 11 shall prohibit Franchisee from complying with any lawful subpoena or court order or taking any other actions affirmatively authorized by law, which Franchisee shall not encourage or otherwise seek to induce

11 ADVERTISING AND PROMOTION

11.1 Establishment of Branding Fund. Franchisor has established a Branding Fund (the "**Branding Fund**") for such advertising, marketing and public relations programs and materials on a system-wide basis that Franchisor deems necessary or appropriate in Franchisor's sole discretion. Franchisee agrees to contribute to the Branding Fund such amounts that Franchisor prescribes from time to time, not to exceed 1% of Franchisee's Gross Sales per Reporting Period (except as described below), payable in the same manner as the Royalty (the "**Branding Fund Fees**"). Franchisor reserves the right to defer or reduce contributions by Franchise and, upon 30 days prior written notice to Franchisee, to reduce or suspend contributions to and operations of the Branding Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Branding Fund. If the Branding Fund is terminated, all unspent monies on the date of termination will be distributed to Gandolfo's Deli Restaurant franchisees and Gandolfo's Mobile Food Truck Unit franchisees in proportion to their respective contributions to the Branding Fund during the preceding twelve (12) months. Franchisor's affiliates will contribute to the Branding Fund on the same basis as franchisees for any Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units they own and operate.

11.2 Use of the Funds. Franchisor will direct all programs financed by the Branding Fund, with sole discretion over the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. Franchisee agrees that the Branding Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials, administering regional and multi-regional advertising programs including, without limitation to, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies, marketing and advertising training programs and materials, online, digital and social media marketing and advertising activities, and supporting public relations, market research and other advertising, promotion and marketing activities. The Branding Fund periodically will furnish Franchisee with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to Franchisee at Franchisor's direct cost of producing them plus any related shipping, handling and storage charges.

11.3 Accounting for the Fund. The Branding Fund will be accounted for separately from Franchisor's other funds and will not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead, including rent and utilities, as Franchisor may incur in activities related to the administration of the Branding Fund and its programs including, without limitation to, conducting market research, preparing advertising, promotional and marketing materials and collecting and accounting for contributions to the Branding Fund. All interest earned on monies contributed to the Branding Fund will be used to pay advertising costs before other assets of the Branding Fund are expended. We may borrow from the Branding Fund to cover other general operating expenses from time to time. Franchisor may spend, on behalf of the Branding Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units to the Branding Fund in that year. The Branding Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. If Franchisor lends money to the Branding Fund, Franchisor may charge interest at an annual rate 1% greater than the rates Franchisor pays its lenders. Franchisor will prepare an annual statement of monies collected and costs incurred by the Branding Fund and furnish the statement to Franchisee upon written request. These financial statements are not audited. Franchisor has the right to cause the Branding Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

11 4 Branding Fund Limitations Franchisee acknowledges that the Branding Fund is intended to maximize recognition of the Marks and patronage of Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units Although Franchisor will endeavor to utilize the Branding Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units, Franchisor undertakes no obligation to ensure that expenditures by the Branding Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Branding Fund by the particular Gandolfo's Deli Restaurants (including the Restaurant) or particular Gandolfo's Mobile Food Truck Units (including the Mobile Food Truck Unit) operating in that geographic area or that any Gandolfo's Deli Restaurant (including the Restaurant) and/or Gandolfo's Mobile Food Truck Units (including the Mobile Food Truck Unit) will benefit directly or in proportion to its contribution to the Branding Fund from the development of advertising and marketing materials or the placement of advertising Except as expressly provided in this Section 11, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to collecting amounts due to, or maintaining, directing or administering the Branding Fund

11.5 Local Advertising and Promotion Franchisee must spend a minimum of 3% of Franchisee's Gross Sales on approved forms of local advertising and promotion if Franchisee owns a Restaurant or a minimum of 2% of Franchisee's Gross Sales on approved forms of local advertising and promotion if Franchisee owns a Mobile Food Truck Unit (each, a "**Local Advertising Fee**") Franchisee must deliver to Franchisor the Local Advertising Fees in the same manner as the Royalty, and Franchisor shall reimburse Franchisee for any amounts Franchisee spends on local advertising, within a reasonable time not to exceed 30 days, after Franchisee submits to Franchisor receipts of such expenditures and copies of any local marketing materials, until the Local Advertising Fees have been reimbursed in full. In the event Franchisee fails to utilize all of its Local Advertising Fees in a given year, Franchisor may use the Local Advertising Fees at Franchisor's sole discretion, but Franchisor shall not be obligated to do so Local Advertising Fees will be accounted for separately from Franchisor's other funds and will not be used to defray any of Franchisor's general operating expenses except for such administrative costs Franchisor may incur in activities related to the administration of the Local Advertising Fee account(s) Except as expressly provided in this Section 11, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to collecting amounts due on account of, or maintaining, directing or administering Local Advertising Fees

Franchisee agrees that any local advertising, promotion and marketing Franchisee conducts will be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies, which Franchisor prescribes from time to time Samples of all advertising, promotional and marketing materials, which Franchisor has not prepared or previously approved, must be submitted to Franchisor for approval before Franchisee uses them, including any materials submitted to and/or posted on social media websites such as Groupon, Facebook or Twitter Franchisee must execute Franchisor's Social Media Policy prior to registering and operating a social media account in connection with the franchised business Any social media website provider that provides Franchisee with a sample or proof of the marketing or communication must be sent to and approved by Franchisor prior to accepting such sample or proof If Franchisee does not receive written disapproval within 15 days (for traditional mediums such as radio, print or billboard) or 2 days (for non-traditional mediums such as social media websites) after Franchisor's receipt of such materials, Franchisor will be deemed to have given the required approval. Franchisee may not use any advertising or promotional materials that Franchisor has disapproved

If the franchise granted hereunder is a Restaurant and Franchisee qualifies for the reduction discussed below, Franchisee must only spend a minimum of 2% of Franchisee's Gross Sales on approved forms of local advertising and promotion At the beginning of each calendar year, the Local Advertising Fee may change depending on the total Restaurant Gross Sales recorded by Franchisee for the recently concluded calendar year of operations If Franchisee's total Restaurant Gross Sales for the prior calendar year are equal to or less than $499,999 99, then the Local Advertising Fee will remain at 3% of the Restaurant Gross Sales per Reporting Period for the current calendar year If Franchisee's total Restaurant Gross Sales for the prior calendar year are equal to or greater than $500,000 00, then the Local Advertising Fee will be reduced to 2% of the Restaurant Gross Sales per Reporting Period for the current calendar year Because the Local Advertising Fee depends on the immediately preceding calendar year's total Restaurant Gross Sales, this fee may not be uniform for all Gandolfo's Deli Restaurant franchisees and Corporate Restaurants Every year a separate determination is made by Franchisor (and delivered to Franchisee by January 31st of the year) to determine whether Franchisee is required to pay the full or reduced Local Advertising Fees As such, one calendar year of reduced Local Advertising Fees does not ensure or affect whether Franchisee shall be entitled to the same reduction the following calendar year

11 6 **<u>Co-op Participation and Fees</u>** If an association of Gandolfo's Deli Restaurants (franchisees and Corporate Restaurants) and/or Gandolfo's Mobile Food Truck Units (franchisees and Corporate Mobile Food Truck Units) is established in a Geographic Area in which the Restaurant or Mobile Food Truck Unit is located (the "**Co-op**"), Franchisee must join and actively participate in it The "**Geographic Area**" is defined as a market with one or more Gandolfo's Deli Restaurants and/or Gandolfo's Mobile Food Truck Units in the same television, radio and newspaper market, as determined by Franchisor If a Co-op is not established in Franchisee's Geographic Area and Franchisee's Restaurant or Mobile Food Truck Unit is the only Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit in the Geographic Area at the time Franchisee first opens the Restaurant or Mobile Food Truck Unit, Franchisee must establish a separate bank account to which Co-op Fees (defined below) must initially be deposited ("**Initial Co-op Account**") until another Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit owned by an entity or individual other than Franchisee is established in Franchisee's Geographic Area If a Co-op is not established in Franchisee's Geographic Area and <u>either</u> (i) by opening the Restaurant or Mobile Food Truck Unit, Franchisee becomes the second owner-operator of a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit in the Geographic Area, <u>or</u> (ii) an entity or individual other than Franchisee establishes a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit in the Geographic Area, then Franchisee and the other owner-operator must form the Co-op as a separate business entity, prepare organizational documents, establish a Co-op board, open a new bank account owned by the Co-op ("**Permanent Co-op Account**"), purchase a new Accounting System for the Co-op by executing the Accounting System Agreement attached hereto as **<u>Exhibit E</u>**, and authorize the Co-op to pay $100 monthly recurring Advertising System Fees by executing the Co-op-to-Franchisor ACH Authorization form, attached hereto as ***Schedule D 2***

Franchisee must contribute to the Co-op a minimum of 1 5% of Franchisee's Gross Sales ("**Co-op Fees**") Franchisee must deliver a report to Franchisor on the initial Reporting Day of each month

("**Co-op Reporting Day**") describing the immediately preceding month's total Gross Sales ("**Co-op Report**") Franchisee must pay the Co-op Fees by monthly depositing the Co-op Fee into the Co-op bank account ("**Co-op Payment Day**") When a Permanent Co-op Account is formed, all amounts in the Initial Co-op Account must be transferred to the Permanent Co-op Account on or before the next Co-op Payment Day and the Initial Co-op Account must be closed

If a Co-op has been established, Franchisee participates in and pays Franchisee's pro rata share (based on number of Restaurants and/or Mobile Food Truck Units) of the cost of such listings and advertising by contributing Co-op Fees The Co-op will adopt its own rules, regulations and procedures, which Franchisee must follow However, Franchisor must approve the rules, regulations and procedures of the Co-op All advertising utilized by the Co-op must not be used unless and until Franchisor has reviewed and approved it

The Co-op must use Franchisor's mandated Accounting System and also pay Franchisor the Accounting System Fee via monthly $100 ACH payments from the Co-op to Franchisor By contributing Co-op Fees, Franchisee participates in and pays Franchisee's pro rata share (based on number of Restaurants and/or Mobile Food Truck Units) of the cost of such Accounting System Fees Franchisor also has the right to participate in any meetings of the Co-op and its members Franchisee's failure to timely contribute the Co-op Fees constitutes a material breach of the provisions of this Agreement and Franchisor may offset against any amounts Franchisor owes to Franchisee the amount of Franchisee's Co-op Fees and pay such Co-op Fees for Franchisee

12 RECORDS, REPORTS AND FINANCIAL STATEMENTS

12 1 Accounting System Franchisee must deliver to Franchisor the financial and operating reports in the form, manner, content and time Franchisor specifies from time to time, including access to Franchisee's Accounting System Franchisee will update all information in Franchisee's Accounting System daily, including, but not limited to, revenues, expenditures and other pertinent dates Franchisor may periodically change the Accounting System and the suppliers of accounting services Franchisee will make available for Franchisor's review and inspection during normal business hours all original books and records that Franchisor wants to ascertain and verify financial statements or reports Franchisee will maintain all of Franchisee's books and records in accordance with generally accepted accounting principles Franchisee will maintain and preserve such records during the entire term of this Agreement and for 3 years following expiration or termination of this Agreement Such records include deposit reports and receipts, cash receipts journal, general ledgers, cash disbursement journals, weekly payroll registers, monthly bank statements, supplier invoices (paid and unpaid), accounts payable journals, balance sheets, profit and loss statements, inventory records, records of wholesale accounts and such other records as Franchisor may require Franchisor may use the information obtained as Franchisor deems appropriate, except that information Franchisee designates as confidential will not be disclosed to third parties in a manner that identifies Franchisee as the subject or source except (i) with Franchisee's permission, (ii) as may be required by law, (iii) in connection with audits or collections under this Agreement, or shared within the Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units franchise system (Franchisee understands that Franchisor disseminates operational and financial data throughout the system and to prospects) Franchisor may require Franchisee to use approved computer hardware and software in order to maintain the Accounting System and other communication processes

12.2 Reports Franchisee agrees to furnish to Franchisor on such forms that Franchisor prescribes from time to time the following

(a) by the 10th of the month following Franchisee's most recent filing, copies of all sales tax returns for the Restaurant or Mobile Food Truck Unit and, as soon as Franchisee has received them, copies of the cancelled checks for the required sales taxes,

(b) on each Reporting Day, the Report on the Restaurant's or Mobile Food Truck Unit's Gross Sales during the preceding Reporting Period (or if the previous week transitioned to a new month, the Reports during the previous two Reporting Periods),

(c) within 5 days after the end of each Reporting Period, a profit and loss statement for the Restaurant or Mobile Food Truck Unit for the immediately preceding Reporting Period and year-to-date and a balance sheet as of the end of such Reporting Period,

(d) within 90 days after the end of the Restaurant's or Mobile Food Truck Unit's fiscal year, annual profit and loss and source and use of funds statements and a balance sheet for the Restaurant or Mobile Food Truck Unit as of the end of such fiscal year, and

(e) within 10 days after Franchisor's request, exact copies of federal and state income and other tax returns and such other forms, records, books and other information Franchisor may periodically require

12.3 Access to Information Franchisee agrees to verify and sign each report and financial statement in the manner Franchisor prescribes Franchisor has the right to disclose data derived from such reports Franchisor also has the right to require Franchisee to have reviewed or audited financial statements prepared on an annual basis Moreover, Franchisor has the right as often as Franchisor deems appropriate (including on a daily basis) to access all computer registers and other computer systems that Franchisee is required to maintain in connection with the operation of the Restaurant or Mobile Food Truck Unit and to retrieve all information relating to the Restaurant's or Mobile Food Truck Unit's operations

12 4 Copies of Reports Franchisee agrees to cause Franchisee's accountant or tax preparer to mail all tax returns he prepares for Franchisee directly to the proper taxing authority Simultaneous with their filing, Franchisee agrees to cause Franchisee's tax preparer or accountant to furnish Franchisor directly, with a copy of all sales, income and other tax returns relating to the Restaurant or Mobile Food Truck Unit. Franchisee must also send Franchisor copies of any sales or other reports sent to any landlord or governmental agency

13 INSPECTIONS AND AUDITS

13 1 Franchisor's Right to Inspect the Business To determine whether Franchisee and the Restaurant or Mobile Food Truck Unit are complying with this Agreement and all System Standards, Franchisor and its designated agents have the right at any time during Franchisee's regular business hours, and without prior notice to Franchisee, to

(a) inspect the Restaurant or Commissary and/or Truck,

(b) observe, photograph and videotape the operations of the Restaurant or Commissary and/or Truck for such consecutive or intermittent periods as Franchisor deems necessary,

(c) remove samples of any products, materials or supplies for testing and analysis,

(d) interview personnel and customers of the Restaurant or Mobile Food Truck Unit, and

(e) inspect and copy any books, records and documents relating to Franchisee's operation of the Restaurant or Mobile Food Truck Unit.

Franchisee agrees to fully cooperate with Franchisor in connection with any such inspections, observations, photographing, videotaping, product removal and interviews Franchisee agrees to present to Franchisee's customers such evaluation forms that Franchisor periodically prescribes and to participate and/or request Franchisee's customers to participate in any surveys performed by Franchisor or on its behalf Franchisee must immediately correct or repair any unsatisfactory conditions Franchisor specifies

13.2 Franchisor's Right to Audit. Franchisor has the right at any time during Franchisee's business hours, and without prior notice to Franchisee, to inspect and audit, or cause to be inspected and audited, Franchisee's (if Franchisee is a Business Entity) and the Restaurant's or Mobile Food Truck Unit's business, bookkeeping and accounting records, sales and income tax records and returns and other records Franchisee agrees to fully cooperate with Franchisor's representatives and independent accountants Franchisor hires to conduct any such inspection or audit If Franchisor's inspection or audit is made necessary by Franchisee's failure to furnish reports, supporting records or other information Franchisor requires, such items on a timely basis or if the information furnished is not accurate (i.e , Franchisee's Gross Sales are understated by three percent (3%) or more or Royalties and/or advertising requirements are underpaid by one percent (1%) or more, Franchisee agrees to reimburse within thirty (30) days following receipt of invoice, Franchisor for the cost of such inspection or audit, including, without limitation to, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of Franchisor's employees Franchisee also must immediately pay Franchisor any shortfall in the amounts Franchisee owes Franchisor, including late charges and interest. The foregoing remedies are in addition to Franchisor's other remedies and rights under this Agreement and applicable law

14 TRANSFER

14 1 By Franchisor This Agreement and all rights and duties hereunder may be freely assigned or transferred by Franchisor, in whole or in part, without Franchisee's consent and in Franchisor's sole discretion, to any person or legal entity that agrees to assume Franchisor's obligations hereunder, including a competitor of Franchisor, and shall be binding upon and inure to the benefit of Franchisor's successors and assigns including, without limitation, any entity that acquires all or a portion of Franchisor's capital stock or membership units, or any entity resulting from or participating in a merger, consolidation or reorganization in which Franchisor is involved, and to which Franchisor's rights and duties hereunder (in whole or in part) are assigned or transferred

14.2 By Franchisee Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee (or, if Franchisee are a Business Entity, to Franchisee's owners) and that Franchisor has granted the Franchise to Franchisee in reliance upon

Franchisor's perceptions of Franchisee's (or Franchisee's owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity Accordingly, neither this Agreement (nor any interest in it) nor any ownership or other interest in Franchisee or the Restaurant or Mobile Food Truck Unit may be transferred without Franchisor's prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. Franchisee may not transfer this Agreement and Franchisor will not consent to a Transfer if Franchisee is then in breach or in default of this Agreement. As used in this Agreement, the term "**transfer**" includes Franchisee's (or Franchisee's owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in (a) this Agreement, (b) Franchisee, or (c) the Restaurant or Mobile Food Truck Unit.

An assignment, sale, gift or other disposition includes the following events

(i) transfer of ownership of 10% capital stock or a partnership interest,

(ii) merger or consolidation or issuance of additional securities or interests representing an ownership interest in Franchisee,

(iii) any issuance or sale of Franchisee's stock or any security convertible to Franchisee's stock,

(iv) transfer of an interest in Franchisee, this Agreement or the Restaurant or Mobile Food Truck Unit in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law,

(v) transfer of an interest in Franchisee, this Agreement or the Restaurant or Mobile Food Truck Unit, in the event of Franchisee's death or the death of one of Franchisee's owners, by will, declaration of or transfer in trust or under the laws of interstate succession, or

(vi) pledge of this Agreement (to someone other than Franchisor) or of an ownership interest in Franchisee as security, foreclosure upon the Restaurant or Mobile Food Truck Unit or Franchisee's transfer, surrender or loss of possession, control or management of the Restaurant or Mobile Food Truck Unit

14.3 Conditions for Approval of Transfer If Franchisee and Franchisee's owners are in full compliance with this Agreement, then subject to the other provisions of this Section, Franchisor will approve a transfer that meets all the applicable requirements of this Section The proposed transferee and its direct and indirect owners must be individuals of good character and otherwise meet Franchisor's then applicable standards for Gandolfo's Deli Restaurants franchisees or Gandolfo's Mobile Food Truck Units franchisees A transfer of ownership, possession or control of the Restaurant or Mobile Food Truck Unit may be made only in conjunction with a transfer of this Agreement If the transfer is of this Agreement or a controlling interest in Franchisee or is one of a series of transfers, which in the aggregate constitute the transfer of this Agreement or a controlling interest in Franchisee, all of the following conditions must be met prior to or concurrently with the effective date of the transfer

(a) the transferee has sufficient business experience, aptitude and financial resources to operate the Restaurant or Mobile Food Truck Unit,

(b) Franchisee has paid all Royalties, Branding Fund Fees, amounts owed for purchases from Franchisor and all other amounts owed to Franchisor or to third-party creditors and have submitted all required reports and statements,

(c) the transferee (or its owners) has agreed to complete Franchisor's standard training program, at their expense,

(d) the transferee has entered into Franchisor's then-current form of Franchise Agreement for a term ending on the expiration date of this Agreement and requiring no Franchise Fee,

(e) the transferee agrees to upgrade the Restaurant or Mobile Food Truck Unit to conform to Franchisor's then-current standards and specifications,

(f) Franchisee or the transferee pays Franchisor a transfer fee equal to 1/2 of Franchisor's then-current Franchise Fee to defray expenses Franchisor incurs in connection with the transfer, including the costs of training the transferee (or its owners) and other personnel,

(g) Franchisee and Franchisee's transferring owners have signed a general release, in form satisfactory to Franchisor, of any and all claims against Franchisor and its shareholders, officers, directors, employees and agents,

(h) Franchisor has approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Restaurant or Mobile Food Truck Unit,

(i) if Franchisee or Franchisee's owners finance any part of the sale price of the transferred interest, Franchisee and/or Franchisee's owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that Franchisee or Franchisee's owners have reserved in the Restaurant or Mobile Food Truck Unit are subordinate to the transferee's obligation to pay Royalties, Branding Fund Fees and other amounts due to Franchisor and otherwise to comply with this Agreement,

(j) Franchisee and Franchisee's transferring owners (and Franchisee's and Franchisee's owners' spouses and children) have signed a non-competition covenant in favor of Franchisor and the transferee agreeing to be bound, commencing on the effective date of the transfer, by the restrictions contained in this Agreement, and

(k) Franchisee and Franchisee's transferring owners have agreed that Franchisee and they will not directly or indirectly at any time or in any manner (except with respect to other Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units that Franchisee owns and operates) identify itself or themselves or any business as a current or former Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit, or as one of Franchisor's licensees or franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with Franchisor,

(l) it will be required that either the new franchisee or the seller bring the Restaurant or Mobile Food Truck Unit up to the then-current design (decor package, accounting, register system, etc) prior to the completion of the sale

14 4 Transfer to a Business Entity If Franchisee is in full compliance with this Agreement, Franchisee may transfer this Agreement to a Business Entity that conducts no business other than the Restaurant or Mobile Food Truck Unit and, if applicable, other Gandolfo's Deli Restaurant(s) and/or Gandolfo's Mobile Food Truck Units so long as Franchisee owns, controls and has the right to vote 51% or more of its issued and outstanding ownership interests (such as stock or partnership interests) and Franchisee guarantees its performance under this Agreement. All other owners are subject to Franchisor's specific approval. The organizational or governing documents of the Business Entity must recite that the issuance and transfer of any ownership interests in the Business Entity are restricted by the terms of this Agreement, are subject to Franchisor's approval and all certificates or other documents representing ownership interests in the Business Entity must bear a legend referring to the restrictions of this Agreement As a condition of Franchisor's approval of the issuance or transfer of ownership interests to any person other than Franchisee, Franchisor may require (in addition to the other requirements Franchisor has the right to impose) that the proposed owner sign an agreement, in a form provided or approved by Franchisor, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of the obligations under this Agreement

14.5 Transfer upon Death or Disability Upon Franchisee's death or disability, or if Franchisee is a Business Entity, the death or disability of the owner of a controlling interest in Franchisee, Franchisor may require Franchisee (or such owner's executor, administrator, conservator, guardian or other personal representative) to transfer Franchisee's interest in this Agreement (or such owner's interest in Franchisee) to a third party Such disposition (including, without limitation to, transfer by bequest or inheritance) must be completed within the time Franchisor designates, not less than 1 month but not more than 6 months from the date of death or disability Such disposition will be subject to all of the terms and conditions applicable to transfers contained in this Section A failure to transfer Franchisee's interest in this Agreement or the ownership interest in Franchisee within this period of time constitutes a breach of this Agreement For purposes of this Agreement, the term "**disability**" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee or an owner of a controlling interest in Franchisee from managing and operating the Restaurant or Mobile Food Truck Unit.

14 6 Operation Upon Death or Disability If, upon Franchisee's death or disability or the death or disability of the owner of a controlling interest in Franchisee, the Restaurant or Mobile Food Truck Unit is not being managed by a trained manager, Franchisee's or such owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed 15 days from the date of death or disability, appoint a manager to operate the Restaurant or Mobile Food Truck Unit Such manager will be required to complete training at Franchisee's expense Pending the appointment of a manager as provided above, or if in Franchisor's judgment, the Restaurant or Mobile Food Truck Unit is not being managed properly any time after Franchisee's death or disability or after the death or disability of the owner of a controlling interest in Franchisee, Franchisor has the right, but not the obligation, to appoint a manager for the Restaurant or Mobile Food Truck Unit. All funds from the operation of the Restaurant or Mobile Food Truck Unit during the management by Franchisor's appointed manager will be kept in a separate account and all expenses of the Restaurant or Mobile Food Truck Unit, including compensation, travel and living expenses and other costs for Franchisor's appointed manager, will be charged to this account. Franchisor also has the right to charge a reasonable management fee (in addition to the Royalty and Branding Fund Fees payable under this Agreement) during the period that Franchisor's appointed manager manages the Restaurant or Mobile Food Truck Unit.

Operation of the Restaurant or Mobile Food Truck Unit during any such period will be on Franchisee's behalf, provided that Franchisor has only a duty to utilize its best efforts and will not be liable to Franchisee or Franchisee's owners for any debts, losses or obligations incurred by the Restaurant or Mobile Food Truck Unit or to any of Franchisee's creditors for any products, materials, supplies or services the Restaurant or Mobile Food Truck Unit purchases during any period it is managed by Franchisor's appointed manager.

14.7 __Effect of Consent to Transfer.__ Franchisor's consent to a transfer of this Agreement and the Restaurant or Mobile Food Truck Unit or any interest in Franchisee does not constitute a representation as to the fairness of the terms of any contract between Franchisee and the transferee, a guarantee of the prospects of success of the Restaurant or Mobile Food Truck Unit or transferee or a waiver of any claims Franchisor may have against Franchisee (or Franchisee's owners) or of Franchisor's right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

14.8 __Franchisor's Right of First Refusal.__ If Franchisee or any of Franchisee's owners at any time determine to sell, assign or transfer for consideration an interest in this Agreement and the Restaurant or Mobile Food Truck Unit or an ownership interest in Franchisee, Franchisee or such owner agrees to obtain a bona fide, executed written offer and earnest money deposit (in the amount of five percent (5%) or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror and, in the case of a publicly-held corporation or limited partnership, copies of the most current annual and quarterly reports and Form 10K) and within five days of receipt submit to Franchisor a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in Franchisee or in this Agreement and the Restaurant or Mobile Food Truck Unit and may not include an offer to purchase any of Franchisee's or Franchisee's owners' other property or rights. However, if the offeror proposes to buy any other property or rights from Franchisee, or Franchisee's owners, under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to Franchisor, and the price and terms of the purchase offered to Franchisee, or Franchisee's owners for the interest in Franchisee or in this Agreement and the Restaurant or Mobile Food Truck Unit must reflect the bona fide price offered and not reflect any value for any other property or rights.

Franchisor has the right, exercisable by written notice delivered to Franchisee or Franchisee's selling owner(s) within 30 days from the date of the delivery to Franchisor of both an exact copy of such offer and all other information Franchisor requests, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that

(a) Franchisor may substitute cash for any form of payment proposed in such offer (with a discounted amount if an interest rate will be charged on any deferred payments),

(b) Franchisor's credit will be deemed equal to the credit of any proposed purchaser,

(c) Franchisor will have not less than 30 days after giving notice of election to purchase to prepare for closing, and

(d) Franchisor is entitled to receive, and Franchisee and Franchisee's owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation to, representations and warranties as to

(i) ownership and condition of and title to stock or other forms of ownership interest and/or assets,

(ii) liens and encumbrances relating to the stock or other ownership interest and/or assets, and

(iii) validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased

If Franchisor exercises its right of first refusal, Franchisee and Franchisee's selling owner(s) agree that, for a period of 2 years commencing on the date of the closing, Franchisee and they will be bound by the non-competition covenant contained in this Agreement. Franchisee and Franchisee's selling owner(s) further agree that Franchisee and they will, during this same time period, abide by the restrictions of this Agreement.

If Franchisor does not exercise its right of first refusal, Franchisee or Franchisee's owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to Franchisor's approval of the transfer, provided that, if the sale to such purchaser is not completed within 120 days after delivery of such offer to Franchisor or if there is a material change in the terms of the sale (which Franchisee agrees promptly to communicate to Franchisor), Franchisor will have an additional right of first refusal during the 30 day period following either the expiration of such 120 day period or notice to Franchisor of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at Franchisor's option

15. TERMINATION OF AGREEMENT

15.1 By Franchisee Franchisee may not terminate this Agreement prior to the expiration of its term except through legal process resulting from Franchisor's material breach of this Agreement or otherwise with Franchisor's consent. In the event that Franchisee shall claim that Franchisor has failed to meet any obligation under this Agreement, Franchisee shall provide Franchisor with written notice of such claim, within ninety (90) days of its occurrence, specifically enumerating all alleged deficiencies and providing Franchisor with an opportunity to cure, which shall in no event be less than thirty (30) days from the date of receipt of such notice by Franchisor from Franchisee Failure to give such notice shall constitute a waiver of any such alleged default

15.2 By Franchisor Upon Notice Franchisor may not terminate this Agreement prior to the expiration of its term except for "good cause," which shall mean the occurrence of any event of default described in Sections 15 2 and 15 3 herein Franchisor has the right to terminate this Agreement, effective immediately upon delivery of written notice of termination to Franchisee, if

(a) Franchisee or any of Franchisee's owners have made any material misrepresentation or omission in connection with Franchisee's purchase of the Franchise (including, but not limited to, misstatements on any application materials or other similar documents),

(b) Franchisee fails to begin operating the Restaurant or Mobile Food Truck Unit within 12 months of the Agreement Date,

(c) Franchisee or Franchisee's owners fail to successfully complete initial or any other training to Franchisor's satisfaction,

(d) Franchisee abandons, closes or fails to actively operate the Restaurant or Mobile Food Truck Unit for one or more consecutive business days, unless the Restaurant or Mobile Food Truck Unit has been closed for a purpose Franchisor has approved or because of casualty or government order,

(e) Franchisee surrenders or transfers control of the operation of the Restaurant or Mobile Food Truck Unit without Franchisor's prior written consent,

(f) Franchisee or any of Franchisee's owners are or have been convicted of, or plead no contest or guilty to a felony or any crime of moral turpitude,

(g) Franchisee or any of Franchisee's owners engage in any dishonest or unethical conduct which may adversely affect the reputation of the Restaurant or Mobile Food Truck Unit, or another Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit, or the goodwill associated with the Marks,

(h) Franchisee understates Gross Sales by three percent (3%) or more in any specific reporting period,

(i) Franchisee or any of Franchisee's owners make an unauthorized assignment of this Agreement or of an ownership interest in Franchisee or the Restaurant or Mobile Food Truck Unit,

(j) in the event of Franchisee's death or disability or the death or disability of the owner of a controlling interest in Franchisee, this Agreement or such owner's interest in Franchisee is not assigned as required under this Agreement,

(k) Franchisee loses the right to possession of the Site or the Truck,

(l) Franchisee or any of Franchisee's owners make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Operational System in violation of this Agreement,

(m) Franchisee violates any health, safety or sanitation law, ordinance or regulation and does not begin to cure the noncompliance or violation immediately, or does not correct such noncompliance or violation within 24 hours, after written notice is delivered to Franchisee,

(n) Franchisee or any of Franchisee's owners fail on three or more separate occasions within any period of 12 consecutive months or on five occasions during the term of this Agreement to submit when due reports or other data, information or supporting records, to pay when due any amounts due to Franchisor or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to Franchisee, or

(o) Franchisee makes an assignment for the benefit of creditors or becomes insolvent or unable to pay its debts generally as they become due, Franchisee consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of Franchisee's property, the Restaurant, Commissary or Truck is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days, or any order appointing a receiver, trustee or liquidator of Franchisee or the Restaurant, Commissary or Truck is not vacated within 30 days following the entry of such order

15.3 By Franchisor After Notice Franchisor may also terminate this Agreement after Franchisor notifies Franchisee of Franchisor's intention to do so because of the occurrence of any of the following events and Franchisee's failure to cure it within 30 days of notice

(a) Franchisee or a trained manager is not present at the Restaurant or Truck during all open hours,

(b) failure to keep the Restaurant or Truck open during the required hours,

(c) purchasing or leasing any product or service from an unapproved supplier,

(d) failure to participate in a Co-op, if required,

(e) failure to pay, when due, any federal or state income, service, sales or other taxes due on the operations of the Restaurant or Mobile Food Truck Unit, unless Franchisee is in good faith contesting Franchisee's liability for such taxes,

(f) failure to obtain and maintain required permits,

(g) if Franchisee is a Business Entity, failure to maintain active status in Franchisee's state of organization,

(h) failure to promptly pay any amounts due Franchisor or Franchisee's suppliers,

(i) failure to timely make and submit required reports,

(j) failure to maintain sufficient liquid funds to pay amounts to Franchisor via electronic transfer,

(k) Franchisee violates any other provision of this Agreement,

(l) failure to maintain any standards or procedures contained in the Operational System,

(m) continued violation of any law, ordinance, rule or regulation of a governmental agency, or

(n) failure to obtain any approvals or consents required by this Agreement

16 RIGHTS AND OBLIGATIONS UPON TERMINATION

16 1 Payment of Amounts Owed To Franchisor, Release

(a) Franchisee shall pay Franchisor within 15 days after the effective date of termination or expiration of this Agreement, or on such later date that the amounts due to Franchisor are determined, such Royalties, Branding Fund Fees, amounts owed for purchases from Franchisor, interest due on any of the foregoing and all other amounts owed to Franchisor which are then unpaid

(b) In addition to the amounts described in Section 16 1(a) above, upon the termination of this Agreement, Franchisee shall pay Franchisor, within 15 days after the effective date of termination, liquidated damages for each terminated Restaurant and/or Mobile Food Truck Unit equal to the average monthly Royalties paid for each such Restaurant and/or Mobile Food Truck Unit by Franchisee during the 24 months of operation preceding the effective date of termination multiplied by the lesser of 36 months or the number of months then remaining in the term of the Agreement, provided however, that if, as of the effective date of termination, the Restaurant and/or Mobile Food Truck Unit has not opened for business or has not been in operation for at least 36 months, then liquidated damages payable hereunder shall be equal to $45,000 The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow from Royalties due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Royalties would have grown over what would have been this Agreement's remaining term The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages This liquidated damages provision only covers Franchisor's damages from the loss of cash flow from the Royalties It does not cover any other damages, including damages to Franchisor's reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than Section 5 2 Franchisee and each of its owners agree that the liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than Section 5 2

(c) If this Agreement is terminated pursuant to Sections 15 2 or 15 3, Franchisee will sign a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its shareholders, officers, directors, employees and agents

16.2 Cease Being Franchisee Cease to be a franchisee of Franchisor under this Agreement and cease to operate the former franchised business under the Operational System Franchisee shall not thereafter, directly or indirectly, represent to the public that the former franchised business is or was operated or in any way connected with Franchisor or with the Operational System or hold itself out as a present or former franchisee of Franchisor at or with respect to the Site or the Restaurant or Truck

16.3 Marks Upon the termination or expiration of this Agreement

(a) Cease to use in advertising, or in any manner whatsoever, any methods, procedures or techniques associated with the Operational System in which Franchisor has a proprietary right, title or interest, cease to use the Marks and any other marks and indicia of operation associated with the Operational System and remove all trade dress, physical characteristics, color combinations and other indications of operation under the Operational System from the Site and the Restaurant or Truck Without limiting the generality of the foregoing, Franchisee agrees that in the event of any termination or expiration of this Agreement (unless Franchisor plans to purchase the Restaurant or Mobile Food Truck Unit), within 30 days after, as applicable, the effective date of expiration of this Agreement or the Notification Date, Franchisee will remove all signage bearing the Marks, and, upon Franchisor's request, deliver the facia for such signs and all marketing materials and forms bearing the Marks to Franchisor, and will remove any items which are characteristic of the Operational System "trade dress" from the Site and the Restaurant or Truck, and repaint the Site and the Restaurant or Truck in color schemes which are not confusingly similar to Franchisor's standardized and recognizable exterior colors Franchisee agrees that Franchisor or a designated agent may enter upon the premises of the Site at any time to make such changes at Franchisee's sole risk and expense and without liability for trespass Franchisee may not directly or indirectly at any time or in any manner (except with respect to other Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units that Franchisee owns and operates) identify itself or any business as a current or former Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit, or as one of Franchisor's licensees or franchisees, use any Mark, any colorable imitation of a Mark or other indicia of a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with Franchisor,

(b) Franchisee agrees to take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to Franchisee's use of any Mark,

(c) If Franchisor does not have or does not exercise an option to purchase the Restaurant or Mobile Food Truck Unit, Franchisee agrees that, after, as applicable, the effective date of expiration of this Agreement or the Notification Date, Franchisee will notify the telephone company and all telephone directory publishers of the termination or expiration of Franchisee's right to use any telephone, telecopy or other numbers and any regular, classified or other telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to Franchisor or at its direction and/or instruct the telephone company to forward all calls made to Franchisee's telephone numbers to numbers Franchisor specifies, and

(d) Franchisee agrees to furnish Franchisor, within 30 days after, as applicable, the effective date of expiration of this Agreement or the Notification Date, with evidence satisfactory to Franchisor of Franchisee's compliance with the foregoing obligations

16.4 Confidential Information Franchisee agrees that, upon termination or expiration of this Agreement, Franchisee will immediately cease to use any of the Confidential Information in any business or otherwise and return to Franchisor all copies of the Operational System and any other confidential materials that Franchisor has loaned or provided to Franchisee

16.5 Cancellations and Assignments Franchisee agrees that, upon termination or expiration of this Agreement, Franchisee will immediately cancel or assign to Franchisor (or any approved transferee, as applicable) all right, title and interest in any internet and web site home pages, social media site registrations or web pages, online marketing campaigns, domain name listings, and registrations that contain the Marks, or any of them, in whole or in part, and notify Facebook, Twitter, Groupon, Network Solutions, InterNIC, or other applicable domain name registrars, social media sites, online advertising agencies, and all listing agencies, upon the termination or expiration hereof, of the termination of Franchisee's right to use any domain name, web page and other Internet device associated with Franchisor or any Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit, and authorize and instruct their cancellation or transfer to Franchisor, as directed by Franchisor Franchisee is not entitled to any compensation from Franchisor if Franchisor exercises its rights or options pursuant to this Section

16 6 Competitive Restrictions Upon Franchisor's termination of this Agreement in accordance with its terms and conditions, or upon expiration of this Agreement (if Franchisor offers, but Franchisee elects not to acquire, a successor franchise), Franchisee and Franchisee's owners and guarantors agree that, for a period of two years commencing on the effective date of termination or expiration or the date on which a person restricted by this Section begins to comply with this Section, whichever is later, neither Franchisee nor any of Franchisee's owners or guarantors will have any direct or indirect interest (e g , through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business operating at the Site or within the Trade Area

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two-year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision Franchisee and Franchisee's owners expressly acknowledge that Franchisee possesses skills and abilities of a general nature and has other opportunities for exploiting such skills Consequently, enforcement of the covenants made in this Section will not deprive Franchisee of Franchisee's personal goodwill or ability to earn a living

16 7 Franchisor's Right to Purchase

(a) **Exercise of Option** Upon Franchisor's termination of this Agreement in accordance with its terms and conditions, Franchisor has the option, exercisable by giving written notice to Franchisee within 60 days from the date of such termination, to purchase the Restaurant or Mobile Food Truck Unit from Franchisee, including the leasehold rights to the Site (The date on which Franchisor notifies Franchisee whether or not Franchisor is exercising its option is referred to in this Agreement as the "**Notification Date**") Franchisor has the unrestricted right to assign this option to purchase the Restaurant or Mobile Food Truck Unit. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's asset purchase, including, without limitation to, representations and warranties as to ownership and condition of and title to assets, liens and encumbrances on assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise

(b) **Leasehold Rights** Franchisee agrees that at Franchisor's election

(i) to assign Franchisee's leasehold interest in the Site to Franchisor, or

(ii) to allow Franchisor or its designee to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease

(c) **Purchase Price** The purchase price for the Restaurant or Mobile Food Truck Unit will be its fair market value, determined in a manner consistent with reasonable depreciation of the Restaurant's or Mobile Food Truck Unit's equipment, signs, inventory, materials and supplies, provided that the Restaurant or Mobile Food Truck Unit will be valued as an independent business and its value will not include any value for

(i) the Franchise or any rights granted by this Agreement,

(ii) the Marks, or

(iii) participation in the network of Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units

The Restaurant's or Mobile Food Truck Unit's fair market value will include the goodwill Franchisee developed in the market of the Restaurant or Mobile Food Truck Unit that exists independent of the goodwill of the Marks and the System The length of the remaining term of the lease for the Site will also be considered in determining the Restaurant's or Mobile Food Truck Unit's fair market value

Franchisor may exclude from the assets purchased cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Restaurant's or Mobile Food Truck Unit's operation or that Franchisor has not approved as meeting standards for Gandolfo's Deli Restaurants or Gandolfo's Mobile Food Truck Units, and the purchase price will reflect such exclusions

(d) **Appraisal.** If Franchisor and Franchisee are unable to agree on the Restaurant's or Mobile Food Truck Unit's fair market value, its fair market value will be determined by 3 independent appraisers who collectively will conduct 1 appraisal. Franchisor will appoint one appraiser, Franchisee will appoint one appraiser and the two party-appointed appraisers will appoint the third appraiser Franchisee and Franchisor agree to select their respective appraisers within 15 days after Franchisor notifies Franchisee that Franchisor is exercising its option to purchase the Restaurant or Mobile Food Truck Unit, and the two appraisers so chosen are obligated to appoint the third appraiser within 15 days after the date on which the last of the two party-appointed appraisers was appointed Franchisee and Franchisor will bear the cost of Franchisor's own appraisers and share equally the fees and expenses of the third appraiser chosen by the two party-appointed appraisers The appraisers are obligated to complete their appraisal within 30 days after the third appraiser's appointment.

The purchase price will be paid at the closing of the purchase, which will take place not later than 90 days after determination of the purchase price Franchisor has the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts Franchisee and Franchisee's owners owe to Franchisor or any amounts of rent Franchisee owes the landlord of the Site, or supplies or Franchisee's creditors that Franchisor pays on Franchisee's behalf in order to obtain lawful possession of the Site, any of Franchisee's assets or to cover amounts Franchisee owes suppliers that Franchisor does business with At the closing, Franchisee agrees to deliver instruments transferring to Franchisor

(i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor), with all sales and other transfer taxes paid by Franchisee, and

(ii) all licenses and permits of the Restaurant or Mobile Food Truck Unit which may be assigned or transferred, and

(iii) the leasehold interest and improvements in the Site

If Franchisee cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow Franchisee and Franchisee's owners further agree to execute general releases, in form satisfactory to Franchisor, of any and all claims against Franchisor and its shareholders, officers, directors, employees, agents, successors and assigns

16.8 Continuing Obligations All of Franchisor's and Franchisee's (and Franchisee's owners' and affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire Examples of continuing obligations include but are not limited to indemnification, payment, de-identification, non-disparagement, non-competition and dispute resolution provisions

17 RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

17 1 Independent Contractors ~~Franchisee and Franchisor understand and agree that this Agreement does not create a fiduciary relationship between Franchisee and Franchisor, that Franchisor and Franchisee are and will be independent contractors and that nothing in this Agreement is intended to make either Franchisee or Franchisor a general or special agent, joint venturer, partner or employee of the other for any purpose~~ Nothing herein shall be construed as to create any employment, joint employment, joint venture, partnership or agency relationship between Franchisor and Franchisee, and neither Franchisor nor Franchisee shall have the power to obligate the other in any manner whatsoever The relationship created hereby is not and shall not be deemed to be a fiduciary relationship The parties acknowledge and agree that Franchisee shall at all times be the sole and exclusive employer of any employees of Franchisee and shall maintain sole and exclusive responsibility for all aspects of the employment relationship with its employees, including without limitation, maintaining insurance in accordance with applicable law, setting wage rates, payment of all compensation to Franchisee's employees (including all withholdings), day to day supervision and direction of, and control over, Franchisee's employees, development, implementation, and enforcement of all personnel policies, assignment and direction of work activity, discipline, hiring, transfer, termination, investigation, and scheduling and all other employment related decisions as to the Franchisee's employees The parties further acknowledge and agree that Franchisor (i) has no authority and will not participate in any of the foregoing with respect to Franchisee's employees, (ii) is not responsible for the payment of wages to Franchisee's employees, (iii) will not provide any employment benefits, including without limitation group insurance, workers' compensation, or retirement benefits, to Franchisee's employees, and (iv) will not supply tools or equipment to Franchisee's employees Franchisee represents and warrants that Franchisor will not be responsible for, nor have direct control over, the Franchisee's employees, who at all times are and shall remain employees of Franchisee Franchisee further represents and warrants that it shall be the employer in all respects of the relationship with its employees, and specifically disclaims any joint employment relationship with Franchisor Franchisee agrees to conspicuously identify itself in all dealings with customers, suppliers, public officials, Restaurant or Mobile Food Truck Unit personnel and others as the owner of the Restaurant or Mobile Food Truck Unit under a franchise Franchisor has granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as Franchisor may require from time to time

17.2 **No Liability for Acts of Other Party** Franchisee shall not employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in Franchisor's or its affiliate's liability for any of Franchisee's indebtedness or obligations, and Franchisee shall not use the Marks in any way Franchisor has not expressly authorized Neither Franchisor nor Franchisee will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that their respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing Franchisor will not be obligated for any damages to any person or property directly or indirectly arising out of the Restaurant's or Mobile Food Truck Unit's operation or the business Franchisee conducts pursuant to this Agreement

17.3 **Taxes** Franchisor will have no liability for any sales, use, alcohol surcharge, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon Franchisee or the Restaurant or Mobile Food Truck Unit, in connection with the business Franchisee conducts (except any taxes Franchisor is required by law to collect from Franchisee with respect to purchases from Franchisor) Payment of all such taxes is Franchisee's responsibility

17.4 **Indemnification.** Franchisee agrees to indemnify, defend and hold harmless Franchisor, its affiliates and its respective shareholders, directors, officers, employees, agents, successors and assignees (the "**Indemnified Parties**") against and to reimburse anyone or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any and all taxes described in this Agreement and any and all claims and liabilities directly or indirectly arising out of the Restaurant's or Mobile Food Truck Unit's operation (even if Franchisor's negligence is alleged) or Franchisee's breach of this Agreement. For purposes of this indemnification, "**claims**" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation to, reasonable accountants', arbitrators', attorneys' and expert witness(es) fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses Franchisor has the right to defend any such claim against Franchisor This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement Under no circumstances will Franchisor or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate Franchisor's, their or Franchisee's losses and expenses, in order to maintain and recover fully a claim against Franchisee Franchisee agrees that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts Franchisor or another Indemnified Party may recover from Franchisee

18 ENFORCEMENT, CONSTRUCTION, WAIVER

18 1 Enforcement, Jurisdiction Notwithstanding any other provisions herein, Franchisor or its designee shall be entitled to obtain, without bond, declarations, temporary and permanent injunctions, and orders of specific performance, in order to enforce the provisions of this Agreement relating to Franchisee's use of the Marks, the obligations of Franchisee upon termination or expiration of this Agreement, and assignment of the Franchise and ownership interests in Franchisee or to prohibit any act or omission by Franchisee or its employees that constitutes a violation of any applicable law or regulation, that is dishonest or misleading to prospective or current customers of businesses operated under the System, that constitutes a danger to other franchisees, employees, customers or the public, or that may impair the goodwill associated with the Marks FRANCHISEE AND FRANCHISOR CONSENT AND IRREVOCABLY SUBMIT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED IN GWINNETT COUNTY, GEORGIA, AND WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS THE EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE PARTIES OR THE ENFORCEMENT BY THE PARTIES IN ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION OR THE RIGHT OF THE PARTIES TO CONFIRM OR ENFORCE ANY ARBITRATION AWARD IN ANY APPROPRIATE JURISDICTION

18.2 Severability, Substitution of Valid Provisions Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, are severable The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting Franchisee's competitive activities is deemed unenforceable, Franchisee and Franchisor agree that such provisions will be enforced to the fullest extent permissible under governing law This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires (a) a greater prior notice of the termination of or refusal to renew this Agreement, or (b) the taking of some other action not described in this Agreement, or (c) if any System Standard is invalid or unenforceable Franchisor may modify such invalid or unenforceable provision to the extent required to be valid and enforceable In such event, Franchisee will be bound by the modified provisions

18.3 Waivers Franchisor will not be deemed to have waived its right to demand exact compliance with any of the terms of this Agreement, even if at any time (a) Franchisor does not exercise a right or power available to Franchisor under this Agreement, or (b) Franchisor does not insist on Franchisee's strict compliance with the terms of this Agreement, or (c) if there develops a custom or practice which is at variance with the terms of this Agreement, or (d) if Franchisor accepts payments which are otherwise due to Franchisor under this Agreement Similarly, Franchisor's waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between Franchisee and Franchisor, or between Franchisor and any other franchisee, will not affect Franchisor's rights with respect to any later breach by Franchisee or anyone else

18 4 Limitation of Liability Neither of the parties will be liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from

(a) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof,

(b) acts of God,

(c) acts or omissions of a similar event or cause

However, such delays or events do not excuse payments of amounts owed at any time

18.5 Approval and Consents. Whenever this Agreement requires Franchisor's advance approval, agreement or consent, Franchisee agrees to make a timely written request for it. Franchisor's approval or consent will not be valid unless it is in writing Except where expressly stated otherwise in this Agreement, Franchisor has the absolute right to refuse any request by Franchisee or to withhold Franchisor's approval of any action or omission by Franchisee If Franchisor provides to Franchisee any waiver, approval, consent, or suggestion, or if Franchisor neglects or delays its response or denies any request for any of those, Franchisor will not be deemed to have made any warranties or guarantees which Franchisee may rely on, and will not assume any liability or obligation to Franchisee

18 6 Cumulative Remedies The rights and remedies provided in this Agreement are cumulative and neither Franchisee nor Franchisor will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity

18 7 Binding Effect. Except as expressly provided in this Agreement, this Agreement is binding on and will inure to the benefit of the parties' successors and assigns

18.8 Entire Agreement. This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between Franchisee and Franchisor and fully replaces all prior agreements, representations, and understandings between Franchisee and Franchisor, whether oral or written, concerning the subject matter of this Agreement Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Franchisee Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both Franchisee and Franchisor

18 9 No Liability to Others, No Other Beneficiaries Franchisor will not, because of this Agreement or by virtue of any approvals, advice or services provided to Franchisee, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement

18 10 Construction The headings of the sections are for convenience only If two or more persons are at any time franchisees hereunder, whether or not as partners or joint venturers, their obligations and liabilities to Franchisor are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. "A or B" means "A" or "B" or both

18 11 Certain Definitions The term "**family member**" refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses The term "**affiliate**" means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person The terms "**franchisee, Franchisee and Franchisee's**" are applicable to one or more persons, a Busmess Entity, as the case may be The smgular use of any pronoun also mcludes the plural and the masculme and neuter usages mclude the other and the femmme The term "**person**" mcludes mdividuals or Busmess Entities

The term "**Section**" refers to a section or subsection of this Agreement. The word "**control**" means the power to direct or cause the direction of management and policies The word "**owner**" means any person holdmg a direct or mdirect, legal or beneficial ownership mterest or votmg rights m another person (or a transferee of this Agreement or an mterest m Franchisee), mcludmg any person who has a direct or mdirect mterest m Franchisee or this Agreement and any person who has any other legal or equitable mterest, or the power to vest m himself any legal or equitable mterest, m the revenue, profits, rights or assets

18 12 <u>Timmg is of the Essence</u> It will be a material breach of this Agreement to fail to perform any obligation withm the time required or permitted by this Agreement. In computmg time periods from one date to a later date, the words "**from**" and "**commencmg on**" (and the like) mean "**from and mcludmg**", and the words "**to**," "**until**" and "**endmg on**" (and the like) mean "**to but excludmg**" The time of day refers to the time m Lawrenceville, Georgia (Eastern Standard Time)

19 <u>GOVERNING LAW AND DISPUTE RESOLUTION</u>

19 1 <u>Governmg Law</u> EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U S TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U S C §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY THE LAW OF THE STATE OF GEORGIA, EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISEE, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION ALL MATTERS RELATING TO ARBITRATION ARE GOVERNED BY THE FEDERAL ARBITRATION ACT REFERENCES TO ANY LAW OR REGULATION ALSO REFER TO ANY SUCCESSOR LAWS OR REGULATIONS AND ANY IMPLEMENTING REGULATIONS FOR ANY STATUTE, AS IN EFFECT AT THE RELEVANT TIME REFERENCES TO A GOVERNMENTAL AGENCY ALSO REFER TO ANY SUCCESSOR REGULATORY BODY THAT SUCCEEDS TO THE FUNCTION OF SUCH AGENCY

19.2 <u>Mediation</u> Durmg the term of this Agreement, certam disputes may arise between Franchisee and Franchisor that may be resolvable through voluntary mediation To facilitate such resolution, Franchisee and Franchisor agree that each party must, before commencmg any arbitration proceedmg, submit the dispute for mediation to one certified mediator chosen by Franchisor The mediation will be held at a mutually agreeable location (if Franchisee and Franchisor cannot agree on a location, the mediation will be conducted at Franchisor's headquarters) The mediator will conduct mediation m accordance with general mediation rules Franchisee and Franchisor agree that any statements made by either Franchisee or Franchisor m any such mediation proceedmg will not be admissible m any subsequent arbitration or other legal proceedmg Each party will bear its own costs and expenses of conductmg the mediation and share equally the costs of any third parties who are required to participate Nevertheless, each of Franchisee and Franchisor has the right m a proper case to obtam temporary restrammg orders and temporary or prelimmary mjunctive relief from a court of competent jurisdiction However, the parties must immediately and contemporaneously submit the dispute for non-binding mediation If any dispute between the parties cannot be resolved through mediation within 60 days following the appointment of a mediator, the parties must submit the dispute to arbitration subject to the following terms and conditions

19.3 **Agreement to Arbitrate** Except for claims related to or based on the Marks or lease options or provisions (which at Franchisor's sole option may be submitted to any court of competent jurisdiction) and except as otherwise expressly provided by Section 18 1 of this Agreement, any litigation, claim, dispute, suit, action, controversy, proceeding or otherwise ("**Dispute**") between or involving Franchisee and Franchisor (and/or involving Franchisee and/or any claim against or involving any of Franchisor's or its affiliates' shareholders, directors, partners, officers, employees, agents, attorneys, accountants, affiliates, guarantors or otherwise), which are not resolved within 45 days of notice from either Franchisee or Franchisor to the other, will be submitted to arbitration All matters relating to arbitration will be governed by the federal arbitration act (9 U S C § 1 et seq) and not by any state arbitration law The parties to any arbitration will execute an appropriate confidentiality agreement, excepting only such disclosures and filings as are required by law

19 4 **Limitations of Claims** Any and all claims arising out of this Agreement or the relationship among Franchisee and Franchisor must be made by written notice to the other party within 1 year from the occurrence of the facts giving rise to such claim (regardless of when it becomes known), except for claims arising from (a) under-reporting of gross sales, (b) under-payment of amounts owed to Franchisor or its affiliates, (c) claims for indemnification, and/or (d) unauthorized use of the Marks However, this provision does not limit the right to terminate this Agreement in any way

19 5 **Place and Procedure of Arbitration** The arbitration proceedings will be conducted in Atlanta, Georgia Any dispute and any arbitration will be conducted and resolved on an individual basis only and not a class-wide, multiple plaintiff or similar basis Any such arbitration proceeding will not be consolidated with any other arbitration proceeding involving any other person, except for disputes involving affiliates of the parties to such arbitration The parties agree that, in connection with any such arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by rule 13 of the federal rules of civil procedure) within the same proceeding as the dispute to which it relates Any such dispute which is not submitted or filed in such proceeding will be barred

19 6 **Awards and Decisions of Arbitration** One arbitrator will hear the proceedings The arbitrator will have the right to award any relief which he deems proper in the circumstances, including, for example, money damages (with interest on unpaid amounts from their due date(s)), specific performance, temporary and/or permanent injunctive relief, and reimbursement of attorneys' fees and related costs to the prevailing party The arbitrator will not have the authority to award exemplary or punitive damages except as otherwise permitted by this agreement, nor the right to declare any mark generic or otherwise invalid Franchisee and Franchisor agree to be bound by the provisions of any limitations or the time on which claims must be brought under applicable law or under this agreement, whichever expires earlier The award and decision of the arbitrator will be conclusive and binding and judgment on the award may be entered in any court of competent jurisdiction The parties acknowledge and agree that any arbitration award may be enforced against either or both of them in a court of competent jurisdiction and each waives any right to contest the validity or enforceability of such award Without limiting the foregoing, the

parties will be entitled in any such arbitration proceeding to the entry of an order by a court of competent jurisdiction pursuant to an opinion of the arbitrator for specific performance of any of the requirements of this agreement. Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final and non-appealable.

19.7 **Waiver of Punitive Damages**. Except for Franchisee's obligations to indemnify Franchisor and claims for unauthorized use of the Marks or Confidential Information, Franchisee and Franchisor each waive to the full extent permitted by law any right to, or claim for, any punitive or exemplary damages against the other. Franchisee and Franchisor also agree that, in the event of a dispute between Franchisee and Franchisor, the party making a claim will be limited to equitable relief and recovery of any actual damages it sustains.

19.8 **Waiver of Jury Trial**. Each party irrevocably waives any right to trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party to the fullest extent permitted by applicable law.

19.9 **Costs and Attorneys' Fees**. If a claim for amounts owed by Franchisee to Franchisor or any of its affiliates is asserted in any legal or arbitration proceeding or if either Franchisee or Franchisor is required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys fees. Attorneys fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement.

19.10 **Third Parties**. The arbitration provisions of this Agreement are intended to benefit and bind certain third party non-signatories, including lessors and all of Franchisee's and Franchisor's principal owners and affiliates.

19.11 **Survival**. This Section 19 continues in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement for any reason.

20 NOTICES AND PAYMENTS

All written notices and reports permitted or required under this Agreement or by the Operational System will be deemed delivered (a) at the time delivered by hand, (b) 1 business day after transmission by facsimile, telecopy or other electronic system, (c) 2 business days after being placed in the hands of a commercial airborne courier service for next business day delivery, or (d) 3 business days after placement in the United States mail by registered or certified mail, return receipt requested, postage prepaid. All such notices must be addressed to the parties as follows:

If to Franchisor: **GANDOLFO'S DELIBOYS, LLC**
1475 Buford Drive, #403-116
Lawrenceville, GA 30043

If to Franchisee: ______________________________

____

____

Attention ________________________________

Either Franchisee or Franchisor may change the address for delivery of all notices and reports and any such notice will be effective within 10 business days of any change in address Any required payment or report not actually received by Franchisor during regular business hours on the date due (or postmarked by postal authorities at least 2 days prior to such date, or in which the receipt from the commercial courier service is not dated prior to 2 days prior to such date) will be deemed delinquent

21 FRANCHISEE ACKNOWLEDGMENTS AND REPRESENTATIONS

21 1 General Franchisee acknowledges and agrees that

(a) Franchisee has read this Agreement and the accompanying Gandolfo's Franchise Disclosure Document previously delivered to Franchisee ("**FDD**") Franchisee acknowledges that Franchisor or its agent has provided Franchisee with a FDD not later than the earlier of the first personal meeting held to discuss the sale of a franchise, ten business days before the execution of this Agreement, or ten business days before any payment of any consideration Franchisee further acknowledges that Franchisor has provided Franchisee with a copy of this Agreement and all related documents, fully completed, at least five business days prior to Franchisee's execution hereof,

(b) Franchisee understands and accepts the terms, conditions and covenants contained in this Agreement and the FDD as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards at each Gandolfo's Deli Restaurant (including the Restaurant) or Gandolfo's Mobile Food Truck Units (including the Mobile Food Truck Unit) and to protect and preserve the goodwill of the Marks,

(c) Franchisee has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that, like any other business, the nature of the business conducted by a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit may evolve and change over time,

(d) an investment in a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit involves business risks,

(e) Franchisee's business abilities and efforts are vital to the success of the venture,

(f) any information Franchisee acquires from other Gandolfo's Deli Restaurant franchisees or Gandolfo's Mobile Food Truck Unit franchisees relating to their sales, profits or cash flows does not constitute information obtained from Franchisor, nor does Franchisor make any representation as to the accuracy of any such information,

(g) in all of their dealings with Franchisee, Franchisor's officers, directors, employees and agents act only in a representative, and not in an individual, capacity All business dealings between Franchisee and such persons as a result of this Agreement are solely between Franchisee and Franchisor Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, agents or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated herein,

(h) Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various developers and franchisees may differ materially in certain circumstances,

(i) Franchisor has advised Franchisee to have this Agreement reviewed and explained to Franchisee by an attorney Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to this Agreement or the relationship thereby created

21.2 <u>Representations</u> Franchisee represents to Franchisor, as an inducement to entry into this Agreement, that all statements Franchisee has made and all materials Franchisee has submitted to Franchisor in connection with Franchisee's purchase of the Franchise are accurate and complete and that Franchisee has made no misrepresentations or material omissions in obtaining the Franchise Franchisee represents to Franchisor that Franchisee, together with its advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise Franchisor has approved Franchisee's request to purchase a franchise in reliance on all of Franchisee's representations

21.3 <u>No Warranties</u> Franchisor expressly disclaims the making of, and Franchisee acknowledges that Franchisee has not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which Franchisor will continue to develop and expand the network of Gandolfo's Deli Restaurants and/or Gandolfo's Mobile Food Truck Units Franchisee acknowledges and understands the following

(a) any statement regarding the potential or probable revenues, sales or profits of the business venture are made solely in the FDD delivered to Franchisee prior to signing this Agreement,

(b) any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit owned by Franchisor or its affiliates or that is not contained in the FDD is unauthorized, unwarranted and unreliable and should be reported to Franchisor immediately, and

(c) Franchisee has not received or relied on any representations about Franchisor or its franchising program or policies made by Franchisor, its officers, directors, employees or agents that are contrary to the statements made in the FDD or to the terms of this Agreement If there are any exceptions to any of the foregoing, Franchisee must (i) immediately notify Franchisor's chief executive officer, and (ii) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it

21 4 <u>Business Organization</u> If Franchisee is at any time a business organization (such as a corporation, limited liability company or partnership) ("**Business Entity**"), Franchisee agrees and represents that

(a) Franchisee has the authority to execute, deliver and perform Franchisee's obligations under this Agreement and is duly organized or formed and validly existing in good standing under the laws of the state of Franchisee's incorporation or formation,

(b) Franchisee's organizational or governing documents will recite that the issuance and transfer of any ownership interests in Franchisee are restricted by the terms of this Agreement and all certificates and other documents representing ownership interests in Franchisee will bear a legend referring to the restrictions of this Agreement,

(c) the Principal Owner's Statement will completely and accurately describe all of Franchisee's owners and their interests in Franchisee A copy of Franchisor's current form of Principal Owner's Statement is attached to the FDD,

(d) Franchisee and Franchisee's owners agree to revise the Principal Owner's Statement as may be necessary to reflect any ownership changes and to furnish such other information about Franchisee's organization or formation as Franchisor may request (no ownership changes may be made without Franchisor's approval),

(e) each of Franchisee's owners during the term of this Agreement will sign and deliver to Franchisor its standard form of Principal Owner's Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between Franchisee and Franchisor A copy of Franchisor's current form of Principal Owner's Guaranty is attached to the FDD, and

(f) at Franchisor's request, Franchisee will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of Franchisee's owners and agents (such as articles of incorporation or organization and partnership, operating or shareholder agreements)

[SIGNATURES ON FOLLOWING PAGE]

Intending to be bound, Franchisee and Franchisor sign and deliver this Agreement as of the Agreement Date

"FRANCHISOR"

GANDOLFO'S DELIBOYS, LLC	
Signature	
Print Full Name	
Title	
Date	

"FRANCHISEE"

Business Entity Name	
Print Full Name	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

EXHIBIT A TO THE FRANCHISE AGREEMENT

FRANCHISE TRADE AREA

FRANCHISE TRADE AREA

Name of Franchisee ____

Site Location ____

Territory ____

____

____

For Mobile Food Truck Unit Franchisees only (select one)

Commissary Site ☐ is / ☐ is NOT located within the Trade Area

Commissary Site ☐ is / ☐ is NOT located at an existing Gandolfo's Deli Restaurant.

"FRANCHISOR"

GANDOLFO'S DELIBOYS, LLC	
Signature	
Print Full Name	
Title	
Date	

"FRANCHISEE"

Business Entity Name	
Print Full Name	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

EXHIBIT B TO THE FRANCHISE AGREEMENT

PRINCIPAL OWNER'S GUARANTY

PRINCIPAL OWNER'S GUARANTY

This Guaranty must be signed by the principal owners (referred to as "**you**" for purposes of this Guaranty only) of ______________________________________ (the "**Business Entity**") under the Franchise Agreement dated ____________________ (the "**Agreement**") with GANDOLFO'S DELIBOYS, LLC ("**us**," or "**our**" or "**we**")

1 **Scope of Guaranty** In consideration of and as an inducement to our signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally (a) guarantees to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement, and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement

2 **Waivers** Each of you waives (a) acceptance and notice of acceptance by us of your obligations under this Guaranty, (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you, (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you, (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability, (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty, and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors

3 **Consents and Agreements** Each of you consent and agree that (a) your direct and immediate liability under this Guaranty are joint and several, (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so, (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person, (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may periodically grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance of the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty, and (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration

4 **Enforcement Costs** If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty

5 **Effectiveness** Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature Terms not otherwise defined in this Guaranty have the

meanings as defined in the Agreement. This Guaranty is governed by Georgia law and we may enforce our rights regarding it in the Courts of Gwinnett County, Georgia Each of you irrevocably submits to the jurisdiction and venue of such courts

Each of you now sign and deliver this Guaranty effective as of the date of the Agreement regardless of the actual date of signature

PERCENTAGE OF OWNERSHIP INTEREST IN BUSINESS ENTITY | **GUARANTORS**

Business Entity Name	
Print full name	
Date	

______________________%

Signature	
Print name	
Title	
Date	

______________________%

Signature	
Print name	
Title	
Date	

______________________%

Signature	
Print name	
Title	
Date	

______________________%

Signature	
Print name	
Title	
Date	

EXHIBIT C TO THE FRANCHISE AGREEMENT

RECEIPT OF PAYMENT

RECEIPT OF PAYMENT

_______________________________ has made payment in the amount of $_____________
(Franchisee)

in the form of _________________________, Item # _____________ on _____________
(Check, Cash, Money Order, List Other) (Date)

for the ___________________________________ location
(City, State)

TWO COPIES OF THIS RECEIPT ARE INCLUDED PLEASE SIGN BOTH OF THESE AND TAKE ONE FOR FRANCHISEE'S RECORDS

"FRANCHISOR"

GANDOLFO'S DELIBOYS, LLC	
Signature	
Print Full Name	
Title	
Date	

"FRANCHISEE"

Business Entity Name	
Print Full Name	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

RECEIPT OF PAYMENT

________________________________ has made payment in the amount of $______________
(Franchisee)

in the form of ___________________________, Item # _____________ on _______________
(Check, Cash, Money Order, List Other) (Date)

for the _____________________________________ location
(City, State)

TWO COPIES OF THIS RECEIPT ARE INCLUDED PLEASE SIGN BOTH OF THESE AND TAKE ONE FOR FRANCHISEE'S RECORDS

"FRANCHISOR"

GANDOLFO'S DELIBOYS, LLC	
Signature	
Print Full Name	
Title	
Date	

"FRANCHISEE"

Business Entity Name (Printed)	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

EXHIBIT D TO THE FRANCHISE AGREEMENT

ACH AUTHORIZATION FORMS

Schedule D 1	**Franchisee-to-Franchisor ACH Authorization**
Schedule D 2	**Co-op-to-Franchisor ACH Authorization**

RECURRING AUTO DEBIT (ACH) AUTHORIZATION FORM

The undersigned hereby authorizes Gandolfo's DeliBoys, LLC ("**Gandolfo's**") to initiate the following weekly and monthly ACH debit entries against the account of the undersigned in payment of amounts for (i) Royalty, Branding Fund Fees, and Accounting System Fees (if applicable) payable each week, (ii) Co-op Fees, payable each month and/or (iii) other amounts that become payable by the undersigned to Gandolfo's When a preauthorized recurring electronic fund transfer varies in amount from the previous transfer, you have the right to receive notice of such varying transfers 10 days before the scheduled transfer date By signing below, you waive this general right and elect to receive notice when a transfer falls outside the range of $1 to $____________

Weekly Debits Your base weekly debit will be $__________ per week towards ______________________ (name of store) current weekly Royalty, Branding Fund Fees, and Accounting System Fees (if applicable) After your weekly Report is received and processed, if there is a balance due for the current week, you authorize Gandolfo's to initiate an additional ACH debit to cover the balance due If the weekly Report indicates an amount due less than the ACH debits for the Reporting Period, there will be a corresponding reduction in the following weekly ACH debit The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization

I hereby authorize Gandolfo's to initiate recurring monthly ACH debit and credit entries to the account set forth below This authorization is binding and will remain in full force and effect until Gandolfo's has received written notice from me of its termination in such time and manner as to afford Gandolfo's reasonable opportunity to act on it

YOUR COMPANY'S NAME ____
(As Indicated On Check)

BANK NAME ______________________ BRANCH ______________________

BANK'S STREET ADDRESS ____

CITY ________________________ STATE ____________ ZIP ____________

BANK TELEPHONE NUMBER ____

TRANSIT NUMBER ____________________ ACCOUNT NUMBER ____________________
Please attach voided check

______________________________ ______________________________
ACCOUNT HOLDER'S NAME (Please Print) SIGNATURE

STREET ADDRESS ____

CITY ________________________ STATE ____________ ZIP ____________

TELEPHONE NUMBER ____________________ DATE ____________________

COMPLETE AND KEEP THIS PORTION FOR YOUR RECORDS

I hereby authorize Gandolfo's DeliBoys, LLC ("**Gandolfo's**") to initiate recurring weekly and monthly ACH debit entries to the account set forth below This authorization is binding and will remain in full force and effect until Gandolfo's has received written notice from me of its termination in such time and manner as to afford Gandolfo's reasonable opportunity to act on it

YOUR COMPANY'S NAME ______________________________
(As Indicated On Check)

BANK NAME ______________________ BRANCH ______________________

BANK'S STREET ADDRESS ______________________________

CITY ______________________ STATE __________ ZIP __________

BANK TELEPHONE NUMBER ______________________________

TRANSIT NUMBER ______________ ACCOUNT NUMBER ______________

______________________________ ______________________________
ACCOUNT HOLDER'S NAME (Please Print) SIGNATURE

STREET ADDRESS ______________________________

CITY ______________________ STATE __________ ZIP __________

TELEPHONE NUMBER ______________ DATE ______________

Send all correspondence related to this form to
Gandolfo's DeliBoys, LLC
1475 Buford Drive, #403-116
Lawrenceville, GA 30043

RECURRING AUTO DEBIT (ACH) AUTHORIZATION FORM

The undersigned hereby authorizes Gandolfo's DeliBoys, LLC ("**Gandolfo's**") to initiate (i) recurring monthly ACH debit against the account of the undersigned in payment of amounts for Accounting System Fees or other amounts that become payable by the undersigned to Gandolfo's and (ii) recurring monthly ACH credit entries toward the account of the undersigned in payment of amounts for Co-op Fees or other amounts that become payable by Gandolfo's to the undersigned Your base monthly debit will be $100 per month towards Accounting System Fees Your base monthly credit will vary depending on the amount of Gross Sales reported by the members of the undersigned The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit and credit entries pursuant to this letter of authorization

I hereby authorize Gandolfo's to initiate recurring monthly ACH debit and credit entries to the account set forth below This authorization is binding and will remain in full force and effect until Gandolfo's has received written notice from me of its termination in such time and manner as to afford Gandolfo's reasonable opportunity to act on it

CO-OP'S COMPANY NAME ________________________________
(As Indicated On Check)

BANK NAME ____________________ BRANCH ____________________

BANK'S STREET ADDRESS ________________________________

CITY ____________________ STATE __________ ZIP __________

BANK TELEPHONE NUMBER ________________________________

TRANSIT NUMBER ____________________ ACCOUNT NUMBER ____________________
Please attach voided check

____________________ ____________________
ACCOUNT HOLDER'S NAME (Please Print) SIGNATURE

STREET ADDRESS ________________________________

CITY ____________________ STATE __________ ZIP __________

TELEPHONE NUMBER ____________________ DATE ____________________

<u>COMPLETE AND KEEP THIS PORTION FOR YOUR RECORDS</u>

I hereby authorize Gandolfo's DeliBoys, LLC ("**Gandolfo's**") to initiate recurring monthly ACH debit and credit entries to the account set forth below This authorization is binding and will remain in full force and effect until Gandolfo's has received written notice from me of its termination in such time and manner as to afford Gandolfo's reasonable opportunity to act on it

CO-OP'S COMPANY NAME ______________________________
(As Indicated On Check)

BANK NAME ____________________ BRANCH ____________________

BANK'S STREET ADDRESS ______________________________

CITY ____________________ STATE __________ ZIP __________

BANK TELEPHONE NUMBER ______________________________

TRANSIT NUMBER ______________ ACCOUNT NUMBER ______________

____________________ ____________________
ACCOUNT HOLDER'S NAME (Please Print) SIGNATURE

STREET ADDRESS ______________________________

CITY ____________________ STATE __________ ZIP __________

TELEPHONE NUMBER ______________ DATE ____________________

Send all correspondence related to this form to
Gandolfo's DeliBoys, LLC
1475 Buford Drive, #403-116
Lawrenceville, GA 30043

EXHIBIT E TO THE FRANCHISE AGREEMENT

ACCOUNTING SYSTEM AGREEMENT

ACCOUNTING SYSTEM AGREEMENT

THIS ACCOUNTING SYSTEM AGREEMENT (the "**Agreement**") is effective as of the ____ day of__________________, 20___ (the "**Effective Date**") The parties to this Agreement are **GANDOLFO'S DELIBOYS, LLC**, a Utah limited liability company, with its principal business address at 370 Safe Water Cove, Lawrenceville, GA 30043 (referred to in this Agreement as "**Franchisor**"), and ____, whose principal business address is ____ (referred to in this Agreement as "**Co-op**")

WHEREAS, Co-op has been formed by one or more owners and operators of a franchised Gandolfo's DeliBoys, LLC restaurant ("**Gandolfo's Deli Restaurant**") and/or a franchised Gandolfo's mobile food truck unit ("**Gandolfo's Mobile Food Truck Units**") who operate under Franchisor's operational system consisting of materials such as audiotapes, videotapes, CDs, DVDs, magnetic media, computer software and written materials that Franchisor generally furnishes to franchisees from time to time for use in operating a Gandolfo's Deli Restaurant (the "**Operational System**"),

WHEREAS, the Operational System contains mandatory and suggested specifications, standards, operating procedures and rules ("**System Standards**") that Franchisor prescribes from time to time for the operation of Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units and information relating to franchisees' other obligations,

WHEREAS, as an organization of owners and operators of Gandolfo's Deli Restaurants and/or Gandolfo's Mobile Food Truck Units located in a common geographical area, Co-op agrees to follow the standards, specifications and operating procedures Franchisor establishes as System Standards and/or that are described in the Operational System, comply with all updates and amendments to the Operational System and System Standards as described in newsletters or notices Franchisor distributes, including via computer systems, and maintain the Operational System (and information therein) as secret and confidential, and

WHEREAS, the Operational System requires Co-op to use and pay for the maintenance of Franchisor's Accounting System (defined below) and Co-op desires to comply with such requirements

NOW, WHEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows

1 **Grant of Accounting System** Subject to the terms of and upon the conditions contained in this Agreement, Franchisor grants Co-op the non-exclusive right to operate Franchisor's format reporting system and accounting system (the "**Accounting System**") In connection with such grant, Co-op must obtain Franchisor's accounting services and any required hardware or software related to them Co-op must at all times maintain the records reasonably specified in the Operational System and report fees received from its members ("**Co-op Fees**") and other

business information to Franchisor using the Accounting System Franchisor will maintain the Accounting System The Accounting System Fee does not cover, and Franchisor will not provide or perform, bookkeeping, reporting or tax return services

2 **Computer System and Other Requirements** The Accounting System is resident on Franchisor's computer system and Franchisor will provide Co-op access to the Accounting System through Co-op's computer system Co-op must provide Co-op's own Internet service provider Co-op must use the computer equipment and operating and accounting software (the "**Computer System**") that Franchisor periodically specifies in the Operational System Franchisor may require Co-op to obtain specified computer hardware or software and may modify specifications for and components of the Computer System from time to time Franchisor's modifications and specifications for components of the Computer System may require Co-op to incur costs to purchase, lease or license new or modified computer hardware or software and to obtain service and support for the Computer System during the term of this Agreement Co-op agrees to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications) Within 30 days after Co-op receives notice from Franchisor, Co-op must obtain the components of the Computer System that Franchisor designates and requires The Computer System must be capable of connecting with Franchisor's Computer System so that Franchisor can review the results of the Co-op's activities in connection with spending the Co-op Fees Franchisor also has the right to charge Co-op a reasonable systems fee for modifications of and enhancements made to any proprietary software that Franchisor licenses to Co-op and other maintenance and support services that Franchisor or its affiliates furnish to Co-op related to the Computer System

3 **Accounting System Fee** In consideration of Co-op's use and Franchisor's maintenance of Franchisor's Accounting System, Co-op shall pay Franchisor monthly installments of ONE HUNDRED DOLLARS ($100) via recurring electronic fund transfers (the "**Accounting System Fee**") delivered on the initial Friday of each month ("**Payment Day**") Upon executing this Agreement, Co-op agrees to execute the ACH Authorization Form attached hereto as **Exhibit A** To account for increased costs over the term of this Agreement, Franchisor may, at Franchisor's sole discretion, increase the Accounting System Fee from time to time after providing Co-op notice of such increase at least 30 days prior to implementation of such

4 **Ownership** Co-op hereby acknowledges that the Accounting System and other computer programs provided by Franchisor in connection therewith are confidential and proprietary in nature and that the entire right, title and interest therein and in all enhancements modifications and derivatives thereof, regardless of source, shall remain with Franchisor and/or its designee Co-op agrees not to remove any notices from the Accounting System indicating that it is patented, copyrighted, trademarked or otherwise proprietary to Franchisor or others, and Co-op agrees to reproduce and affix such notice to all copies of the Accounting System made by it Except as specifically permitted by this Agreement, Co-op agrees not to disclose, transfer, sell, publish, sublicense, display, or otherwise make available the Accounting System, or information relating thereto, in any way to any person other than employees or agents of Co-op required to have such knowledge for use of the Accounting System or the Computer System Co-op agrees to secure and protect the Accounting System in a manner consistent with the maintenance of Franchisor's rights therein and to take appropriate actions by instruction or

agreement with its employees, agents or consultants who are permitted access to Accounting System to satisfy Co-op's obligations hereunder Portions of the Accounting System which are provided in electronic form may only be copied, reproduced or printed to the extent required for use by the Co-op with the Computer System or for archive purposes

5 **Term and Termination** This Agreement shall commence on the Effective Date set forth above and expire at the earlier of (i) Co-op ceasing to exist as a valid business entity, (ii) Co-op failing to deliver the Accounting System Fee and curing such payment default within thirty (30) days after receiving Franchisor's notice of default, (iii) all members or owners of Co-op ceasing to own and operate a Gandolfo's Deli Restaurant and/or a Gandolfo's Mobile Food Truck Unit in the applicable geographic area, or (iv) Franchisor terminating this Agreement with sixty (60) days prior written notice to Co-op Co-op agrees that, upon termination or expiration of this Agreement, Co-op will immediately cease to use the Accounting System in any business or otherwise and return to Franchisor all copies of the Operational System and any other confidential materials that Franchisor has loaned or provided to Co-op

6 **Warranty** FRANCHISOR AND ITS DESIGNEES MAKE AND CO-OP RECEIVES NO WARRANTY WHATSOEVER REGARDING THE ACCOUNTING SYSTEM PROVIDED TO CO-OP, WHETHER EXPRESS OR IMPLIED FRANCHISOR AND ITS DESIGNEES DISCLAIM ANY AND ALL LIABILITY, INCLUDING LIABILITY FOR INCIDENTAL, SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES ARISING OUT OF THE DELIVERY, USE OR OPERATION OF THE ACCOUNTING SYSTEM ALL OTHER WARRANTIES, WHETHER EXPRESSED OR IMPLIED, INCLUDING ANY REGARDING THE CORRECTNESS OR APPLICABILITY OF DATA OR ALGORITHMS CONTAINED IN THE ACCOUNTING SYSTEM, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF OR IN CONNECTION WITH THE ACCOUNTING SYSTEM (OR THE DELIVERY, USE OR PERFORMANCE THEREOF) ARE HEREBY EXCLUDED NO REPRESENTATIONS REGARDING THE PERFORMANCE OF THE ACCOUNTING SYSTEM SHALL BE BINDING ON FRANCHISOR AND/OR ITS DESIGNEE

7 **Indemnification** CO-OP AGREES TO INDEMNIFY AND HOLD FRANCHISOR AND/OR ITS DESIGNEE HARMLESS FOR ANY CLAIMS, LOSSES, OR DAMAGES ARISING OUT OF OR CONNECTED WITH CO-OP'S USE OF THE ACCOUNTING SYSTEM, INCLUDING WITHOUT LIMITATION THIRD PARTY CLAIMS, LOSSES, OR DAMAGES OR ALLEGATIONS OF NEGLIGENCE BY FRANCHISOR AND/OR ITS DESIGNEE CO-OP FURTHER AGREES THAT NEITHER FRANCHISOR NOR ITS DESIGNEE WILL BE LIABLE FOR ANY LOST PROFIT OR REVENUE OF CO-OP OR FOR ANY CLAIM OR DEMAND AGAINST CO-OP BY ANY OTHER PARTY, INCLUDING WITHOUT LIMITATION, ANY CLAIM OR DEMAND AGAINST CO-OP BY A CUSTOMER, CLIENT OR EMPLOYEE OF CO-OP THE OBLIGATIONS OF CO-OP UNDER THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS ACCOUNTING SYSTEM AGREEMENT

8 **Limitation of Liability** FRANCHISOR'S ENTIRE LIABILITY WITH RESPECT TO THE ACCOUNTING SYSTEM SHALL BE AS SET FORTH HEREIN FRANCHISOR

SHALL NOT BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, EXPENSES, OR LOST PROFITS, LOST SAVINGS OR OTHER DAMAGES ARISING OUT OF THE USE OF OR INABILITY TO USE ACCOUNTING SYSTEM OR THE BREACH OF ANY EXPRESS OR IMPLIED WARRANTY, EVEN IF FRANCHISOR HAS BEEN ADVISED OF THE POSSIBILITY OF THOSE DAMAGES

9 **Benefit and Assignability** This Agreement shall be binding upon Franchisor and inure to its benefit and the benefit of its successors and assigns, and shall be binding upon Co-op and inure to its benefit This Agreement shall be transferable by Franchisor, but shall not be transferable by Co-op to its successors or assigns, without Franchisor's prior written consent

10 **Notices** All notices, statements and other communications hereunder shall be made in writing addressed to the party at its address set forth above Should a party change its address, prompt written notice thereof shall be given to the other party and communication will thereafter be sent to the new address

Intending to be bound, Co-op and Franchisor sign and deliver this Accounting System Agreement as of the Effective Date

"FRANCHISOR"

GANDOLFO'S DELIBOYS, LLC	
Signature	
Print Full Name	
Title	
Date	

"CO-OP"

Business Entity Name	
Print Full Name	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	

Title	
Date	

Exhibit A

ACH Authorization Form

RECURRING AUTO DEBIT (ACH) AUTHORIZATION FORM

The undersigned hereby authorizes Gandolfo's DeliBoys, LLC ("**Gandolfo's**") to initiate (i) recurring monthly ACH debit against the account of the undersigned in payment of amounts for Accounting System Fees or other amounts that become payable by the undersigned to Gandolfo's and (ii) recurring monthly ACH credit entries toward the account of the undersigned in payment of amounts for Co-op Fees or other amounts that become payable by Gandolfo's to the undersigned Your base monthly debit will be $100 per month towards Accounting System Fees Your base monthly credit will vary depending on the amount of Gross Sales reported by the members of the undersigned The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit and credit entries pursuant to this letter of authorization

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CO-OP'S COMPANY NAME

____
(As Indicated On Check)

BANK NAME ________________________ BRANCH ______________________

BANK'S STREET ADDRESS ____

CITY __________________________ STATE ___________ ZIP ___________

BANK TELEPHONE NUMBER ____

TRANSIT NUMBER _________________ ACCOUNT NUMBER _________________
Please attach voided check

________________________________ ________________________________
ACCOUNT HOLDER'S NAME (Please Print) SIGNATURE

STREET ADDRESS ____

CITY __________________________ STATE ___________ ZIP ___________

TELEPHONE NUMBER ______________________ DATE ______________________

COMPLETE AND KEEP THIS PORTION FOR YOUR RECORDS

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CO-OP'S COMPANY NAME

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(As Indicated On Check)

BANK NAME ______________________ BRANCH ______________________

BANK'S STREET ADDRESS ____

CITY ______________________ STATE __________ ZIP __________

BANK TELEPHONE NUMBER ____

TRANSIT NUMBER ________________ ACCOUNT NUMBER ________________

______________________________ ______________________________
ACCOUNT HOLDER'S NAME (Please Print) SIGNATURE

STREET ADDRESS ____

CITY ______________________ STATE __________ ZIP __________

TELEPHONE NUMBER ________________ DATE ______________________

Send all correspondence related to this form to
Gandolfo's DeliBoys, LLC
1475 Buford Drive, #403-116
Lawrenceville, GA 30043

ADDENDUM TO GANDOLFO'S DELIBOYS, LLC
FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT, AND AREA DEVELOPMENT AGREEMENT
STATE REGULATIONS

FOR RESIDENTS OF THE STATE OF WASHINGTON

The state of Washington has a statute, RCW 19 100 180 which may supersede the Franchise Agreement and/or Area Development Agreement in your relationship with the franchise including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the Franchise Agreement and/or Area Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise

1 In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

2 In Washington, provisions of the Franchise Agreement or Area Development Agreement which unreasonably limit the statute of limitations or remedies under the Washington Franchise Investment Act, like the right to jury trial, may not be enforceable

3 If a conflict of laws exists, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

4 A release or waiver of rights executed by a member shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect where the parties are represented by independent counsel Provisions like those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act like a right to a jury trial may not be enforceable

5 Transfer fees are collectable to the extent that they reflect the Association's reasonable estimated or actual costs in effecting a transfer

6 Item 5 of the Franchise Disclosure Document and Section 5 of the Franchise Agreement are amended to state that the collection of the initial franchise fees will be deferred until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchise is open for business

The undersigned does hereby acknowledge receipt of this addendum

Dated this ________________ day of ______________________________ 20 ______

GANDOLFO'S DELIBOYS, LLC FRANCHISEE

EXHIBIT C TO THE DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

GANDOLFO'S DELIBOYS, LLC
AREA DEVELOPMENT AGREEMENT

______________________, 20___
AGREEMENT DATE

DEVELOPER	LOCATION CITY & STATE

____________________ Developer Name	____________________ Developer Name
____________________ Developer Address	____________________ Developer Address
____________________ Developer City, State, Zip Code	____________________ Developer City, State, Zip Code
____________________ Developer Telephone Number	____________________ Developer Telephone Number
____________________ Developer Name	____________________ Developer Name
____________________ Developer Address	____________________ Developer Address
____________________ Developer City, State, Zip Code	____________________ Developer City, State, Zip Code
____________________ Developer Telephone Number	____________________ Developer Telephone Number

THIS AGREEMENT REQUIRES CERTAIN DISPUTES TO BE SUBMITTED TO BINDING ARBITRATION

GANDOLFO'S DELIBOYS, LLC
AREA DEVELOPMENT AGREEMENT
TABLE OF CONTENTS

EXHIBITS

GANDOLFO'S DELIBOYS, LLC
AREA DEVELOPMENT AGREEMENT

This **AREA DEVELOPMENT AGREEMENT** (this "Agreement"), is made and entered into this _________ day of _________________________, 20____ (the "Effective Date"), by and between **GANDOLFO'S DELIBOYS, LLC**, a Utah limited liability company (hereinafter "Gandolfo's"), and ____, a _________________________ with the following principal address ______________________ ____ ____ ("Developer")

WHEREAS, Gandolfo's has developed a system for establishing and operating (i) sandwich restaurant shops specializing in large hero-style sandwiches in a sporty New York atmosphere and decor at an economical price ("Gandolfo's Deli Restaurants") and (ii) mobile food truck businesses, consisting of (a) a commissary where supplies, food products, equipment and other items may be held and (b) a motor vehicle truck displaying a New York decorum offering large hero-style sandwiches at an economical price ("Gandolfo's Mobile Food Truck Units"), both of which operate under distinctive business formats, methods, procedures, designs, layouts, signs, equipment, menu, recipes, trade dress, standards and specifications, all of which Gandolfo's may improve, further develop or otherwise modify from time to time (the "System"), and

WHEREAS, Gandolfo's also has expended time, skill, money and effort in developing valuable goodwill in the service mark, trademark, trade name and logo "Gandolfo's Deli", and in Gandolfo's trade dresses, and may develop or acquire other service marks, trademarks, trade names, logos and trade dresses for use under the System, all of which marks, names, logos and dresses are or will be the sole property of Gandolfo's (the "Licensed Marks"), and

WHEREAS, Developer desires to obtain the right to establish and operate Gandolfo's Deli Restaurants and/or Gandolfo's Mobile Food Truck Units within a designated geographic area (the "Trade Area"), as set forth on Exhibit C, using the System and Licensed Marks, and Gandolfo's desires to grant such right to Developer pursuant to the terms of this Agreement

NOW THEREFORE, in consideration of the undertakings and commitments of each party to the other party set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby mutually agree as follows

1 GRANT OF DEVELOPMENT RIGHTS

A Subject to the terms and conditions of this Agreement, Gandolfo's grants to Developer the exclusive right, and Developer undertakes the duty, to establish and operate the minimum number of Gandolfo's Deli Restaurants and/or Gandolfo's Mobile Food Truck Units in the Trade Area (the "Grant") as set forth on Exhibit C, under separate franchise agreements (hereinafter "Franchise Agreements"), in the form attached hereto as Exhibit A and executed in the form and as provided in Section 5 hereof, and to act and serve as the "Franchisee" thereunder, during the Term of this Agreement. The rights herein granted pertain to, and each Gandolfo's Deli

Restaurant and Gandolfo's Mobile Food Truck Unit developed hereunder shall be located in the Trade Area Exhibit C, attached hereto, sets forth the Trade Area

B Gandolfo's shall neither establish, nor authorize anyone other than Developer to establish, any Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit using the System and the Licensed Marks in the Trade Area during the Term of this Agreement. Notwithstanding the above, Developer expressly understands and agrees that Gandolfo's shall have the right, in its sole discretion, to

(i) solicit prospective franchisees and grant other franchises or other rights to operate Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units through national or regional advertising, trade shows or conventions or through the Internet, Intranet or other forms of e-commerce or through similar means,

(ii) own and operate Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units itself or through affiliates anywhere, except the Trade Area,

(iii) sell, solicit, recruit and provide services for Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units or any franchised business not defined as a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit in this Agreement,

(iv) sell, and provide the services authorized for sale by, Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units under the Licensed Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels (such as telephone, mail order, kiosk, co-branded sites and sites located within other retail businesses, Intranet, Internet, web sites, wireless, email or other forms of e-commerce) for distribution within and outside of the Trade Area and pursuant to such terms and conditions as Gandolfo's considers appropriate,

(v) sell any Gandolfo's Deli Restaurant and Gandolfo's Mobile Food Truck Units products and services within the Trade Area to national accounts, which shall be defined as interstate restaurants, hotels, offices and other similar multi-state businesses purchasing food products or services as end-users and not as re-sellers Gandolfo's and its affiliates further retain the right to allocate any business related to the installation and maintenance of national accounts among Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units franchisees, as Gandolfo's in its sole discretion shall determine, and

(vi) solicit prospective franchisees for, and own and operate, businesses and restaurants of any other kind or nature, anywhere

C This Agreement is not a franchise agreement, and does not grant to Developer any right to use, license or sublicense the use of the Licensed Marks or System in any manner whatsoever, certain of which rights are only granted pursuant to a Franchise Agreement

2 TERM

Unless sooner terminated in accordance with the provisions of this Agreement, the term of this Agreement (the "Term") and all rights granted hereunder begins on the Effective Date and expires on the earlier of (i) the execution date of the Franchise Agreement relating to the last development right under the development schedule set forth on Exhibit C or (ii) the expiration date set forth on Exhibit C

3. DEVELOPMENT FEE

A In consideration of the development rights granted herein, Developer shall pay Gandolfo's a development fee (the "Development Fee") in the amount set forth on Exhibit B, equal to $25,000 for the first Gandolfo's Deli Restaurant or $9,000 for the first Gandolfo's Mobile Food Truck Unit to be developed under the Development Schedule and $25,000 for each subsequent Gandolfo's Deli Restaurant or $9,000 for each subsequent Gandolfo's Mobile Food Truck Unit thereafter to be developed under the Development Schedule Developer acknowledges that such Development Fee reflects Gandolfo's lost opportunity to develop the Trade Area and that such fee shall not be subject to refund or repayment to Developer for any reason whatsoever, including Developer's failure, for whatever reason, to comply with the Development Schedule set forth on Exhibit C The entire amount of the Development Fee shall be due and payable by Developer to Gandolfo's upon execution of the Agreement hereof

B If any amount required to be paid to Gandolfo's by this Agreement is not actually received by Gandolfo's on or before the due date, that amount shall bear interest daily after such date until paid at the rate equal to 1 5% per month, or, if less, the maximum amount of interest permitted by law Any payment received toward that amount will first be applied to the interest due and will not be applied to reduce that amount until all outstanding interest is paid This interest will be in addition to any other rights or remedies that Gandolfo's may have under this Agreement or otherwise Developer will not be entitled to set-off any payments required to be made under this Section 3 against any monetary claim it may have against Gandolfo's

4 SITE SELECTION

The location for a Gandolfo's Deli Restaurant and/or Gandolfo's Mobile Food Truck Unit shall be selected and acquired by Developer only in accordance with the requirements of the related Franchise Agreement.

5 DEVELOPMENT SCHEDULE, FRANCHISE AGREEMENTS

A Developer shall comply with the development schedule set forth on Exhibit C and shall promptly execute a Franchise Agreement in connection with each Gandolfo's Deli Restaurant and/or Gandolfo's Mobile Food Truck Unit in accordance with such development schedule Each Franchise Agreement shall cover a location in the Trade Area subject to the provisions of Section 1 A There will be no initial franchise agreement fee charged at the time of execution of the Franchise Agreements Gandolfo's current form of Franchise Agreement, which shall relate to the first development right exercised hereunder, is attached hereto as Exhibit A For each subsequent development right exercised hereunder, Developer shall execute Gandolfo's then-current form of Franchise Agreement, whose terms and conditions may differ from those contained in Exhibit A hereto Gandolfo's may modify such form for its new franchisees generally, from time to time, in its sole discretion

B Developer agrees, and is hereby required, to develop, and have open and in operation, not less than the number of Gandolfo's Deli Restaurants and/or Gandolfo's Mobile Food Truck Units provided for in the development schedule set forth on Exhibit C by the date set forth in such development schedule (for purposes of this Agreement, "Open and in Operation" shall mean open to the public for business)

C If Developer fails to comply with the development schedule set forth on Exhibit C, Developer's exclusive right to establish Gandolfo's Deli Restaurants and/or Gandolfo's Mobile Food Truck Units in the Trade Area granted in Section 1 shall automatically be converted to a non-exclusive right, and Gandolfo's shall thereafter have the right to establish, or authorize parties other than Developer to establish, Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units using the System and the Licensed Marks in the Trade Area during the Term If Developer fails to comply with the development schedule set forth on Exhibit C on two or more occasions during the Term, Gandolfo's may immediately terminate this Agreement upon notice

6 LEGAL COMPLIANCE, INSURANCE, AND OTHER OBLIGATIONS

A **Legal Compliance** Developer must comply with all laws applicable to its business, including all administrative and governmental regulations relating to fictional business names, occupational hazards, health, consumer protection, and unfair or deceptive practices, securing and promptly paying for all licenses, permits and inspections, and promptly paying all withholding, unemployment, occupational, privilege, license, sales, use and income taxes and the like, including all taxes and fees levied and asserted on Developer's business property

B **Indebtedness** Developer must promptly satisfy and pay when due any other indebtedness that it incurs in its business

C **Legal Action** Developer must promptly notify Gandolfo's of the commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award or decree of any court or government agency, that may adversely affect the operation or financial condition of its business

D **Insurance** Developer must comply with all insurance requirements for each Restaurant under the applicable Franchise Agreement. If Developer insures multiple Restaurants or Mobile Food Truck Units on a single insurance policy, Developer must also carry comprehensive umbrella liability coverage with minimum limits per occurrence as follows

$2,000,000 for 3 to 4 stores or units,

$3,000,000 for 5 to 9 stores or units, and

$5,000,000 for 10 or more stores or units

Developer shall name Gandolfo's, and Developer's officers, directors, employees, affiliates and parent companies as additional insureds under such policy Developer shall supply to Gandolfo's Certificates of Insurance evidencing compliance with these requirements The Certificates of Insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days' prior written notice to Gandolfo's The insurance carrier(s) must be rated at least A- by AM Best and have a financial size of at least VIII Gandolfo's shall demonstrate compliance with the above requirements at least annually and before opening/purchasing any Restaurant or Mobile Food Truck Unit. The insurance requirements contained herein this Agreement reflect only Gandolfo's minimum requirements, which may or may not be adequate to address all risks associated with Developer's operations At any time and in Gandolfo's sole discretion, Gandolfo's reserves the right to modify the limits, coverages or structure of the above required insurance

E **Non-Disparagement** Developer agrees that the nature of its relationship with Gandolfo's, including but not limited to Restaurant or Mobile Food Truck Unit operations, System development and marketing activities, places Developer in a position in which disparagement of Gandolfo's or the System by Developer (or its principals, directors, officers, employees, agents, representatives, or senior managers) would cause irreparable harm to Gandolfo's and/or adversely affect the reputation of the System, one or more Gandolfo's Deli Restaurant(s), Gandolfo's Mobil Food Truck Unit(s) and/or the goodwill associated with the Marks As such, commencing on the Agreement Date, throughout the term of this Agreement, and for twelve months after the expiration or termination of this Agreement, Developer shall not, and shall ensure that its principals, directors, officers, employees, agents, representatives, or senior managers shall not, directly or indirectly, talk about, discuss, issue, cause or authorize to be issued, or participate in, any communication, publication, book, article, correspondence, memorandum, leaflet, handbill, press release, website, lecture, public statement, or speech of any kind, whether oral, written or effected by electronic means, that mentions or refers directly to Gandolfo's, including its principals, directors, officers, employees, agents, representatives, attorneys and/or its business and operations, in a way that disparages, criticizes, or otherwise reflects adversely on or induces or encourages any individual, group, organization, or entity to take any action against Gandolfo's Nothing in this Section 6 E shall prohibit Developer from complying with any lawful subpoena or court order or taking any other actions affirmatively authorized by law, which Developer shall not encourage or otherwise seek to induce

7 DEVELOPER AS INDEPENDENT CONTRACTOR

~~A This Agreement does not create a partnership, joint venture, fiduciary, parent/subsidiary, principal/agent or employer/employee relationship between Gandolfo's and Developer Developer will be an independent contractor with the entire control and direction of its business and the Gandolfo's Deli Restaurant(s) and/or Gandolfo's Mobile Food Truck Unit(s), subject only to the terms of this Agreement, any Franchise Agreements and any related agreements Developer's business and the Gandolfo's Deli Restaurant(s) and/or Gandolfo's Mobile Food Truck Unit(s) will be totally separate from any business that may be operated by Gandolfo's~~ A Nothing herein shall be construed as to create any employment, joint employment, joint venture, partnership or agency relationship between Gandolfo's and Developer, and neither Gandolfo's nor Developer shall have the power to obligate the other in any manner whatsoever The relationship created hereby is not and shall not be deemed to be a fiduciary relationship The parties acknowledge and agree that Developer shall at all times be the sole and exclusive employer of any employees of Developer and shall maintain sole and exclusive responsibility for all aspects of the employment relationship with its employees, including without limitation, maintaining insurance in accordance with applicable law, setting wage rates, payment of all compensation to Developer's employees (including all withholdings), day to day supervision and direction of, and control over, Developer's employees, development, implementation, and enforcement of all personnel policies, assignment and direction of work activity, discipline, hiring, transfer, termination, investigation and scheduling and all other employment related decisions as to the Developer's employees The parties further acknowledge and agree that Gandolfo's (i) has no authority and will not participate in any of the foregoing with respect to Developer's employees, (ii) is not responsible for the payment of wages to

Developer's employees, (iii) will not provide any employment benefits, including without limitation group insurance, workers' compensation, or retirement benefits, to Developer's employees, and (iv) will not supply tools or equipment to Developer's employees. Developer represents and warrants that Gandolfo's will not be responsible for, nor have direct control over, the Developer's employees, who at all times are and shall remain employees of Developer. Developer further represents and warrants that it shall be the employer in all respects of the relationship with its employees, and specifically disclaims any joint employment relationship with Gandolfo's. Developer will conspicuously identify itself in all dealings with customers, suppliers, public officials, employees and others as the independent owner and operator of the business under an area grant from Gandolfo's, and will place such notices of independent ownership and operation on such signs, forms, business cards, stationery, advertising and other materials as Gandolfo's may require. ~~Gandolfo's will have no right to hire or fire any employees of Developer or to exercise any control over those employees, all of whom will be entirely under the control and direction of Developer, who will be solely responsible for their acts and omissions.~~

B. No party to this Agreement may make any representation tending to create an apparent partnership, joint venture, fiduciary, parent/subsidiary, principal/agent or employer/employee relationship between Gandolfo's and Developer. No party may act for or on behalf of the other party in any manner to create obligations or debts binding on the other party, or may make any agreement, warranty or representation on behalf of the other party. No party is responsible for any obligations, debts or expenses of the other party.

8. INDEMNIFICATION

A. Developer must indemnify Gandolfo's, its affiliates, subsidiaries, successors and assigns, and their respective partners, shareholders, officers, directors, employees and agents, for any expenses arising out of any claim directly or indirectly related to Developer's establishment or operation of any Gandolfo's Deli Restaurant(s), Gandolfo's Mobile Food Truck Unit(s) or its performance or lack of performance under this Agreement, unless the claim arises solely from the negligent or wrongful conduct of Gandolfo's. Developer also must promptly notify Gandolfo's of any claim by or against Developer directly or indirectly related to Developer's establishment or operation of any Gandolfo's Deli Restaurant(s) and/or Gandolfo's Mobile Food Truck Unit(s) and, on request, must furnish Gandolfo's with copies of any filings in any proceeding involving the claim.

B. As used in this Section 8, the word "expenses" includes all losses, compensatory, exemplary or punitive damages, fines, charges, costs, lost profits, attorneys' fees, accountants' fees, expert witness fees, expenses, court costs, settlement amounts, judgments, compensation for damages to reputation or goodwill, costs of or resulting from delays or financing, costs of advertising material and media time/space and costs of changing, substituting or replacing the same, and costs of recall, refunds, compensation and public notices.

C. The indemnification obligations of Developer will survive the expiration or termination of the Grant. In this regard, to the maximum extent permitted by law, Developer waives the effect of any statute of limitation which would, by lapse of time, limit its indemnification obligations.

9. TRANSFERS OF INTEREST

A **Transfer by Gandolfo's** This Agreement and all rights and duties hereunder may be freely assigned or transferred by Gandolfo's, in whole or in part, without Developer's consent and in Gandolfo's sole discretion, to any person or legal entity that agrees to assume Gandolfo's obligations hereunder, including a competitor of Gandolfo's, and shall be binding upon and inure to the benefit of Gandolfo's successors and assigns including, without limitation, any entity that acquires all or a portion of Gandolfo's capital stock or membership units, or any entity resulting from or participating in a merger, consolidation or reorganization in which Gandolfo's is involved, and to which Gandolfo's rights and duties hereunder (in whole or in part) are assigned or transferred

B **Transfer by Developer** Developer understands and acknowledges that the rights and duties created by this Agreement are personal to Developer (or, if Developer is a business entity, to Developer's owners) and that Gandolfo's has granted the Grant to Developer in reliance upon Gandolfo's perceptions of Developer's (or Developer's owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity Accordingly, neither this Agreement (nor any interest in it) nor any ownership or other interest in Developer may be transferred without Gandolfo's prior written approval Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect Developer may not transfer this Agreement and Gandolfo's will not consent to a Transfer if Developer is then in breach or in default of this Agreement As used in this Agreement, the term "transfer" includes Developer's (or Developer's owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in (a) this Agreement or (b) Developer

An assignment, sale, gift or other disposition includes the following events

(i) transfer of ownership of 10% capital stock or a partnership interest,

(ii) merger or consolidation or issuance of additional securities or interests representing an ownership interest in Developer,

(iii) any issuance or sale of Developer's stock or any security convertible to Developer's stock,

(iv) transfer of an interest in Developer or this Agreement in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law,

(v) transfer of an interest in Developer or this Agreement, in the event of Developer's death or the death of one of Developer's owners, by will, declaration of or transfer in trust or under the laws of interstate succession, or

(vi) pledge of this Agreement (to someone other than Gandolfo's) or of an ownership interest in Developer as security

C **Transfer of Franchise** Once a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit has been established by Developer and a Franchise Agreement for same has been executed, the transfer or sale of the Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit and such Franchise Agreement shall be governed by the terms of the Franchise Agreement relating to transfer and assignment.

D **Non-Waiver of Claims** Gandolfo's consent to a transfer of any interest in Developer, this Agreement, any related agreement or the Grant, will not be a waiver of any claims it may have against the transferring party, nor will it be a waiver of Gandolfo's right to demand the transferee's compliance with the terms of this Agreement

10 DEFAULT AND TERMINATION

A **By Developer** Developer may not terminate this Agreement prior to the expiration of its term except through legal process resulting from Gandolfo's material breach of this Agreement or otherwise with Gandolfo's consent In the event that Developer shall claim that Gandolfo's has failed to meet any obligation under this Agreement, Developer shall provide Gandolfo's with written notice of such claim, within ninety (90) days of its occurrence, specifically enumerating all alleged deficiencies and providing Gandolfo's with an opportunity to cure, which shall in no event be less than thirty (30) days from the date of receipt of such notice by Gandolfo's from Developer Failure to give such notice shall constitute a waiver of any such alleged default

B **By Gandolfo's Upon Notice** Gandolfo's may not terminate this Agreement prior to the expiration of its term except for "good cause," which shall mean the occurrence of any event of default described in Sections 10(B) or 10(C) of this Agreement. Gandolfo's has the right to terminate this Agreement, effective immediately upon delivery of written notice of termination to Developer, if

(i) Developer or any of Developer's owners have made any material misrepresentation or omission in connection with Developer's execution of this Agreement (including, but not limited to, misstatements on any application materials or other similar documents),

(ii) Developer or any of Developer's owners are or have been convicted of, or plead no contest or guilty to a felony or any crime of moral turpitude,

(iii) Developer or any of Developer's owners engage in any dishonest or unethical conduct which may adversely affect the reputation of the System or another Gandolfo's Deli Restaurant, Gandolfo's Mobile Food Truck Unit or the goodwill associated with the Licensed Marks,

(iv) Developer or any of Developer's owners make an unauthorized assignment of this Agreement or of an ownership interest in Developer,

(v) Developer fails to comply with the development schedule set forth on Exhibit C on two or more occasions during the Term

(vi) Developer or any of Developer's owners fail on three or more separate occasions within any period of 12 consecutive months or on five occasions during the term of this Agreement to submit when due reports or other data, information or supporting records, to pay when due any amounts due to Gandolfo's or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to Developer, or

(vii) Developer makes an assignment for the benefit of creditors or becomes insolvent or unable to pay its debts generally as they become due, Developer consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of Developer's property, the Developer's property is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days, or any order appointing a receiver, trustee or liquidator of Developer is not vacated within 30 days following the entry of such order

C **By Gandolfo's After Notice** Gandolfo's may also terminate this Agreement after Gandolfo's notifies Developer of Gandolfo's intention to do so because of the occurrence of any of the following events and Developer's failure to cure it within 30 days of notice

(i) failure to pay, when due, any federal or state income, service, sales or other taxes due on the operations of the Restaurants or Mobile Food Truck Units, unless Developer is in good faith contesting Developer's liability for such taxes,

(ii) failure to obtain and maintain required permits,

(iii) if Developer is a business entity, failure to maintain active status in Developer's state of organization,

(iv) failure to promptly pay any amounts due Gandolfo's,

(v) failure to timely make and submit required reports,

(vi) Developer violates any provision of this Agreement,

(vii) continued violation of any law, ordinance, rule or regulation of a governmental agency, or

(viii) failure to obtain any approvals or consents required by this Agreement.

11 NON-COMPETITION

A Developer acknowledges and agrees that Gandolfo's would be unable to protect its confidential information and trade secrets against unauthorized use or disclosure or to encourage a free exchange of ideas and information among Gandolfo's Deli Restaurant operators and Gandolfo's Mobile Food Truck Unit operators if area developers and/or franchisees of Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units were permitted to hold interests in or perform services for a Competitive Business (hereinafter defined) Developer also acknowledges that Gandolfo's has granted the Grant to Developer in consideration of and reliance upon Developer's agreement to deal exclusively with Gandolfo's Developer agrees that, during the term of this Agreement, neither Developer nor any of Developer's owners or guarantors (nor Developer's spouse or children or Developer's owners' spouses or children) will.

(i) have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located,

(ii) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located, or

(iii) recruit or hire any person who is Gandolfo's employee or the employee of any Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit without obtaining the prior written permission of that person's employer

The term "Competitive Business" as used in this Agreement means any business or facility owning, operating or managing, or granting franchises or licenses to others to do so, any restaurant or food service facility or mobile food service business that offers casual dining and take-out of sandwiches, salads or any type of deli foods and beverages (other than a Gandolfo's Deli Restaurant or Gandolfo's Mobile Food Truck Unit operated under a franchise agreement with Gandolfo's)

B Upon Gandolfo's termination of this Agreement in accordance with its terms and conditions, or upon expiration of this Agreement, Developer and Developer's owners and guarantors agree that, for a period of two years commencing on the effective date of termination or expiration or the date on which a person restricted by this Section begins to comply with this Section, whichever is later, neither Developer nor any of Developer's owners or guarantors will have any direct or indirect interest (e g , through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business operating at the Site or within the Trade Area If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two-year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision Developer and Developer's owners expressly acknowledge that Developer possesses skills and abilities of a general nature and has other opportunities for exploiting such skills Consequently, enforcement of the covenants made in this Section will not deprive Developer of Developer's personal goodwill or ability to earn a living

12 ENTIRE AGREEMENT, MODIFICATION

A This Agreement, the documents referred to herein and the Exhibits hereto constitute the full and complete agreement of the parties, and fully replaces all prior agreements, representations, and understandings between Gandolfo's and Developer, whether oral or written, concerning the subject matter of this Agreement Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the representations Gandolfo's made in the franchise disclosure document that Gandolfo's furnished to Developer The terms of this Agreement are binding on the parties, and on their heirs, executors, administrators, successors and assigns

B Except as otherwise specified in this Agreement, it may not be modified except in a written agreement signed by both parties

13 SEVERABILITY

A If any section of this Agreement is determined to be wholly invalid, that determination will not be deemed to affect the validity of any other section The parties agree that the remaining sections will be deemed to be in full force and effect as if they had been executed by the parties after removal of the invalid section If any section is determined to be partially invalid, the remainder of that section will continue to be enforceable if in accordance with the intent of the parties

B If any applicable and binding law or rule of any jurisdiction requires greater prior notice of the termination of the Grant than is required by this Agreement, or the taking of some other action not requred by this Agreement, or if under any applicable and bmdmg law or rule of any jurisdiction, any term of this Agreement or any specification, standard or operatmg procedure prescribed by Gandolfo's is mvalid or unenforceable, the notice and/or action requred by the law or rule will be substituted for the notice or action requrements of this Agreement, or the mvalid or unenforceable term, specification, standard or operatmg procedure will be modified to the extent requred to be valid and enforceable The modifications to this Agreement will be effective only m the jurisdiction requrmg them, and this Agreement will be enforced as origmally made and entered mto m all other jurisdictions

14 WAIVER AND ESTOPPEL

A No failure of Gandolfo's to exercise any right reserved to it under this Agreement, or to insist on compliance by Developer with any term of this Agreement, and no custom or practice of the parties at variance with any term of this Agreement, will constitute a waiver of Gandolfo's right to demand compliance with any term of this Agreement. Waiver by Gandolfo's of any default will not affect or impair Gandolfo's rights as to any subsequent default of the same or a different nature, nor will any delay, forbearance or omission by Gandolfo's to exercise any right as to any default of any term of this Agreement affect, impair or be a waiver by Gandolfo's of any right as to any subsequent default Gandolfo's rights under this Agreement are cumulative, and Gandolfo's exercise or enforcement of any right or remedy under this Agreement will not preclude Gandolfo's from exercising or enforcing any other right or remedy to which it is entitled

15 NOTICES

All written notices and reports permitted or requred under this Agreement or by the Operational System will be deemed delivered (a) at the time delivered by hand, (b) 1 business day after transmission by facsimile, telecopy or other electronic system, (c) 2 business days after being placed in the hands of a commercial airborne courier service for next business day delivery, or (d) 3 business days after placement in the United States mail by registered or certified mail, return receipt requested, postage prepaid All such notices must be addressed to the parties as follows

If to Gandolfo's	**GANDOLFO'S DELIBOYS, LLC** 1475 Buford Drive, #403-116 Lawrenceville, GA 30043
If to Developer	____________________ ____________________ ____________________ Attention ________________

Either Gandolfo's or Developer may change the address for delivery of all notices and reports and any such notice will be effective within 10 business days of any change in address Any requred payment or report not actually received by Gandolfo's during regular business hours on the date due (or postmarked by postal authorities at least 3 days prior to such date, or for which the receipt from the commercial courier service is not dated prior to 3 days prior to such date) will be deemed delinquent

16 ACCEPTANCES, APPROVALS AND CONSENTS

A Whenever this Agreement requires the prior acceptance, approval or consent of Gandolfo's, Developer will make a timely written request to Gandolfo's for the acceptance, approval or consent, which consent must be in writing to be valid and binding on Gandolfo's

B Gandolfo's assumes no liability or obligation to Developer by providing any acceptance, approval or consent to Developer, or by delaying action on or denying any request for an acceptance, approval or consent

17 GOVERNING LAW, VENUE

A **Governing Law** This Agreement shall be interpreted and construed under the laws of the State of Georgia, without giving effect to the conflict of laws principles The parties agree that for any lawsuit or litigation initiated under this Agreement, venue properly lies in the courts of the state where the other party has its principal place of business, and will file such litigation only in such court

B **Mediation** During the term of this Agreement, certain disputes may arise between Developer and Gandolfo's that may be resolvable through voluntary mediation To facilitate such resolution, Developer and Gandolfo's agrees that each party must, before commencing any arbitration proceeding, submit the dispute for mediation to one certified mediator chosen by Gandolfo's The mediation will be held at a mutually agreeable location (if Developer and Gandolfo's cannot agree on a location, the mediation will be conducted at Gandolfo's headquarters) The mediator will conduct mediation in accordance with general mediation rules Developer and Gandolfo's agree that any statements made by either Developer or Gandolfo's in any such mediation proceeding will not be admissible in any subsequent arbitration or other legal proceeding Each party will bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate Nevertheless, each of Developer and Gandolfo's has the right in a proper case to obtain temporary restraining orders and temporary or preliminary inductive relief from a court of competent jurisdiction However, the parties must immediately and contemporaneously submit the dispute for non-binding mediation If any dispute between the parties cannot be resolved through mediation within 60 days following the appointment of a mediator, the parties must submit the dispute to arbitration subject to the following terms and conditions

C **Agreement to Arbitrate** Except for claims related to or based on the marks or lease options or provisions (which at Gandolfo's sole option may be submitted to any court of competent jurisdiction) and except as otherwise expressly provided by Section 16(K) of this Agreement, any litigation, claim, dispute, suit, action, controversy, proceeding or otherwise ("Dispute") between or involving Developer and Gandolfo's (and/or involving Developer and/or any claim against or involving any of Gandolfo's or its affiliates' shareholders, directors, partners, officers, employees, agents, attorneys, accountants, affiliates, guarantors or otherwise), which are not resolved within 45 days of notice from either Developer or Gandolfo's to the other, will be submitted to arbitration All matters relating to arbitration will be governed by the federal arbitration act (9 U S C § 1 et seq) and not by any state arbitration law The parties to any arbitration will execute an appropriate confidentiality agreement, excepting only such disclosures and filings as are required by law

D **Limitations of Claims** Any and all claims arising out of this Agreement or the relationship among Developer and Gandolfo's must be made by written notice to the other party within 1 year from the occurrence of the facts giving rise to such claim (regardless of when it becomes known), except for claims arising from (a) under-reporting of Gross Sales, (b) under-payment of amounts owed to Gandolfo's or its affiliates, (c) claims for indemnification, and/or (d) unauthorized use of the Marks However, this provision does not limit the right to terminate this Agreement in any way

E **Place and Procedure of Arbitration** The arbitration proceedings will be conducted in Atlanta, Georgia Any dispute and any arbitration will be conducted and resolved on an individual basis only and not a class-wide, multiple plaintiff or similar basis Any such arbitration proceeding will not be consolidated with any other arbitration proceeding involving any other person, except for disputes involving affiliates of the parties to such arbitration The parties agree that, in connection with any such arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by rule 13 of the federal rules of civil procedure) within the same proceeding as the dispute to which it relates Any such dispute which is not submitted or filed in such proceeding will be barred

F **Awards and Decisions of Arbitration** One arbitrator will hear the proceedings The arbitrator will have the right to award any relief which he deems proper in the circumstances, including, for example, money damages (with interest on unpaid amounts from their due date(s)), specific performance, temporary and/or permanent injunctive relief, and reimbursement of attorneys' fees and related costs to the prevailing party The arbitrator will not have the authority to award exemplary or punitive damages except as otherwise permitted by this agreement, nor the right to declare any mark generic or otherwise invalid Developer and Gandolfo's agree to be bound by the provisions of any limitation or the time on which claims must be brought under applicable law or under this agreement, whichever expires earlier The award and decision of the arbitrator will be conclusive and binding and judgment on the award may be entered in any court of competent jurisdiction The parties acknowledge and agree that any arbitration award may be enforced against either or both of them in a court of competent jurisdiction and each waives any right to contest the validity or enforceability of such award Without limiting the foregoing, the parties will be entitled in any such arbitration proceeding to the entry of any order by a court of competent jurisdiction pursuant to an opinion of the arbitrator for specific performance of any of the requirements of this agreement Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final and non-appealable

G **Waiver of Punitive Damages** Except for Developer's obligations to indemnify Gandolfo's and claims for unauthorized use of the Marks or Confidential Information, Developer and Gandolfo's each waive to the full extent permitted by law any right to, or claim for, any punitive or exemplary damages against the other Developer and Gandolfo's also agree that, in the event of a dispute between Developer and Gandolfo's, the party making a claim will be limited to equitable relief and recovery of any actual damages it sustains

H **Waiver of Jury Trial** Each party irrevocably waives any right to trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party to the fullest extent permitted by applicable law

I **Costs and Attorneys' Fees** If a claim for amounts owed by Developer to Gandolfo's or any of its affiliates is asserted in any legal or arbitration proceeding or if either

Developer or Gandolfo's is required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys fees Attorneys fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement

J **Third Parties** The arbitration provisions of this Agreement are intended to benefit and bind certain third party non-signatories, including lessors and all of Developer's and Gandolfo's principal owners and affiliates

K **Enforcement, Jurisdiction** Notwithstanding any other provisions herein, Gandolfo's or its designee shall be entitled to obtain, without bond, declarations, temporary and permanent injunctions, and orders of specific performance, in order to enforce the provisions of this Agreement relating to Developer's use of the Licensed Marks, the obligations of Developer upon termination or expiration of this Agreement, and assignment of the Grant and ownership interests in Developer or to prohibit any act or omission by Developer or its employees that constitutes a violation of any applicable law or regulation, that is dishonest or misleading to prospective or current customers of businesses operated under the System, that constitutes a danger to other franchisees, employees, customers or the public, or that may impair the goodwill associated with the Licensed Marks DEVELOPER AND GANDOLFO'S CONSENT AND IRREVOCABLY SUBMIT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED IN GWINNETT COUNTY, GEORGIA, AND WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS THE EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE PARTIES OR THE ENFORCEMENT BY THE PARTIES IN ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION OR THE RIGHT OF THE PARTIES TO CONFIRM OR ENFORCE ANY ARBITRATION AWARD IN ANY APPROPRIATE JURISDICTION

L **Survival** This Section 17 continues in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement for any reason

18 ACKNOWLEDGMENTS BY DEVELOPER

A Developer acknowledges that

(i) Gandolfo's has made no representations or guarantees to Developer as to the viability, marketability or adaptability in the Trade Area of the System or the Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units in the Trade Area, and Developer has performed its own independent research and investigation as to the viability, marketability and adaptability in the Trade Area of the System, the Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units Developer accepts and assumes the risk that the System and the Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units may not be viable, marketable or adaptable for use in the Trade Area

(ii) Gandolfo's expressly disclaims the making of, and Developer acknowledges that it has not received or relied on, any representation, warranty or guarantee, expressed or implied, as to the potential sales, profits or success of the Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units

(iii) In entering into this Agreement, it has not relied on any representation by Gandolfo's or any officer, director, shareholder, employee or agent of Gandolfo's, concerning the Grant or the Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units which are contrary to the terms of this Agreement, or the disclosure document provided to Developer by Gandolfo's

(iv) Developer (and each partner, shareholder, unit holder or member if Developer is a corporation, limited liability company or partnership) has read and understood this Agreement and all exhibits, and has read the disclosure document provided to Developer, Gandolfo's has fully and adequately explained the terms of each to his satisfaction, and Gandolfo's has accorded him ample time and opportunity to consult, and he has consulted, with financial, legal and other advisors of his own choosing, about the potential benefits and risks of establishing and operating Gandolfo's Deli Restaurants and/or Gandolfo's Mobile Food Truck Units Each partner, shareholder or unit holder has agreed to give his or her personal guaranty (in the form of Exhibit D attached hereto) as to all liabilities and obligations of Developer hereunder

(v) All payments due from Developer to Gandolfo's under this Agreement are required to be delivered to Gandolfo's on or before the dates they are due and payable

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Effective Date

"FRANCHISOR"

GANDOLFO'S DELIBOYS, LLC	
Signature	
Print Full Name	
Title	
Date	

"DEVELOPER"

Business Entity Name	
Print Full Name	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

EXHIBIT A TO THE AREA DEVELOPMENT AGREEMENT

FRANCHISE AGREEMENT

EXHIBIT B TO THE AREA DEVELOPMENT AGREEMENT

DEVELOPMENT FEE & RECEIPT OF PAYMENT

Development Fee $____________________

Receipt of Payment Date ____________________ _____, 20___

TWO COPIES OF RECEIPT OF PAYMENT ARE ATTACHED
PLEASE SIGN BOTH OF THESE AND TAKE ONE FOR YOUR RECORDS

RECEIPT OF PAYMENT

________________________________ has made a Development Fee Payment in the amount of
(Developer)

$________________ in the form of ____________________________, Item # _______________
(Check, Cash, Money Order, List Other)

on ________________ for the ____________________________ territory for _____ stores or units
(Date) (City, State) (Number)

TWO COPIES OF THIS RECEIPT ARE INCLUDED PLEASE SIGN BOTH OF THESE AND TAKE ONE FOR FRANCHISEE'S RECORDS

"GANDOLFO'S DELIBOYS, LLC"

GANDOLFO'S DELIBOYS, LLC	
Signature	
Print Full Name	
Title	
Date	

"DEVELOPER"

Business Entity Name	
Print Full Name	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

RECEIPT OF PAYMENT

_________________________________ has made a Development Fee Payment in the amount of
(Developer)

$_______________ in the form of __________________________, Item #____________
(Check, Cash, Money Order, List Other)

on ______________ for the __________________________ territory for _____ stores or units
(Date) (City, State) (Number)

TWO COPIES OF THIS RECEIPT ARE INCLUDED PLEASE SIGN BOTH OF THESE AND TAKE ONE FOR FRANCHISEE'S RECORDS

"GANDOLFO'S DELIBOYS, LLC"

GANDOLFO'S DELIBOYS, LLC	
Signature	
Print Full Name	
Title	
Date	

"DEVELOPER"

Business Entity Name	
Print Full Name	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

EXHIBIT C TO THE AREA DEVELOPMENT AGREEMENT

TRADE AREA & DEVELOPMENT SCHEDULE

TRADE AREA

Trade Area ____

____

____

____

____

____

____

Total Minimum No of Gandolfo's Deli Restaurants and Gandolfo's Mobile Food Truck Units

____

Expiration Date ____________________, __________

DEVELOPMENT SCHEDULE

On or Before	Cumulative No of Franchises Opened
Date	
Date	
Date	
Date	
Date	
Date	
Date	
Date	
Date	
Date	

EXHIBIT D TO THE AREA DEVELOPMENT AGREEMENT

PRINCIPAL OWNER'S GUARANTY

PRINCIPAL OWNER'S GUARANTY

This Guaranty must be signed by the principal owners (referred to as "**you**" for purposes of this Guaranty only) of ____________________________________ (the "**Business Entity**") under the Area Development Agreement dated __________________________________ (the "**Agreement**") with GANDOLFO'S DELIBOYS, LLC ("**us**," or "**our**" or "**we**")

1 **Scope of Guaranty** In consideration of and as an inducement to our signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally (a) guarantees to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement, and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

2 **Waivers:** Each of you waives (a) acceptance and notice of acceptance by us of your obligations under this Guaranty, (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you, (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you, (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability, (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty, and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors

3 **Consents and Agreements.** Each of you consent and agree that (a) your direct and immediate liability under this Guaranty are joint and several, (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so, (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person, (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may periodically grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance of the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty, and (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration

4 **Enforcement Costs** If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding, to enforce this Guaranty

5 **Effectiveness** Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature Terms not otherwise defined in this Guaranty

have the meanmgs as defined m the Agreement. This Guaranty is governed by Georgia law and we may enforce our rights regarding it in the Courts of Gwinnett County, Georgia Each of you irrevocably submits to the jurisdiction and venue of such courts

Each of you now sign and deliver this Guaranty effective as of the date of the Agreement regardless of the actual date of signature

PERCENTAGE OF OWNERSHIP INTEREST IN BUSINESS ENTITY

GUARANTORS

Business Entity Name	
Print full name	
Date	

_______________________%

Signature	
Print name	
Title	
Date	

_______________________%

Signature	
Print name	
Title	
Date	

_______________________%

Signature	
Print name	
Title	
Date	

_______________________%

Signature	
Print name	
Title	
Date	

ADDENDUM TO GANDOLFO'S DELIBOYS, LLC
FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT, AND AREA DEVELOPMENT AGREEMENT
STATE REGULATIONS

FOR RESIDENTS OF THE STATE OF WASHINGTON

The state of Washington has a statute, RCW 19 100 180 which may supersede the Franchise Agreement and/or Area Development Agreement in your relationship with the franchise including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the Franchise Agreement and/or Area Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise

1 In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

2 In Washington, provisions of the Franchise Agreement or Area Development Agreement which unreasonably limit the statute of limitations or remedies under the Washington Franchise Investment Act, like the right to jury trial, may not be enforceable

3 If a conflict of laws exists the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail.

4 A release or waiver of rights executed by a member shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect where the parties are represented by independent counsel. Provisions like those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act like a right to a jury trial may not be enforceable

5 Transfer fees are collectable to the extent that they reflect the Association's reasonable estimated or actual costs in effecting a transfer

6 Item 5 of the Franchise Disclosure Document and Section 5 of the Franchise Agreement are amended to state that the collection of the initial franchise fees will be deferred until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchise is open for business

The undersigned does hereby acknowledge receipt of this addendum

Dated this ______________ day of ______________________________ 20______

____

GANDOLFO'S DELIBOYS, LLC FRANCHISEE

EXHIBIT D TO THE DISCLOSURE DOCUMENT

PRINCIPAL OWNER'S GUARANTY

PRINCIPAL OWNER'S GUARANTY

This Guaranty must be signed by the principal owners (referred to as "**you**" for purposes of this Guaranty only) of ________________________________ (the "**Business Entity**") under the ________________________ Agreement (the "**Agreement**") dated ______________________ (the "**Effective Date**") with GANDOLFO'S DELIBOYS, LLC ("**us**," or "**our**" or "**we**")

1 **Scope of Guaranty** In consideration of and as an inducement to our signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally (a) guarantees to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement, and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement

2 **Waivers** Each of you waives (a) acceptance and notice of acceptance by us of your obligations under this Guaranty, (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you, (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you, (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability, (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty, and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors

3 **Consents and Agreements** Each of you consent and agree that (a) your direct and immediate liability under this Guaranty are joint and several, (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so, (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person, (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may periodically grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance of the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty, and (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration

4 **Enforcement Costs** If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty

5 **Effectiveness** Your obligations under this Guaranty are effective on the Effective Date, regardless of the actual date of signature Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement This Guaranty is governed by Georgia law and we may enforce our rights regarding it in the Courts of Gwinnett County, Georgia Each of you irrevocably submits to the jurisdiction and venue of such courts

Each of you now sign and deliver this Guaranty effective as of the Effective Date of the Agreement regardless of the actual date of signature

PERCENTAGE OF OWNERSHIP INTEREST IN BUSINESS ENTITY — GUARANTORS

Business Entity Name	
Print full name	
Date	

____________________%

Signature	
Print name	
Title	
Date	

____________________%

Signature	
Print name	
Title	
Date	

____________________%

Signature	
Print name	
Title	
Date	

____________________%

Signature	
Print name	
Title	
Date	
Date	

EXHIBIT E TO THE DISCLOSURE DOCUMENT

PRINCIPAL OWNER'S STATEMENT

PRINCIPAL OWNER'S STATEMENT

This form must be completed by the Franchisee and/or Developer ("**I**," "**me**," or "**my**") if I have multiple owners or if I, or my franchised business, is owned by a business organization (like a corporation, partnership or limited liability company) Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement and/or Development Agreement to me

1 **Form of Owner** **I am a (check one)**

(a) General Partnership ☐
(b) Corporation ☐
(c) Limited Partnership ☐
(d) Limited Liability Company ☐
(e) Other Specify ____

I was formed under the laws of ______________________________ (state)

2 **Business Entity** I was incorporated or formed on ____________________, ________, under the laws of the State of __________________ I have not conducted business under any name other than my corporate, limited liability company or partnership name and ____________________________ The following is a list of all persons who have management rights and powers (e g , officers, managers, etc) and their positions are listed below

Name of Person	Position(s) Held
____________________________	____________________________
____________________________	____________________________
____________________________	____________________________
____________________________	____________________________

3 **Owners** The following list includes the full name and mailing address of each person who is one of my owners (e g , shareholders, members, partners, etc) and fully describes the nature of each owner's interest (type of ownership unit and percentage of ownership)

Owner's Name and Address	Description of Interest
____________________________	____________________________
____________________________	____________________________

4 **Governing Documents** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e g articles of incorporation or organization, partnership or shareholder agreements, etc)

This Statement of Principal Owners is current and complete as of ____________________, 20____

OWNER INDIVIDUALS

Signature	
Print name	
Title	
Date	

Signature	
Print name	
Title	
Date	

Signature	
Print name	
Title	
Date	

Signature	
Print name	
Title	
Date	

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

Business Entity	
Print full name	

Signature	
Print name	
Title	
Date	

Signature	
Print name	
Title	
Date	

Signature	
Print name	
Title	
Date	

Signature	
Print name	
Title	
Date	

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

EXHIBIT F TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISED RESTAURANTS

The following is a list of all current franchisees and the addresses and telephone numbers of their outlets as of December 31, ~~2015~~2016

LIST OF FRANCHISED RESTAURANTS
AS OF DECEMBER 31, ~~2015~~2016

*Indicates an Area Developer

ARIZONA			
Eric Manns 744 W Elliot Rd, #101 Tempe, AZ 85283 (480) 222-2291			

CALIFORNIA			
TGI Partners, Inc Sean & Danielle Whaley 23981 Alicia Pkwy, Ste 120 Mission Viejo, CA 92691 (949) 581-3354	~~TGI Partners,~~Springville Holdings Inc ~~Sean & Danielle Whaley~~ ~~9090 Milliken Ave,~~ ~~Ste 160~~ ~~Rancho Cucamonga~~Don Luther 3617 Ocean Ranch Blvd Ste 100 Oceanside, CA ~~91730~~92056 ~~(909) 758-9000~~(760) 435-0006	~~Springville Holdings Inc~~ ~~Don Luther~~ ~~3617 Ocean Ranch Blvd~~ ~~Ste 100~~ ~~Oceanside~~Jason Warren 2790 Seaglass Way Oxnard, CA ~~92056~~93036 ~~(760) 435-0006~~(805) 338-3688	TGI Partners, Inc Sean & Danielle Whaley 9090 Milliken Ave, Ste 160 Rancho Cucamonga, CA 91730 (909) 758-9000
~~Deli Concepts Ventura County, LLC*~~ ~~Jason Warren~~ ~~2790 Seaglass Way~~ ~~Oxnard CA 93036~~ ~~(805) 338-3688~~			

FLORIDA			
Premier Provisions Inc Ron LeGrand ~~K-Family Network*~~ ~~David & Lonnie Krafft~~ 4820 Deer Lake Dr St 13 Jacksonville, FL 32246 (904) 888-3458	Premier Provisions Inc Ron LeGrand 10584-5 Old St Augustine Rd Jacksonville, FL 32257 (904) 634-7600		

IDAHO

The Deli Connection, LLC Robert Lasher 1685 S Woodruff Ave Idaho Falls, ID 83404 (208) 542-0027			

INDIANA			
Sonal Patel 15237 Beam St Noblesville, IN 46060 (317) 690-2320	~~Palak Thakker*~~ ~~3304 W 3rd St~~ ~~Bloomington~~Dipak Patel 2441 Meadowlark Way Plainfield, IN ~~47404~~46168 ~~(317) 497-5480~~(847)571-5840	~~Palak Thakker*~~ ~~309 S Delaware St~~ ~~Indianapolis~~Dipak Patel 7125 Anderson Dr #810 Zionsville, IN ~~46225~~46077 ~~(317) 497-5480~~(847) 571-5840	~~Aarya, LLC~~ ~~Hitesh Patel~~ ~~14126 Bergen Blvd~~ ~~Ste 103~~ ~~Noblesville, IN 46060~~ ~~(317) 690-2320~~
~~Dipak Patel~~ ~~2441 Meadowlark Way~~ ~~Plainfield, IN 46168~~ ~~(847)571-5840~~			

MONTANA			
Joder, LLC Eric Joder University Square 200 S 23 Ave Bozeman, MT 59718 (406) 582-9010			

~~NEBRASKA~~			
~~MPD Corporation~~ ~~Mike Bogard~~ ~~11901 Pacific St~~ ~~Omaha, NE 68154~~ ~~(402) 614-1135~~	~~AP Deli, LLC~~ ~~Mike Bogard~~ ~~6303 Center St,~~ ~~Ste 102~~ ~~Omaha, NE 68106~~ ~~(402) 315-3354~~		

~~OREGON~~			
~~Ron Rouse, LLC~~ ~~Ron & Sandra Rouse~~ ~~80 S E 2nd St,~~ ~~Ste 2~~ ~~Ontario, OR 97914~~ ~~(541) 881-9966~~			

UTAH			
Gandolfo's AF, Inc Tad Tidwell 362 E State Rd American Fork, UT 84003 (801) 492-1330	Enrique Yescas Corporation Enrique Yescas 266~~Imperium Corp.~~ ~~Kelly Wagner~~ ~~1056~~ W ~~Hwy 40 #5~~4500 S ~~Vernal~~Murray, UT ~~84078~~84107 ~~(435) 789-0999~~(801) 262-346	Gandolfo's AF, Inc. Tad Tidwell 775 N State St Orem~~Enrique Yescas~~ ~~Corporation~~ ~~Enrique Yescas~~ ~~266 W 4500 S~~ ~~Murray~~, UT ~~84107~~84057 (801) ~~262-3461~~734-1770	Gandolfo's AF, Inc Tad Tidwell 715 S Main St Pleasant Grove~~Hansen~~ ~~Group, LLC~~ ~~Whitney & Lance~~ ~~Hansen~~ ~~120 South 200 East~~ ~~Roosevelt~~, UT ~~84066~~ 84062 ~~(435) 725-0999~~(801) 796-1200
Nate Newbury 818~~Deliology Lehi, LLC~~ ~~Brian Irwin~~ ~~775~~ N ~~State St~~500 W ~~Orem~~Provo, UT ~~84057~~84604 (801) ~~734-1770~~377-6442	Hansen Group, LLC Whitney & Lance Hansen 120 South 200 East Roosevelt~~Gandolfo's AF, Inc~~ ~~Tad Tidwell~~ ~~715 S Main St~~ ~~Pleasant Grove~~, UT ~~84062~~84066 ~~(801) 796-1200~~(435) 725-099	Jeremy Frampton 565 W. State Rd. 198 Hwy 6 Salem~~Nate Newbury~~ ~~818 N 500 W~~ ~~Provo~~, UT ~~84604~~84653 (801) ~~377-6442~~423-3354	Gandolfo's NY Deli Downtown SLC Rik Chuntz 158 Main St. Salt Lake City~~Jeremy~~ ~~Frampton~~ ~~565 W State Rd. 198~~ ~~Hwy 6~~ ~~Salem~~, UT ~~84653~~84101 (801) ~~423~~322-3354
Tony Hassan 1085 N. Chappel Dr. Spanish Fork~~Gandolfo's NY~~ ~~Deli~~ ~~Downtown SLC~~ ~~Rik Chuntz~~ ~~158 Main St.~~ ~~Salt Lake City~~, UT ~~84101~~84660 (801) ~~322-3354~~794-9990	Imperium Corp. Kelly Wagner 1056 W Hwy 40, #5 Vernal~~Tony Hassan~~ ~~1085 N. Chappel Dr.~~ ~~Spanish Fork~~, UT ~~84660~~84078 ~~(801) 794-9990~~(435) 789-099		

WASHINGTON			
GLLTAN, LLC Michael Tan 107 E Stuart Rd Bellingham, WA 98226 (360) 922-0431			

LIST OF FRANCHISEES WHO HAVE SIGNED BUT NOT YET OPENED A LOCATION AS OF DECEMBER 31, ~~2015~~2016

*Indicates an Area Developer

~~CALIFORNIA~~			
~~Thompson Capital Partners LLC*~~ ~~1084 Uplands Dr~~ ~~El Dorado Hills, CA 95762~~	~~Guadalupe Garcia~~ ~~2110 Brook Hallow Ct~~ ~~Oxnard CA 93036~~		

~~NEBRASKA~~			
~~Michael Bogard*~~ ~~1417 N. 128 Circle~~ ~~Omaha, NE 68154~~			

ARKANSAS			
Mukesh Patel Bhadresh Patel Prsad Padala 1420 Lansing St Little Rock, AZ 72223			

~~FLORIDA~~

~~K Family Network*~~ ~~David & Lonnie Krafft~~ ~~4820 Deer Lake Dr~~ ~~St 13~~ ~~Jacksonville, FL 32246~~ ~~(904) 888-3458~~			

NEBRASKA			
Michael Bogard* 1417 N. 128 Circle Omaha, NE 68154			

~~INDIANA~~			
~~Dipak Patel~~ ~~2441 Meadowlark Way~~ ~~Plainfield, IN 46168~~ ~~847-571-5840~~			

EXHIBIT G TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

The following is a list of franchisees whose franchise agreements have either been terminated, canceled, not renewed, or who otherwise have left the system during the 12-month period ending December 31, ~~2015~~2016, or who have not communicated with us within 10 weeks of December 31, ~~2015~~2016

~~INDIANA~~CALIFORNIA			
~~Palak Thakker*~~ ~~670 US HWY 31 S~~ ~~Ste B~~ ~~Greenwood, IN 46142~~ ~~(317) 497-5480~~			

~~FLORIDA~~			
~~Palak Thakker*~~ ~~1812 Dunlawton Ave~~ ~~Port Orange, FL 32127~~ ~~(317) 497-5480~~	~~Palak Thakker~~ ~~Tampa, FL~~ ~~670 U.S. Hwy 31 South~~ ~~Greenwood, IN 46142~~		

~~IDAHO~~			
~~The Deli Connection, LLC~~ ~~"Food Truck"~~ ~~Robert Lasher~~ ~~1685 S. Woodruff Ave~~ ~~Idaho Falls, ID 83404~~ ~~(208) 542-0027~~Guadalupe Garcia 2110 Brook Hallow Ct Oxnard, CA 93036	Thompson Capital Partners LLC 1084 Uplands Dr El Dorado Hills, CA 95762		

~~MARYLAND~~			
~~Hydie Fulk~~ ~~491 Prime Outlets Blvd~~ ~~Hagerstown, MD 21740~~ ~~(301) 745-4447~~			

~~NEVADA~~FLORIDA			
K-Family Network~~Dale & Lori Mills~~ ~~6633 S Virginia, Suite A~~ ~~Reno, NV 89511~~ ~~(775) 851-1400~~ David & Lonnie Krafft 4820 Deer Lake Dr St 13 Jacksonville, FL 32246 (904) 888-3458			

~~NORTH CAROLINA~~			
~~Skyking, Inc~~ ~~Scott Gandolph~~ ~~224 East Market St~~ ~~Smithfield, NC 27577~~ ~~(919) 934-9100~~			

~~CALIFORNIA~~			
~~Deli Concepts Ventura County, LLC*~~ ~~Jason Warren~~ ~~Ventura County, LLC~~ ~~7993 Hermosa St~~ ~~Ventura, CA 93004~~			

INDIANA			
Aarya, LLC Hitesh Patel 14126 Bergen Blvd Ste 103 Noblesville, IN 46060 (317) 690-2320	Palak Thakker 3304 W 3rd St Bloomington, IN 47404 (317) 497-5480	Palak Thakker 309 S Delaware St Indianapolis, IN 46225 (317) 497-5480	

EXHIBIT H TO THE DISCLOSURE DOCUMENT

LIST OF AGENTS FOR SERVICE OF PROCESS

LIST OF AGENTS FOR SERVICE OF PROCESS

California Department of Business Oversight Commissioner Department of Business Oversight 1515 K Street, Suite 200 Sacramento, CA 95814-4017 (916) 445-7205	Minnesota Minnesota Department of Commerce 85 7th Place East, Suite 500 St Paul, MN 55101-2198 (651) 296-6328
Hawaii Director Hawaii Department of Commerce & Consumer Affairs 335 Merchant St, 2nd Floor Honolulu, HI 96813 (808) 586-2722	New York Secretary of State 162 Washington Avenue Albany, NY 12231
Illinois Chief, Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	North Dakota North Dakota Securities Commission Office of Securities Commissioner 600 East Boulevard Bismarck, ND 58505 (701) 224-4712
Indiana Indiana Secretary of State 201 State House Indianapolis, IN 46204	Oregon Division of Finance & Corporate Securities 350 Winter Street NE, Rm 410 Salem, OR 97301-3881 (503) 378-4140
Maryland Maryland Securities Commissioner Division of Securities Office of the Attorney General 20th Floor 200 St Paul Place Baltimore, MD 21202-2020 (410) 576-7044	Rhode Island Chief Securities Examiner of Business Regulatio Division of Banking Franchise Section 233 Richmond Street, Ste 232 Providence, RI 02903-4232 (401) 277-3048
Michigan Antitrust and Franchise Unit Michigan Department of the Attorney General's Office Franchise Administrator Consumer Protection Division 6546 Mercantile Way Lansing, MI 48910 (517) 373-7117	South Dakota Department of Commerce & Regulation Division of Securities 118 West Capitol Ave Pierre, SD 57501-2017

LIST OF AGENTS FOR SERVICE OF PROCESS – CONT

Utah Utah Department of Commerce Division of Corporations Heber J Wells Building 160 East 300 South Salt Lake City, UT 84114	Wisconsin Wisconsin Commissioner of Securities Franchise Investment Division Fourth Floor 101 East Wilson Street Madison, WI 53702
Virginia Clerk of the State Corporations Commission 1300 E Main Street, First Floor Richmond, VA 23219	Alberta, Canada Director of Franchises Alberta Securities Commission 21st Floor 10025 Jasper Avenue Edmonton, AB, Can TSJ 3Z5 (403) 427-5201
Washington Director of Financial Institutions Securities Division P O Box 9033 Olympia, WA 98507-9033 (360) 902-8760	

EXHIBIT I TO THE DISCLOSURE DOCUMENT

FRANCHISE COMPLIANCE CERTIFICATE

FRANCHISE COMPLIANCE CERTIFICATE

The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading Please review each of the following questions and statements carefully and provide honest and complete responses to each

1 I had my first face-to-face meeting with your representative on _______________, 20___

2 Have you received and personally reviewed our Franchise Agreement and any attachments to it?

Yes ______ No ______

3 Do you understand all of the information contained in our Franchise Agreement and any attachments provided to you?

Yes ______ No ______

If no, what parts of the Franchise Agreement and any attachments do you not understand? (Attach additional pages, if necessary)

____

____

Have you received and personally reviewed our Franchise Disclosure Document ("FDD")?

Yes ______ No ______

4 Did you sign a receipt for the FDD indicating the date you received it?

Yes ______ No ______

5 Do you understand all of the information contained in the FDD and any state-specific Exhibits to the FDD?

Yes ______ No ______

If no, what parts of the FDD and/or Exhibits do you not understand? (Attach additional pages, if necessary)

____

____

6 Have you discussed the benefits and risks of purchasing a GANDOLFO'S DELI franchise with an attorney, accountant or other professional advisor?

Yes ______ No ______

7 Do you understand that the success or failure of your GANDOLFO'S DELI franchise will depend in large part upon your skills and abilities, competition from other businesses, and other economic and business factors?

Yes ______ No ______

8 Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a GANDOLFO'S DELI franchise?

Yes ______ No ______

9 Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a GANDOLFO'S DELI franchise?

Yes ______ No ______

10 Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a GANDOLFO'S DELI franchise?

Yes ______ No ______

11 Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes ______ No ______

12 Have you paid any money to us concerning the purchase of your GANDOLFO'S DELI franchise prior to today?

Yes ______ No ______

13 If you have answered "Yes" to any one of questions 9-13, please provide a full explanation of each "Yes" answer in the following blank lines (Attach additional pages, if necessary, and refer to them below)

____
____
____
____
____
____

____
____
____
____

14 I signed the Franchise Agreement and Addendum (if any) on ________________, ________, and acknowledge that no Agreement or Addendum is effective until signed and dated by us

Please understand that your responses to these questions are important to us and that we will rely on them

By signing this Compliance Certification, you are representing that you have responded truthfully to the above questions

Business Entity Name	
Print full name	
Date	

Signature	
Print name	
Title	
Date	

Signature	
Print name	
Title	
Date	

Signature	
Print name	
Title	
Date	

Signature	
Print name	
Title	
Date	

EXHIBIT J TO THE DISCLOSURE DOCUMENT

CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS **CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE** (this "**Assignment**") is made, entered into and effective as of the effective date of the lease (as defined herein below), by, between and among GANDOLFO'S DELIBOYS, LLC, with its principal business address located at 370 Safe Water Cove, Lawrenceville, GA 30043 (the "Franchisor"), and ____ whose current principal place of business is ____ (the "**Franchisee**")

BACKGROUND INFORMATION

The Franchisor and Franchisee entered into that certain Franchise Agreement (the "**Franchise Agreement**") dated as of ________________________ 20___ with the Franchisee, pursuant to which the Franchisee plans to own and operate a GANDOLFO'S DELI franchised business (the "**Business**") located at ____ (the "**Site**") In addition, pursuant to that certain Lease Agreement (the "**Lease**"), the Franchisee has leased or will lease certain space containing the Business described therein from ______________________________ (the "**Lessor**") The Franchise Agreement requires the Franchisee to deliver this Assignment to the Franchisor as a condition to the grant of a franchise

OPERATIVE TERMS

The Franchisor and the Franchisee agree as follows

1 **Background Information** The background information is true and correct This Assignment will be interpreted by reference to, and construed in accordance with, the background information

2 **Incorporation of Terms** Terms not otherwise defined in this Assignment have the meanings as defined in the Lease

3 **Indemnification of Franchisor** The Franchisee agrees to indemnify and hold the Franchisor and its affiliates, stockholders, directors, officers and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, the Franchisee's breach of any of the

terms of the lease, including the failure to pay rent or any other terms and conditions of the Lease

4 **Conditional Assignment** The Franchisee hereby grants to the Franchisor a security interest in and to the lease, all of the furniture, fixtures, inventory and supplies located in the Site and the Franchise relating to the Business, and all of the Franchisee's rights, title and interest in and to the lease as collateral for the payment of any obligation, liability, or other amount owed by the Franchisee or its affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement In the event of a breach or default by the Franchisee under the terms of the lease, or the Franchisor makes any payment to the Lessor as a result of the Franchisee's breach of the lease, then such payment by the Franchisor, or such breach or default by the Franchisee, shall at Franchisor's option be deemed to be an immediate default under the Franchise Agreement, and the Franchisor shall be entitled to the possession of the Site and to all of the rights, title and interest of the Franchise in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of the Franchisor under any other Agreements or under other applicable laws or equities This Assignment shall constitute a lien on the interest of the Franchisee in and to the Lease until satisfaction in full of all amounts owed by the Franchisee to the Franchisor In addition, the rights of the Franchisor to assume all obligations under the Lease provided in this Assignment are totally optional on the part of the Franchisor, to be exercised in its sole discretion Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein

5 **No Subordination** The Franchisee shall not permit the lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for the operations of Franchisee on the Site and the agreements and other instruments referenced herein The Franchisee will not terminate, modify or amend any of the provisions or terms of the lease without the prior written consent of the Franchisor Any attempt at termination, modification or amendment of any of the terms without such written consent is null and void

6 **Exercise of Remedies** In any case of default by the Franchisee under the terms of the Lease or under the Franchise Agreement, the Franchisor shall be entitled to exercise any one of more of the following remedies in its sole discretion

(a) to take possession of the Site, or any part thereof, personally, or by its agents or attorneys,

(b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee,

(c) to exclude the Franchisee, its agents or employees from the Site,

(d) as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to the Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter,

(e) to cancel or terminate any unauthorized agreements or subleases entered into by the Franchisee, for any cause or ground which would entitle the Franchisor to cancel the same,

(f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site that may seem judicious, in the sole discretion of the Franchisor, and

(g) to insure and reinsure the same for all risks incidental to the Franchisor's possession, operation and management thereof, and/or

(h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of the Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of the Franchisee's default under the lease

7 **Power of Attorney** The Franchisee does hereby appoint irrevocably the Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as the Franchisor would have upon taking possession of the Site pursuant to the provisions set forth in the lease The power of attorney conferred upon the Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of the Franchisor

8 **Election of Remedies** It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to the Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the Franchisor and the Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to the Franchisor, all of which remedies are enforceable concurrently or successively No exercise by the Franchisor or any of the rights hereunder will cure, waiver or affect any default hereunder or default under the Franchise Agreement No inaction or partial exercise of rights by the Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by the Franchisor of any such rights and remedies shall be construed as a waiver by the Franchisor of any future rights and remedies

9 **Binding Agreements** This Assignment and all provisions hereof shall be binding upon the Franchisor and the Franchisee, their successors, assigns and legal representatives and all

other persons or entities claiming under them or through them, or either of them, and the words "Franchisor" and "Franchisee" when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals

10 **<u>Assignment to Control</u>** This Assignment governs and controls over any conflicting provisions in the Lease

11 **<u>Attorney's Fees, Etc</u>** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys' fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing Party

12 **<u>Severability</u>** If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms

[*Signatures on following page*]

IN WITNESS WHEREOF, the parties have caused this Assignment to be executed as of the ____ day of ________________________________, 20___

"US"

GANDOLFO'S DELIBOYS, LLC	
Print full name	
Title	
Date	
Signature	

"YOU"

Business Entity Name	
Print full name	
Date	

Signature	
Print name	
Title	
Date	

Signature	
Print name	
Title	
Date	

Signature	
Print name	
Title	
Date	

Signature	
Print name	
Title	
Date	

The Lessor hereby consents, agrees with, approves of and joins in with this CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

THE "LESSOR"

____

By ______________________________

Name ____________________________

Title _____________________________

Date _____________________________

EXHIBIT K TO THE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES RESPONSIBLE FOR DISCLOSURE/REGISTRATION LAWS

LIST OF STATE AGENCIES RESPONSIBLE FOR FRANCHISE DISCLOSURE/REGISTRATION LAWS

California Los Angeles Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500	Illinois Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
California Sacramento Department of Business Oversight 1515 K Street, Suite 200 Sacramento, California 95814-4017 (916) 445-7205	Indiana Franchise Section Indiana Securities Division Secretary of State Room E-111 302 West Washington Street Indianapolis, Indiana 46204
California San Diego Department of Business Oversight 1350 Front Street, Room 2034 San Diego, California 92101-3697 (619) 525-4233	Maryland Office of the Attorney General Securities Division 200 St Paul Place Baltimore, Maryland 21202 (410) 576-7044
California San Francisco Department of Business Oversight 71 Stevenson St. Suite 2100 San Francisco, California 94105 (415) 972-8578	Michigan Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, Michigan 48913 (517) 373-7117
Florida Division of Consumer Services 2005 Apalachee Parkway Tallahassee, Florida 32399-6500 (800) 435-7352	Minnesota Franchise Examiner Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
Hawaii. Securities Examiner 335 Merchant St, Rm 204 Honolulu, Hawaii 96813 (808) 586-2722	South Dakota Franchise Administrator Division of Securities c/o 118 West Capitol Pierre, South Dakota 57501 (608) 773-4013

New York Special Deputy Attorney General Bureau of Investor Protection and Securities New York State Department of Law 23rd Floor 120 Broadway New York, New York 10271 (212) 416-8211 Fax (212) 416-8816	Virginia State Corporations Commission Division of Securities & Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
North Dakota Franchise Examiner Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, North Dakota 58505 (701) 224-4712	Washington Department of Financial Institutions Securities Division P O Box 9033 Olympia, Washington 98507-9033 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Oregon Division of Finance and Corporate Securities 350 Winter Street NE, Rm 410 Salem, OR 97301-3881 (503) 378-4140	Wisconsin Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission P O Box 1768 Madison, Wisconsin 53701 (608) 266-8559
Rhode Island Securities Examiner Division of Securities Suite 232 233 Richmond Street Providence, Rhode Island 02903 (401) 277-3048	

EXHIBIT L TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

EXHIBIT M TO THE DISCLOSURE DOCUMENT

STATE ADDENDA

STATE ADDENDA

Exhibit M 1	California Addendum
Exhibit M 2	Illinois Addendum
Exhibit M 3	Washington Addendum

EXHIBIT M 1

ADDENDUM TO GANDOLFO'S DELIBOYS, LLC
FRANCHISE DISCLOSURE DOCUMENT
STATE REGULATIONS

FOR RESIDENTS OF THE STATE OF CALIFORNIA

1 The California franchise investment law requires that a copy of all proposed agreements related to the sale of the franchise be delivered together with the Disclosure Document

2 The California Franchise Relations Act, Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise If the Franchise Agreement contains a provision that is inconsistent with California law, California law still controls

3 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)

4 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

5 The Franchise Agreement contains a liquidated damages clause Under California Civil Code Section 1671, certain liquidated damages clauses are ~~enforceable~~unenforceable

6 The Franchise Agreement requires binding arbitration The arbitration will occur at Atlanta, Georgia with the costs being borne by you for travel to and lodging in Atlanta, and other costs associated with arbitration This provision may not be enforceable under California law Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (like Business and Professions Code Section 20040 5, Code of Civil Procedure Section 128a, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

7 The Franchise Agreement requires application of the laws of Georgia This provision may not be enforceable under California law

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

9 Neither franchisor nor any person listed 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 such person from membership in such association or exchange

10 Section 31125 of the California Corporations Code requires the Franchisor to give the Franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, before a solicitation of a proposed modification of an existing franchise

11 The ~~initial franchise fee will be deposited in escrow~~Franchisor has posted a surety bond with ~~an approved~~the State of California ~~Bank until Franchisor has performed all pre-opening~~as a financial assurance of the performance of its obligations to the Franchisee

EXHIBIT M 2

ADDENDUM TO GANDOLFO'S DELIBOYS, LLC FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND AREA DEVELOPMENT AGREEMENT STATE REGULATIONS

FOR RESIDENTS OF THE STATE OF ILLINOIS

1 Any provisions of the Franchise Disclosure Document, the Franchise Agreement ~~or~~, the Area Development Agreement or the Application Agreement which designate jurisdiction or venue in a forum outside of the State of Illinois shall not be effective for agreements entered into with Illinois franchisees

2 815 Ill. Comp Stat Ann 705/19 and 705/20 may validly impose restrictions upon or requirements in connection with the non-renewal of a franchise, may validly require a notice period greater than those set forth in the Franchise Agreement or the Area Development Agreement for termination, cancellation, non-renewal, and/or the like, and may validly limit the reasons or causes for termination, cancellation, non-renewal, or the like If any of the provisions of Franchise Agreement or the Area Development Agreement concerning termination are inconsistent with 815 Ill. Comp Stat. Ann 705/19 or 705/20, then said Illinois law shall apply

3 ~~The~~ Illinois ~~Franchise Disclosure Act~~law will govern the Franchise Agreement ~~and the~~, Area Development Agreement and Application Agreement with respect to Illinois franchisees The provisions of the Franchise Agreement ~~and the~~, Area Development Agreement and Application Agreement concerning governing law, jurisdiction, and venue shall not constitute a waiver of any right conferred on the franchisee by the Illinois Franchise Disclosure Act Consistent with the foregoing, any provision in the Franchise Agreement ~~or the~~, Area Development Agreement or Application Agreement which designates jurisdiction and venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois Jurisdiction and venue for all litigation related to the Franchise Agreement ~~and the~~, Area Development Agreement and Application Agreement shall be proper only in Illinois

4 Notwithstanding any provision to the contrary, all claims, causes of action, liabilities, controversies, and disputes relating to the negotiation, formation, interpretation, performance, or enforcement of the Franchise Agreement ~~and the~~, Area Development Agreement and Application Agreement shall be governed by and construed in accordance with Illinois law

5 Nothing in the Franchise Agreement ~~or the~~, Area Development Agreement or Application Agreement shall limit or prevent the enforcement of any cause of action otherwise enforceable in Illinois or arising under the Illinois Franchise Disclosure Act of 1987, as amended Pursuant to 815 Ill. Comp Stat Ann 705/41 any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance

with any provision of the Illinois Franchise Disclosure Act of 1987, as amended, or any other law of the State of Illinois is void and shall not apply to Illinois franchisees

6 Notwithstanding any provision of the Franchise Agreement ~~or the~~, Area Development Agreement or Application Agreement to the contrary, Illinois franchisees shall not be required to consent to the waiver of a trial by jury

7 Item 5 and Item 7 of the Franchise Disclosure Document, Article 5 of the Franchise Agreement, and Article 3 of the Area Development Agreement are amended to state that payment of the Franchise Fee and Development Fee shall be deferred until such time as the first franchised Restaurant or Mobile Food Truck Unit is opened for business This deferral requirement has been imposed by the Illinois Attorney General's Office based on the Franchisor's financial condition

"FRANCHISOR"

GANDOLFO'S DELIBOYS, LLC	
Signature	
Print Full Name	
Title	
Date	

"FRANCHISEE"

Business Entity Name	
Print Full Name	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

Signature	
Print Full Name	
Title	
Date	

EXHIBIT M 3

ADDENDUM TO GANDOLFO'S DELIBOYS, LLC
FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT, AND AREA DEVELOPMENT AGREEMENT
~~STATE REGULATIONS~~

~~FOR RESIDENTS OF THE STATE OF WASHINGTON~~

STATE REGULATIONS

FOR RESIDENTS OF THE STATE OF WASHINGTON

The state of Washington has a statute, RCW 19 100 180 which may supersede the Franchise Agreement and/or Area Development Agreement in your relationship with the franchise including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the Franchise Agreement ~~in your relationship with the franchisor including the areas of termination and renewal of your franchise.~~

~~1. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.~~

and/or Area Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise

1 In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or as determined by the arbitrator

2 In Washington, provisions of the Franchise ~~Agreement which unreasonably limit the statute of limitations or remedies under the Washington Franchise Investment Act, like the right to jury trial, may not be enforceable.~~

~~3. If a conflict of laws exists, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.~~

~~4. A release or waiver of rights executed by a member shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect where the parties are represented by independent counsel. Provisions like those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act like a right to a jury trial may not be enforceable.~~

~~5. Transfer fees are collectable to the extent that they reflect the Association's reasonable estimated or actual costs in effecting a transfer.~~

~~6. Item 5 of the Franchise Disclosure Document and Section 5 of the Franchise Agreement are amended to state that the collection of the initial franchise fees will be deferred until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchise is open for business.~~

Agreement or Area Development Agreement which unreasonably limit the statute of limitations or remedies under the Washington Franchise Investment Act, like the right to jury trial, may not be enforceable

3 If a conflict of laws exists, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail.

4 A release or waiver of rights executed by a member shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect where the parties are represented by independent counsel. Provisions like those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act like a right to a jury trial may not be enforceable

5 Transfer fees are collectable to the extent that they reflect the Association's reasonable estimated or actual costs in effecting a transfer

6 Item 5 of the Franchise Disclosure Document and Section 5 of the Franchise Agreement are amended to state that the collection of the initial franchise fees will be deferred until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchise is open for business

The undersigned does hereby acknowledge receipt of this addendum

Dated this ______________ day of ______________________________ 20______

____

GANDOLFO'S DELIBOYS, LLC FRANCHISEE

EXHIBIT N TO THE DISCLOSURE DOCUMENT

ACKNOWLEDGEMENT OF RECEIPT

ACKNOWLEDGEMENT OF RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this disclosure document and all agreements carefully

If Gandolfo's DeliBoys, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale

Washington 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 Gandolfo's DeliBoys, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and the state agencies listed on Exhibit M

The franchise seller for this offering is ____________________________, Gandolfo's DeliBoys, LLC, located at 370 Safe Water Cove, Lawrenceville, GA 30043 (___) ___-______ and the following persons

The date of issuance of this disclosure document is April 1, 2017~~2016~~

See Exhibit H for our registered agents authorized to receive service of process

I have received a disclosure document dated April 1, 2017,~~2016~~ that included the following Exhibits

A Application Agreement
B Franchise Agreement
C Area Development Agreement
D Principal Owner's Guaranty
E Principal Owner's Statement
F List of Franchised Restaurants
G List of Franchisees Who Have Left the System
H List of Agents for Service of Process
I Franchise Compliance Certificate
J Conditional Assignment and Assumption of Lease
K List of State Agencies Responsible For Disclosure/Registration Laws
L Financial Statements
M State Addenda
N Acknowledgment of Receipt

[SIGNATURES ON FOLLOWING PAGE]

Signature	Signature
Print Name	Print Name
Home Address	Home Address
Date	Date

Signature	Signature
Print Name	Print Name
Home Address	Home Address
Date	Date

Please sign this copy of the receipt, date your signature and return it to Gandolfo DeliBoys, LLC, 1475 Buford Drive, #403-116, Lawrenceville, GA 30043

ACKNOWLEDGEMENT OF RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this disclosure document and all agreements carefully

If Gandolfo's DeliBoys, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale

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I Franchise Compliance Certificate
J Conditional Assignment and Assumption of Lease
K List of State Agencies Responsible For Disclosure/Registration Laws
L Financial Statements
M State Addenda
N Acknowledgment of Receipt

[SIGNATURES ON FOLLOWING PAGE]

Signature	Signature
Print Name	Print Name
Home Address	Home Address
Date	Date

Signature	Signature
Print Name	Print Name
Home Address	Home Address
Date	Date

Please sign this copy of the receipt, date your signature and return it to Gandolfo DeliBoys, LLC, 1475 Buford Drive, #403-116, Lawrenceville, GA 30043