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FRANCHISE DISCLOSURE DOCUMENT

Galardi Group Franchise Corp., a California Corporation
7700 Irvine Center Drive, Suite 550
Irvine, California 92618
(949) 892-2699; (800) 764-9339; www.hamburgerstand.com

(Full Franchise)

The franchise is a quick service restaurant featuring hamburgers, hot dogs, fries, and drinks. The total investment necessary to begin operation of a Hamburger Stand® restaurant is $477,900 to $1,443,500. This includes $27,000 - $76,500 that must be paid to us or our affiliate, and if we provide development services for construction, 5% of construction costs. If you buy an operating restaurant from us your investment may exceed these ranges because you may also buy the restaurant assets and provide us a $10,000 deposit with your purchase offer.

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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Ted Milburn at Galardi Group, 7700 Irvine Center Drive, Suite 550, Irvine, CA 92618, phone 949-892-2699.

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

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

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

Issued: February 13, 2018

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 VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit P 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 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. YOUR BUSINESS MAY DECLINE WHEN THERE IS BAD PUBLICITY ABOUT THE TYPES OF FOOD WE SERVE, ANOTHER RESTAURANT IN OUR SYSTEM, OR EVEN ABOUT A COMPETING QUICK SERVICE RESTAURANT OR SYSTEM, SUCH AS PUBLICITY ABOUT A CRIME, INJURY, ILLNESS OR OTHER MISFORTUNE AT ANY SUCH RESTAURANTS.

2. YOUR BUSINESS WILL BE AFFECTED BY CHANGES IN CONSUMER TASTES, DEMOGRAPHIC PATTERNS, CHARACTER OF THE AREA WHERE YOUR RESTAURANT IS LOCATED, WEATHER, COMPETITION, INFLATION, FOOD COSTS, COST OF MOTOR FUELS, GOVERNMENT REGULATIONS LIKE REQUIRED DISCLOSURE OF NUTRITIONAL INFORMATION, PUBLIC ATTENTION TO INGREDIENTS, HEALTH AND NUTRITION CONCERNS, HEALTH CODES, ZONING, ENVIRONMENT CONCERNS, WAGE AND PRICE CONTROLS, EMPLOYMENT AND WAGE LEVELS, ENERGY USAGE, AND OTHER OPERATING COSTS.

3. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN ORANGE COUNTY, CALIFORNIA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE US IN CALIFORNIA THAN IN YOUR OWN STATE.

4. THE FRANCHISE AGREEMENT SAYS CALIFORNIA LAW GOVERNS THE AGREEMENT. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS TO YOU AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

5. 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 WE CONTROL.

6. IF YOU ARE MARRIED, WE'LL REQUIRE YOU AND YOUR SPOUSE TO SIGN A PERSONAL GUARANTEE MAKING HIM/HER JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE, WHETHER OR NOT YOUR SPOUSE IS INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AND SPOUSE(S) AT RISK.

7. WE AND ONE OF OUR AFFILIATES GUARANTEED ELEVEN TERM LOANS FOR ANOTHER OF OUR AFFILIATES. AT DECEMBER 31, 2017, THE AMOUNTS WERE $190,523; $206,301; $97,297; $290,486; $120,990; $600,207; $327,729; $734,099; $1,708,333; $1,241,979; $1,597,615; $1,011,683; AND $160,670 (TOTALING $8,287,912)..

8. THERE MAY BE OTHER RISKS CONCERNING THE FRANCHISE.

We may use the services of one or more Franchise Brokers or referral sources to assist us in selling our franchise. A Franchise Broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

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:

State	Effective Date
California	April 12, 2017
Hawaii	N/A
Illinois	N/A
Indiana	N/A
Maryland	N/A
Michigan	N/A
Minnesota	N/A
New York	N/A
North Dakota	N/A
Rhode Island	N/A
South Dakota	N/A
Virginia	N/A
Washington	N/A
Wisconsin	N/A

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Exhibits

ITEM 1: The Franchisor and any Parents, Predecessors and Affiliates

We are Galardi Group Franchise Corp. We incorporated in 1982. To simplify language in this disclosure document, "we," "us," or "our" means Galardi Group Franchise Corp. and may include one or more of our affiliates. "You," or "your" means the franchisee or person or entity (corporation, partnership, LLC, and its owners, managers, officers and directors) that buys the franchise.

Some affiliates control or are under common control with us. Our parent (majority owner) is Galardi Group, Inc. ("GGI"), incorporated in 1964. Galardi Group Franchising & Leasing, Inc. formed in 1998, owns certain operating assets related to our business. Galardi Group Franchise & Leasing, LLC, a limited liability company, formed in 2002, conducts restaurant related business after the sale of the franchise to you, and may provide services to you. Galardi Group Realty Corp. ("GGRC") formed in 1986, may lease or sublease real property to you. We don't have a predecessor in the sense of someone who we acquired most of our assets from.

All the above companies are formed in California. All are located at 7700 Irvine Center Drive #550, Irvine, California 92618. The phone number is 949-892-2699. See Exhibit R for our agents for service of process.

We franchise quick service restaurants, called Hamburger Stand®. Your Hamburger Stand® restaurant will feature burgers, hot dogs, fries, drinks, and related menu items. We may allow, or require, you to offer Tastee-Freez® desserts.

We or our parent and affiliates operated Wienerschnitzel® restaurants since 1964 and offered franchises since 1965. There are currently 331 Wienerschnitzel® franchises. We do not currently own or operate any Wienerschnitzel® restaurants. Since 2003 our affiliate Tastee Freez, LLC offered franchises for Tastee-Freez® restaurants selling desserts, or desserts and foods. Tastee-Freez® started in the 1950s. A predecessor offered Tastee-Freez® franchises since at least 1982. Tastee Freez, LLC currently has 22 franchises. Counting subfranchisees, and Wienerschnitzel® locations that offer Tastee-Freez®, about 354 locations offer Tastee-Freez® products.

We offer two types of Hamburger Stand® franchises: This Disclosure Document is for the full franchise. In the full franchise you obtain and build-out premises, obtain equipment, hire staff and do everything to develop and operate your restaurant. The limited franchise is described in a different Disclosure Document. The market for quick service restaurants and the foods we offer is well developed. Your customers will be all types of consumers who want a good meal served quickly at a reasonable price. You will compete with restaurants and quick service restaurants including franchises, chains and individually owned restaurants, and other meal options, like food trucks, dining at home and grocery store deli counters. Your competitive advantage will be based on following our standards and guidelines, your entrepreneurial and managerial abilities and focus on customer service in your Hamburger Stand® franchise. Under a separate Franchise Disclosure Document ("FDD") we offer area representative franchises, which are to engage in the business of recruiting and providing support services to operators of Wienerschnitzel® restaurant franchises in their area. The area representative does not have any management responsibility in the sale or operation of the franchises listed above.

You must comply with laws and rules on operating a restaurant, health, safety and sanitation, health department inspections, menu and menu board labeling, providing calorie and nutrition information, smoking, restrictions, posting notices of chemicals and health hazards, fire safety and emergency preparedness, use, storage and disposal of containers and materials that may harm the environment or effect food or health, and on waste, insecticides and other hazardous materials, food labeling, minimum wages, overtime, working hours and conditions, unlawful discrimination, disability discrimination and compliance, anti-terrorism, employing children and with the FDA Hazard Analysis and Critical Control Point (HACCP) food safety program. Some states require you to employ a person certified in food safety. Also, in several states, (for example, California, Illinois, and Washington) county health departments inspect restaurants and other retail food facilities for such matters as sanitation, compliance with safe food handling practices and adequacy of kitchen facilities. You must investigate and comply with these laws and regulations, despite any advice or information we may give you.

ITEM 2: Business Experience

Chairman and Chief Executive Officer: Cynthia Galardi Culpepper

Ms. Culpepper became our Chairman and Chief Executive Officer in 2013 following the death of our founder John N. Galardi. For more than 5 years, Ms. Culpepper has been a shareholder of the Company.

President: J.R. Galardi

Mr. Galardi has been our President since December 2017. He was our Executive Vice President from August 2016 to December 2017; Director of Administration from March 2016 to August 2016; Manager of Hamburger Stand from January 2016 to March 2016; and Marketing Manager from June 2012 to January 2016.

Vice President and Chief Financial Officer: Ken Wagstaff

Mr. Wagstaff has been GGI's and our Vice President, Chief Financial Officer since 2001.

Vice President of Development and Secretary: Robert E. Mathews

Mr. Mathews has been our Vice President of Development and Secretary since 2006. He has been GGI's and our General Counsel since 2003.

Vice President of Operations: Rusty Bills

Mr. Bills has been GGI's Vice President of Operations since October 2017. He was our Senior Director of Operations from November 2016 to October 2017; Director of Operations from September 2014 to November 2016; Manager of Tastee Freez and Special Projects from September 2011 to September 2014; and Franchise Area Director from March 2007 to September 2011.

Director of U.S Franchise Development: Ted Milburn

Mr. Milburn has been our Director of Franchise Development since January 2015. From November 2010 until January 2015 he was Vice President of Franchise Development for Nestle Toll House Café based in Richardson, Texas.

Chief Marketing Officer: Doug Koegeboehn

Mr. Koegeboehn has been our Chief Marketing Officer since January 2015. He was our Director of Marketing from November 2014 through December 2014. From November 1993 through October 2014, Mr. Koegeboehn was Group Account Director for DGWB. Advertising located in Santa Ana, California.

Director of Hamburger Stand®, Tastee-Freez®, Special Projects and the Limited Franchise Division: Bejan Hendifar

Mr. Hendifar has been with Galardi Group since August 15, 2010 acting as a Franchise Area Director. Mr. Hendifar is the Manager of Hamburger Stand®, Tastee-Freez®, Special Projects and the Limited Franchise Division.

ITEM 3: Litigation

Psarras v. Galardi Group Franchise & Leasing, Inc. & Galardi Group Franchise Corp., et.al. (2nd Jud. Dist. Court of Nevada, Washoe County, Case No. CV07-01311, filed June 11, 2007). Psarras, a former Wienerschnitzel® franchisee, claimed we did not complete the terms of a 2003 Settlement Agreement entered into to resolve a prior case. In July, 2008 the parties signed a settlement agreement in which we paid Psarras $259,000 and Psarras agreed to de-identify two franchises, transfer one franchise, and not apply for any Galardi Group franchise.

Galardi Group v. George Alexander & Wassim W. Tawfik (Superior Court of California for Orange County, Case Nos. 06CC03235 filed January 19, 2006 and 00102739, filed February 14, 2008). We sued for failure to pay monies owed to Galardi Group, and a counterclaim alleged that we breached a prior written settlement. Later we sued claiming breach of the prior settlement agreement and an asset purchase agreement by Alexander/Tawfik. In mid-2008, the parties signed a settlement agreed under which Alexander/Tawfik paid us $50,000, with a stipulated judgment. The court retained jurisdiction and the case was dismissed on May 22, 2012.

Maher Abdeljawad v. Galardi Group, Inc. (U.S. District Court for the Central District of Illinois, Case No. 2: 15-cv-02265-HAB, filed November 5, 2015.) This litigation concerns marketing and advertising of Wienerschnitzel® all-beef hot dogs with chili or chili-cheese. Abdeljawad alleges that advertising and marketing the all-beef hot dogs with chili or chili-cheese misled him and other similarly-situated consumers into believing that not just the hot dog, but the *chili* was all beef (whereas the chili contains some pork). Abdeljawad seeks to certify a class of all consumers nationwide who purchased the all-beef hot dog with chili or chili-cheese. On May 4, 2016, the parties signed a settlement agreement.

Other than these actions 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

You pay an initial fee. It is $32,000. For a second or subsequent franchise agreement you enter into with us, the initial franchise fees are reduced by 50% (thus $16,000). For a renewal, the initial fee is $1,600 for each year of the renewal term under the Franchise Agreement. You pay the total in a lump sum on signing the franchise agreement. It is non-refundable.

For a non-traditional location, like an in-line storefront, kiosk, convenience store, gas station, or inside a department store, the initial franchise fee is $16,000. For a second or subsequent franchise agreement you enter into with us for a non-traditional location, the initial fees are reduced by 50% (thus $8,000). For a renewal for a non-traditional location under the Franchise Agreement, the initial fee is $500 for each year of the renewal term. You pay the total in a lump sum on signing the franchise agreement. This initial franchise fee is not refundable. However, if you diligently identified and proposed three locations to us but after a year from signing the Franchise Agreement we did not find any of them to be acceptable, and we did not identify any location acceptable to you, then at your or our written request, we can cancel the Franchise Agreement. If so cancelled, we'll retain $5,000 and return the rest of the initial franchise fee you paid.

If Franchisee diligently proposed, by completed Site Evaluation Forms, at least three (3) site locations to Franchisor and/or Service, LLC, but after twelve (12) months from entering into this Agreement Franchisor and Service LLC did not approve any location proposed by Franchisee, and Franchisor and/or Service LLC did not identify any proposed location satisfactory to Franchisee, then at Franchisee's or Service LLC's written request this Agreement shall be cancelled and Franchisor and Service, LLC will retain five thousand dollars ($5,000) and return the balance of the initial franchise fee paid by Franchisee. Franchisee's written request to cancel this Agreement must be made to the other party before the end of the thirteenth (13^{th}) month after entering into this Agreement, and Franchisor's and/or Service LLC's written request to cancel this Agreement may be made at any time after twelve (12) months from entering into this Agreement. At the end of the 13^{th} month, the full franchise fees are not refundable without a written request.

To buy an operating restaurant from us, you deposit $10,000 with your purchase offer and upon the purchase pay us the full purchase price in cash or cash and a promissory note. Some of the price may be used to make changes to the restaurant we deem necessary. If the sale isn't completed, we keep $1,000 of your deposit and refund the rest. We may negotiate the $32,000 initial fee based on factors like restaurants operating history, remaining lease term, duration of the franchise agreement, number of restaurants involved, and possibly other factors.

If an existing contract between you and us says we will sell you a franchise for a different fee than stated above, then the initial fee will be as stated in your contract.

If we provide development services for constructing a new restaurant, you pay us a fee equal to 5% of construction costs. If you develop an end-cap drive-thru location, you may pay us a $3,000 deposit for producing site & floor plans. We reimburse any unused portion of the $3,000.

You pay us $3,500 for training. You pay this before starting training.

ITEM 6: Other Fees

Type of Fee	Amount	Due Date	Remarks (Note 1)
Service Fee	5% of net sales	7th day of month	Net Sales is the total sales of all food and other items, but not counting sales taxes, over rings, refunds and tips.
National or Regional Advertising	1% of net sales	7th day of month	You pay us this for national and/or regional advertising.
Advertising Contribution	3% of net sales. Your advertising association can increase this rate.	As set by your advertising association	If your association charges under 3% or no association is in your area, you must spend the difference on your own advertising. We can make you pay us the difference between your advertising expenditures and the 3% rate. Association members vote on association ad campaigns. In a tie, we can cast deciding vote.
Rent; Additional Rent	10% of net sales, subject to minimum stated in lease or sublease; also, Landlord may bill for CAM, Utilities, Insurance, Real Property Taxes and Personal Taxes.	20th day of each month; 30 days from notice by Landlord	If you lease premises from us you pay us monthly rent. This may exceed how much we pay if we lease the premises. Also, Landlord may bill and you pay the Landlord for such items as CAM, utilities, insurance, real property taxes, personal taxes, etc.
New Restaurant Employee Training	$3,500	When you request this training	This fee is if we train employees at a new restaurant opened by an existing franchisee. This training is at our option.
Additional Training	$75 to $100 per person	Varies	In addition to initial training, at least one manager must complete our Management Certification Program ($100). Also, you must participate in our Management Development Program every six months ($75 each six months).
Promotional Allowances	Amount of Allowance	On receipt	You assign to us any right get promotional allowances from suppliers.
Permits, Licenses, Sales and Other Taxes	Costs we incur for permits, licenses or taxes and amount of taxes	On demand	You reimburse us for any permits or licenses we get for you. You reimburse us for any sales tax, trademarks license taxes or fees we pay on your behalf. If a government agency charges us tax for granting you a license or franchise, or for your sales, you pay the tax. If you don't then we pay the tax and you reimburse us.
Equipment Lease	Varies from $1 per year, to 3% or 4% of monthly Net Sales, or a fixed monthly amount ranging from $1 to $900; costs of insurance and taxes; costs for loss or damage of equipment	First day of each month; other costs on demand	If you lease equipment from us, you pay us monthly rent. You keep leased equipment insured free of liens and pay taxes and other charges. If you do not, you pay us cost of insurance/amount of taxes and interest at lower of 1% per month or highest legal rate. If equipment is damaged or lost, you pay us original cost of item less depreciation (straight line over seven years) plus 10%. Expenses we incur in exercising rights under the equipment lease will be paid by you.
Transfer Fee	$500 - $3,000	On request of our consent	We charge $500 for you to transfer franchise to an entity you control. Otherwise will charge you our then-current transfer fee (currently $3,000 which could go up)

Other Fees cont.			
Type of Fee	**Amount**	**Due Date**	**Remarks (Note 1)**
Document Preparation	$1,500	On demand	If you could not complete sale or renewal requirements before term ends, we charge this
Insurance	Amount of premium	On demand	If you don't show us proof you have all required insurance we have the right (but no obligation) to get it at your cost.
Indemnity	Amount of loss; attorney's fees	On demand	You protect us from loss or damage occurring at your premises. If we are sued, you defend us. If you don't we can defend ourselves at your expense. You pay any judgment against us.
Audit	$100 to $1,000	On demand	If you underreported net sales by 2% or more, you pay the underreported amount and also pay our audit costs.
Product Testing	$1,000	On demand	If you want to get items, meeting our standards, from someone we haven't approved, you give us information we want about the proposed source. We may require them or you to pay for testing items.
Attorney's Fees and Court Costs	Amount of fees and costs	On demand	In an action relating to franchise agreement or your advertising association you reimburse our (or, if applicable, advertising association's) attorney's fees, court costs, and other costs if you are unsuccessful.
Late Charge	10% of delinquency	On demand	If you do not pay us or your advertising association on time, you pay an additional 10% of the amount overdue plus interest, noted below.
Interest	Lower of 18% per year or highest rate allowed by law for non-personal loan	On demand	If you do not pay us on time, you pay interest in addition to 10% late charge noted above.
Failure to Complete Purchase of Assets	$1,000	Immediate	If we accept your offer to buy assets of an existing restaurant and your purchase is not completed, we keep $1,000 of your deposit.
Real Estate Assignment Fee	$15,000 for each location	Close of purchase or lease transaction	You pay us if you assume a purchase or lease contract for a property we have under contract.
Breach service charge/costs of remedial action	$250 or other reimbursement of expenses to cure (varies)	On demand	For breach or default we can charge you $250 and require you to pay our costs/expenses for remedial or cure actions we take re-maintenance, design, décor, appearance, obsolescence or any aspect of the restaurant.
Reimbursement for Employer Related Costs	Varies	On demand	You pay us for any costs/expenses like wages, salaries, taxes and/or other payroll-related costs/expenses for any of your employees or independent contractor if we are deemed to be the employer.
Point of Sale System	$720 per year for Galardi Group Help Desk or if you use an outside vendor such sum is approximately $1,300 per year.	On demand	This fee is for access to the Galardi Group Help Desk and Point of Sale software licensing fees.

1. All fees are imposed by and collected by us or our affiliate and are paid to us, except that contributions to an advertising association are paid to the association. None of these fees are refundable, except that if an insurance policy is cancelled before it expires, a portion of the premium may be refundable from the insurance company. All fees are uniformly imposed.

ITEM 7: YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (Note 1)	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	$16,000 - $32,000 (Note 2)	Lump Sum	On signing Franchise Agreement	Us
Net Rent	$7,500 - $36,000	Check or Automated Payment	Typically Monthly	Us or landlord/property owner directly
Equipment Furniture, Furnishings, Fixtures	$171,000 - $300,000 (Note 4)	Varies	Before opening	Vendors
Small wares (Note 5)	$4,400 - $6,500	Check or Credit Card	Before opening	Approved distributor/vendor
Opening inventory	$5,000 - $8,000	Lump Sum	Before opening	Approved distributor & local vendors
Training (Note 6)	$3,500 - $8,500	Lump Sum	Before opening	Us; travel and lodging providers
Insurance	$3,000 - $21,000	Check or credit card	Before opening	Insurance company
Uniforms	$1,500	Lump Sum	Before opening	Uniform suppliers
Security Deposits (Note 7)	$3,500 - $13,000	Lump Sum	(Note 6)	Landlord and Utilities
Real Estate Improvements	$250,000 - $1,000,000 (Note 8)	(Note 8)	(Note 8)	(Note 8)
CPA/Lawyer (Note 9)	$1,500 - $7,500	Varies	Before opening	CPA/Lawyer
Additional Funds-Three months (Note 10)	$10,000 - $20,000	Varies	Varies	Miscellaneous suppliers/trade persons & others for incidental and other costs
Additional investment for purchase of operating restaurant	(Note 10)	Varies	Before opening	Us
Total (Notes 1,11, & 12)	$477,900 - $1,443,000 (Notes 1,11 & 12)			

Notes:

1. This table estimates your anticipated initial investment for the period before opening your franchise until about three months after opening. These are only estimates.
2. For a non-traditional location, like an in-line storefront, kiosk, convenience store, gas station or inside a department store, the initial franchise fee is $16,000. For a second or subsequent franchise agreement you enter into with us, the initial franchise fees are reduced by 50% (thus $16,000, or for

a non-traditional location, $8,000). You pay the total in a lump sum on signing the franchising agreement. It is non-refundable.

3. Estimated rent for three months. Rent will depend on market conditions, location, size, condition of premises, and a wide range of other factors. The low estimate assumes monthly rent of $2,500. The high estimate assumes monthly rent of $12,000. Rent at the low end of the range, while possible, is rare. It is possible your rent could exceed the high estimate if you choose a location at a higher monthly rental. If you sublease from us, your rent may exceed the rent we pay under our lease.
4. You provide furniture, fixtures and equipment ("FF&E"). Required FF&E typically ranges from $117,000 to $300,000 depending on restaurant design and equipment you may be required to purchase. This estimate also includes approximately $11,000 to $20,000 for the Micros POS system we require you to purchase. The low estimate assumes your cost for signage will be about $35,000 and about $5,000 for exterior seats.
5. This estimate is for a range of cooking and related utensils.
6. You pay us a training fee of $3,500. The high estimate of $8,500 assumes you also have $5,000 of travel, lodging and living expenses for the classroom portion of training in Irvine, and for training at the training restaurant closest to you. ($1,000 for travel, $100 lodging, and $50 food per day x approximately 40 days). It is possible for your expenses to be higher if you train at a more distant restaurant or select higher priced lodging or food. The low estimate of $3,500 assumes you are local enough to the area where training occurs so that you do not have those expenses.
7. Estimated security deposits consist of one month's rent to lessor and security deposits to water, electricity, gas, telephone, and other utilities. The low amount assumes rent/security deposit is $2,500. The high amount assumes rent/security deposit is $12,000. The estimates assume about $1,000 of utility security deposits. Deposits are normally held for the term of the agreements.
8. You provide real estate and improvements, typically leasing or possibly buying these. If we provide development services for constructing the restaurant, we charge you a fee equal to 5% of construction costs. This is optional to you. We do not offer this service in all areas. If you develop an end-cap drive-thru location, you may pay us a $2,000 deposit for producing site and floor plans. We reimburse any unused part of the deposit. Total costs for improvements (excluding equipment) is typically $250,000 to $1,000,000, but can vary widely, even outside this range, based on costs of property, design of restaurant and many other factors. Non-traditional franchise costs are sometimes lower due to use of an existing facility. Lessors sometimes contribute to development costs; sometimes these costs are more than the lessor is willing to contribute. Typical excess costs are in the $3,000 to $20,000 range, which you pay before opening. Sometimes we may allow these costs to be added to rent a rate equal to the rate of return paid to a primary lessor for improvements. The low estimate of $250,000 is for an existing facility converting to Hamburger Stand®.
9. Estimated professional fees for you to consult an advisor like a lawyer or CPA regarding the investment and agreement(s).
10. Minimum, ongoing estimated working capital requirement. You should have additional working capital in the range indicated, or possibly more, to be able to pay your expenses until your revenues provide you money to do so. This could take more than the first 3 months of operating, but the working capital estimate is only for three months.
11. If you buy an operating Hamburger Stand® restaurant from us, you will have an additional investment cost equal to the amount we charge to sell you the assets of the operating restaurant (including a $10,000 deposit with your offer). Cost can vary widely depending on location, equipment at the restaurant, its operating history, lease terms, negotiations, and other factors.
12. Amounts on each row are only estimates and may vary for many reasons. The total is a sum of many estimates and thus has greater potential to differ from your actual investment. You are unlikely to achieve the low amount for every item, therefore the total low estimate is unlikely to be achieved. Do not rely on this table as a definitive statement of your investment. Use it as a start for independent analysis with your accountant or other business advisor. Generally none of the expenses in this table is refundable, except that security deposits may be refundable and some of the premium may be

refunded when an insurance policy is cancelled before its term ends. In some instances we may finance part of the initial investment. See Item 10.

ITEM 8: Restrictions on Sources of Products and Services

You must get our approval for your location. We mutually agree to the location when the Franchise Agreement is signed (and state it in the agreement) or you propose a location for our approval; and after we approve, the location will be inserted in Section 3(A) or stated otherwise in writing. We provide you our location criteria in our site selection handbook.

You may be able to buy an operating Hamburger Stand® restaurant (and its inventory) from us. You also buy from us the signs, equipment and other property of the restaurant.

You must install and use signs, furniture, furnishings and equipment that we require. We tell you in writing what we require. The required point-of-sale system and computer hardware and software are described in Item 11. We can require you to get additional equipment or replace equipment.

You can get supplies from who you want that meet our specifications and have our approval for quality control, uniformity and protecting our trademarks. On request we'll give you names and addresses of suppliers we approve to sell you equipment, supplies, trademarked paper goods and other products. We can add or remove approved suppliers. We are an approved supplier for any items we choose to supply, but currently we do not supply any items.

On request we tell you our standards for items you must use in operating your restaurant. If you want to get these from someone we haven't approved, then give us all the information we want about the proposed source. We may require them to give us samples, pay for testing the items you want them to supply and sign our License Agreement. Then we'll tell you if we approve the proposed source. If we don't approve we'll tell you why. This can take 90 days. We can revoke any approval by telling you in writing. Our criteria for approving suppliers is available on request.

Our menu includes Tastee-Freez® desserts; Tastee Freez, LLC is our affiliate. Our menu includes products of the Pepsi-Cola and Dr. Pepper companies, which are publicly traded. Any of our officers or personnel could own stock in those companies. Otherwise, Galardi Group officers do not own an interest in our suppliers.

We and our affiliates derive revenue from real property and equipment we lease to franchisees. We do not derive revenue from other items you buy or lease. GGI and GGRC's total revenues for 2017 from full franchised Hamburger Stand® restaurants were approximately $719,446 and $345,432 for real property and leased equipment. We ("GGFC") do not derive revenues from required purchases or leases.

We estimate that all your purchases and leases from us are approximately .5% to 17% of all purchases and leases of goods and services in establishing the franchise and approximately 9% to 25% of all your purchases and leases of goods and services in operating the franchise.

We get revenue from the company you buy soft drink syrups from. The revenue is payments they make to us based on how much syrup you buy. Soft drink syrup manufacturer payments for 2017 totaled $1,944,465. $1,944,465 of this revenue goes in our National Advertising Fund for advertising and marketing. We may also derive revenue on a similar basis from other suppliers.

We negotiate purchase arrangements with suppliers. We require product suppliers to agree to maintain quality and adhere to our specifications and other provisions. We do not offer benefits like granting additional franchises or other benefits based on purchases of particular products or services or use of particular suppliers, but the Franchise Agreement requires you to comply with our requirements for buying from approved suppliers. Some franchisees are members of advertising associations comprised of Hamburger Stand® franchisees in geographic regions we designate. Otherwise, we do not know of purchasing or distribution cooperative associated with us or our franchisees.

ITEM 9: Franchisee's Obligations

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

Obligation	Sections in Agreement	Items in Disclosure Document
A. Site selection, acquisition/kease	Fr. Agmt. §§ 3 & 10	6, 7 & 11
B. Pre-opening purchase/leases	Fr. Agmt. §§ 3, 7, 10, & 11; Offer to Purchase	7 & 8
C. Site development & other pre-opening requirements	Fr. Agmt. §§ 7 & 10	6, 7, 8 & 11
D. Initial & on-going training	Fr. Agmt. §§ 7, 8, & 10	6, 7, 11 & 15
E. Opening	Fr. Agmt. §§ 8 & 10	7 & 11
F. Fees	Fr. Agmt. §§ 5, 6, 9, 10(g), 13, 17(b), 18(e), 18(f); Direct Debit Agmt; Offer to Purchase § II; Guaranty; Prom. Note; Ad. Assoc. Agmt. §§ 12, 17; Promo. Allowance Assignment; Consent to Transfer § 13; Right to Cure Default §§ 4 & 7	5, 6, 7, 10, 11 & 17
G. Compliance with Standards & Policies/Operations Manual	Fr. Agmt. §§ 7, 10 & 11	7, 11, 15, 16 & 17
H. Trademarks & Proprietary Information	Fr. Agmt. §§ 10, 11, & 12	6, 8, 12, 13 & 14
I. Restrictions on products/services offered	Fr. Agmt. §§ 10 & 11	11 & 16
J. Warranty & Customer Service Requirements	Fr. Agmt. §§ 10, 11, & 18(a)	11, 12, 16 & 17
K. Territorial Development & Sales Quotas	Fr. Agmt. § 3	12 & 16
L. On-going Product & Service Purchases	Fr. Agmt. §§ 8, 10, & 11	6, 8, 11 & 16
M. Maintenance, Appearance & Remodeling Requirements	Fr. Agmt. §§ 7, 10, 11	6, 7 & 17
N. Insurance	Fr. Agmt. § 17	6, 7 & 17
O. Advertising	Fr. Agmt. § 9; Advertising Assoc. Agmt., Promotional Allowance Assignment Agmt.	6, 7, 8 & 11
P. Indemnification	Fr. Agmt. § 17; Offer to Purchase § IX; Continuing Gty; Consent to Transfer Agmt. § 8	6, 13 & 17
Q. Owner's Participation/Management/Staffing	Fr. Agmt. §§ 2 & 10	6, 11 & 15
R. Records & Reports	Fr. Agmt. §§ 6, 16	6 & 17
S. Inspections & Audits	Fr. Agmt. §§ 6, & 16	6 & 17

Franchisee's Obligations cont.

Obligation	Sections in Agreement	Items in Disclosure Document
T. Transfer	Fr. Agmt. § 13; Dep. Agmt. § 4; Consent to Transfer Agreement.; Right to Cure Default and Consent to Assignment Agreement. (Landlord); Offer to Purchase Secs. VII, VIII & IX	6 & 17
U. Renewal	Fr. Agmt. – None; All Other Agreements – None	5, 6, 10 & 17
V. Post-termination obligations	Fr. Agmt. §§ 12(c), 13, 14 & 15	17
W. Non-competition covenants	Fr. Agmt. §§ 12 & 15	17
X. Dispute resolution	Fr. Agmt. – None; All Other Agreements - None	17

ITEM 10: Financing

<u>Summary of Financing Offered (Note 1)</u>

Item Financed	Amount Financed	Down Payment	Term (MOS)	APR %	Monthly Payment	Prepay Penalty	Security Required	Liability on Default	Loss of Legal Right on Default
Purchase of operating restaurant from us	$2,500 - $100,000	$2,500 - $25,000	24 – 120 months (Note 2)	9% - 11%	$300 to $750	None	None (Note 4)	Individual liability & default of franchise agreement	Acceleration of debt, termination of franchise, attorney's fees, costs (Note 5)
Renewal of franchise	$5,000 (Note 3)	$5,000	24 months	N/A	$333.34	None	None (Note 4)	Individual liability & default of franchise agreement	Acceleration of debt, termination of franchise, attorney's fees, costs (Note 5)

Notes:

1. Financing listed in this table is provided by us or our affiliate. We will comply with applicable laws governing direct financing offered by us to you including, if applicable, the California Finance Lenders Law.

2. Term depends on amount paid per month, total borrowed and rate.

3. For a traditional location, the fee for a renewal is $1,600 per year renewed; the usual term is 10 years. A $16,000 renewal fee may be paid all cash or one installment of $8,000 and 24 monthly installments of $384.10, (which amount includes processing fees) at your option. For a non-traditional location, the fee for a renewal is $500 per year renewed.

4. The promissory note is signed by you, the franchisee. If the franchisee is an entity, we require a personal guaranty to be signed by the individual owner(s) and spouse(s). The form of guaranty is Exhibit F to this Disclosure Document.
5. In the promissory note you waive the legal defenses of presentment for payment, notice pf dishonor, protest and notice of protest. You do not waive other defenses or other legal rights and you are not barred from asserting other defenses. We do not have a practice or intent to sell, assign or discount all or part of any financing to any third party. We do not place financing with a lender or receive consideration for doing so.

ITEM 11: Franchisor's Assistance, Advertising, Computer Systems, & Training

A. Services We Provide

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

Before you open we will:

1. State the location for your restaurant. (Fran. Agmt. Sec. 3)
2. Offer you our standard sublease for the location, or provide you plans so you can have a restaurant built at the location. (Fran. Agmt. Sec. 7(a))
3. State the term of your franchise (Fran. Agmt. Sec. 4)
4. If you buy assets of an operating restaurant from us, we will transfer those assets to you. (Terms of Purchase Offer)
5. Provide you initial training in operating a Hamburger Stand® restaurant. (Fran. Agmt. Sec. 7(b))
6. Loan you our confidential operations manual. (Fran. Agmt. Sec 7(c))
7. We are not obligated to but we could possibly obtain and/or pay for license or permits you need. If so, you must reimburse our expenses and costs. (Fran. Agmt. Sec 3(e))

Most of these services are provided by Galardi Group Franchising & Leasing, LLC. In addition, to the extent we deem necessary, we'll provide you specifications for products and designated suppliers from which you agree to purchase inventory, goods, and supplies necessary for the start-up and ongoing operation of the restaurant.

You choose the location. Usually, you lease or buy the location from someone other than us. You must get our approval for your proposed location. This usually takes thirty (30) days from when we have all necessary information on the proposed location. In choosing a location, or approving one you propose, we consider many factors, among them traffic count, how many people live and work in the area, visibility, our own comparison of rent to our estimate of sales, family income in the area retail business climate in the area, and how close the location is to other restaurants affiliated and not affiliated with us, as examples.

None of the agreements relating to the franchise states a time limit for us to choose a location, or tell you if we approve a location you propose.

You must make sure the location meets all local ordinances, building codes, zoning and obtain any required permits. You are responsible to construct and decorate the premises, and obtain and provide equipment, fixtures, signs, inventory, and supplies, according to our standards.

The length of time between you signing a Franchise Agreement and opening the restaurant for business depends on factors like availability of locations, time taken to choose a location and negotiate a lease, time taken for construction and getting government approvals. These can be affected by other factors like weather, the contractor meeting a build-out schedule, time needed to get building permits, and time needed to get equipment delivered and results of local government inspections of the location. The length of time typically ranges from nine months to two years.

During the operation of your full franchise, we will:

1. Provide opening supervision and help at your location from our employees. (Fran. Agmt. Sec. 8(a))
2. Provide opening promotion programs directed by our Marketing Department. (Fran. Agmt. Sec. 8(b).
3. Maintain a school and provide training in operating a Hamburger Stand® restaurant. (Fran. Agmt. Sec. 8(c))
4. Evaluate and test food and beverage items and operational methods for possible use in our system. (Fran. Agmt. Sec. 8(d))
5. Provide merchandising and marketing and advertising research data and advice we develop and think will be helpful to you. (Fran. Agmt. Sec. 8(e))
6. Provide techniques and instructions that we develop and think will help you. (Fran. Agmt. Sec. 8(f))
7. Provide an accounting, cost control, and portion control system. (Fran. Agmt. Sec. 8(g))
8. Review advertising you submit for our approval. (Fran. Agmt. Sec. 9)
9. Evaluate suppliers you want to use and tell you if we approve them. If we don't approve we'll tell you why. (Fran. Agmt. Sec. 11(e) and 11(f))
10. We are not obligated to but we could possibly obtain and/or pay for license or permits you need. If so, you must reimburse our expenses and costs. (Fran. Agmt. Sec. 3(e))

Many of these services are provided by Galardi Group Franchising & Leasing, LLC.

B. <u>Advertising Program</u>

You must join an advertising association formed for the marketing area of your location and recognized by us. We define your marketing area using a geographic "Designated Market Area" ("DMA") or "Area of Dominant Influence" ("ADI") which are geographic marketing areas determined by Nielsen or Arbitron. They are not affiliated with us. We could define your marketing area some other way. Other Hamburger Stand® restaurants in the marketing area we define are also members.

You must sign agreements required by the advertising association. If you are one of the first two Hamburger Stand® owners in your area, we may require you and the other owner to form the association. If you cannot agree on terms, you both must submit the matter to us to decide the terms of your association. However, we do not have express power under the agreement to form, alter or dissolve your advertising association.

One of the requirements for us to recognize your participation in your association is that you and your association sign an advertising association agreement with us. The association's members vote on advertising programs. If there is a tie, we can break the tie. We can also veto any decision or action. There are not a significant number of company-owned locations, so typically, advertising associations do not include company-owned locations as a member.

Your association must have officers (President, Treasurer, etc.). The officers are a committee that coordinates meetings, recommends advertising programs to the association members, approves media schedules, and makes budgets. The association must meet at least four times per year. The association must choose an advertising agency to carry out advertising programs. The agency must meet our approval and comply with our advertising guidelines. The association must provide members at least quarterly financial statements, including a statement of receipts and disbursements, and list of accounts receivable and accounts payable.

All advertising by you or your association must first get our written approval. After you submit proposed advertising, we have 15 days to respond or it is deemed to be approved. You can't use any trade name other than Hamburger Stand® or other trade names owned by us, or approved by us in writing in your advertising.

As a franchisee you must contribute at least 3% of your net sales to the association. Your association can decide to require more money from you. You must pay what they require. If your contribution is under 3%, we can require you to pay us the difference between 3% and your actual contribution. If there is no association in your area, you must spend at least 3% of your net sales on your own advertising each month. There are not a significant number of limited franchises, therefore advertising associations may not receive contributions from limited franchises. For a limited franchisee we pay the advertising association contributions.

We can require you to pay us 1% of net sales for a national or regional advertising program. We debit this from your account each month. Your 1% contribution will be directed to a National Advertising Fund. We contribute the same 1% for limited franchises in the DMA.

We formulate and implement marketing plans, supervise preparation of advertising and promotion materials and provide layouts, window cards and other materials for local promotions. We do not have an obligation to advertise in particular media, in any particular geographic area, or at all, nor any obligation to spend any particular amount(s) on advertising.

We provide unaudited financial statements for the National Advertising Fund on your request. For 2017, the Fund spent 34% of funds received for production and the rest for other expenses, including market research, advertising agency retainer, POP materials, national seminar cost, training films, local advertising support and newspaper inserts.

You must assign to us all marketing or promotion allowances you may get or become entitled to from suppliers. The assignment form directs them to pay the allowances directly to us. We'll use these funds for public relations, promotion, creating advertising and to reimburse our administrative costs ad agency fees and related overhead.

In a brand crisis that brings media attention, you must direct all inquiries to us.

Apart from the advertising associations, discussed above, there is no franchisee advertising council that advises us on advertising.

C. <u>Website and Internet</u>

We can, but we are not obligated to, establish and maintain one or more websites promoting the trademarks and system. We have sole control over the website and social media. We can stop its operation at any time without notice. Unless you get our prior written consent, you are not allowed to establish or maintain a separate website, or a splash page or other presence on the Internet or through any social networking site relating to the operation of the business. If we grant you a right to operate a separate website or Internet presence, you must do so according to our standards and policies in the Manual or otherwise in writing from time to time. We can modify or supplement our policies regarding social media and internet use at any time in writing, whether as part of the Manual or otherwise.

D. Point of Sale System

We require you to buy or use the Micros® point of sale system ("POS"). At the Effective Date of this Disclosure Document, we required the model 3700 version 5.5. (This could change.) The system we require is a minimum of 2 workstations (registers) and 3 kitchen display systems. You buy this from the manufacturer, Oracle, Inc. They are not affiliated with us. Or this may be part of the equipment we lease to you. The cost, including order entry work stations, video monitors, receipt printers, back-office computer/printer and cabling, is approximately $11,000 to $20,000. This includes hardware, software, one-year warranty of system components, and first year software support. Currently, the help desk together with the software licensing fees are about $1,300 per year; or if you choose to use the Galardi Group Help Desk by itself, the cost is $720 per year. You obtain hardware maintenance service from the manufacturer. A hardware warranty after the first year is available at additional cost. We can require you to upgrade, replace or make other changes to the POS System; there is no restriction on how much this may cost you or how often we can require this. We have independent access to any and all information generated or stored in the POS System. There are no contractual limits on our right to access that information.

You must participate in any computer network, intranet system or extranet system we implement and do so in compliance with standards, protocols, and restrictions we specify. As examples, we could require participation to submit reports, receive updates to Manual(s), or for other communications.

E. Operations Manual

We'll loan you a tablet to gain access to the electronicr Operations Manual. Its table of contents is attached as Exhibit M to this Disclosure Document. As of the date of this Disclosure Document it consists of approximately 350 pages. By looking at the table of contents you can see the number of pages devoted to each subject.

F. Online Education

Our training includes the required use of our online Learning Management System (LMS) which is required for Team member through Operator Training and includes ongoing education for Team member through Operator certification.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Ours of On-the-Job Training	Instructor
Module One - Basic Restaurant Operations	None in this module	10 hours a day for 6 days a week for 2 weeks	Training Restaurant Trainer & David Kreitlow/Matt Steele
Module Two –Guest Service	8 hours a day for 5 days a week for 1 week	10 hours a day for 6 days a week for 1 weeks	Training Restaurant Trainer & David Kreitlow/Matt Steele
Module Three - Designated General Manager/Financial	8 hours a day for 2 days	10 hours a day for 4 days	Training Restaurant Trainer & David Kreitlow/Matt Steele
Module Four - Designated General Manager/Coaching	None in this module	10 hours a day for 6 days for 2 weeks	Training Restaurant Trainer and David Kreitlow/Matt Steele

Module Five – Restaurant Opening (required when opening a new restaurant)	None in this module	10 hours a day for 6 days a week for 1 week	Training Restaurant Trainer and David Kreitlow/Matt Steele
Total Training Hours (Estimated)	56 hours	480 hours (530 hours if there will be a new restaurant opening)	See above

We provide initial training and on-going training. You or your General Manager, or majority owner if you are an entity, must complete initial training. This occurs after you sign the franchise agreement and must be completed before you open your restaurant. Within this range, the Franchise Agreement is not more specific as to timing of training.

Initial Training – Operator Training Program

Our Operator-in-Training Program is an intense eight-week program that acquaints you with day-to-day requirements of operating a restaurant. The program involves a six-day workweek, averaging ten or more hours per day. You will need to devote additional time for reading and homework. This program is self-paced designed to effectively prepare you to operate as an independent businessperson.

Our training instructors are experienced in operating and instructing others in skills needed to operate, quick service restaurants. Our Training Department has no operational responsibility for the restaurant where you will train, therefore, our efforts focus on providing you a complete training experience. David Kreitlow has 37 years training experience in quick service restaurants, including 30 years with Galardi Group. Matt Steele has over 9 years in restaurant training including 3 years with GGI.

Our training program is divided into five modules; consisting of 7 weeks and 4 days in an approved training restaurant and one week and two days in a classroom environment, which is a total of 8 weeks.

Module One – General Knowledge

In the first Module you will learn in the same manner as an employee. This portion of training will be in an approved certified training restaurant. You will work in the kitchen preparing all menu items and perform cleanup and restocking. You will prepare condiments, and perform tasks to open and close the restaurant – including janitorial. Your performance will be evaluated through written evaluations, compliance with station standards and written testing. You must achieve a score of 90% or better to advance to Module Two.

Module Two – Guest Service - Front Counter and Drive through and Tastee Freez

In the second Module you will learn in the same manner as an employee. This portion of training will continue in an approved certified training restaurant. You will work in the service system serving guests, and serving ice cream. You will also get to learn the basics in the daily paperwork of the restaurant. Your performance will be evaluated through written evaluations, compliance with station standards and written testing. You must achieve a score of 90% or better to advance to Module Three.

Module Three – Manager Administration

This Module is a blend of classroom and certified training restaurant level learning. You will improved on your operations skills and learn about the administration side of the business. You must achieve a score of 90% or better to advance to Module Four.

Module Four – Manager Administration

This module consists of one on one business coaching with an existing franchisee. This training is for two weeks at an existing restaurant.

Module Five – New Store Opening

Module Five consists of attending a new restaurant opening. This module is required if you will open a new restaurant. This training is for one week at a new restaurant opening. You will attend a restaurant opening, other than your own, to help prepare you for your restaurant opening.

You pay us $3,500 for initial training. You pay before starting training. Classroom training is at our headquarters in Irvine, California. We have the right to also choose another location. Training restaurants are in the Los Angeles, San Diego and San Jose, California; Denver, Colorado; and Amarillo, Texas areas. You pay your own transportation and living expenses. We provide all training materials and manuals, which consist of our Operations Manual, training videos and our Operator Training Notebook. These are confidential. We offer initial training eight times per year.

You are not compensated for your activities during training, even though they may also benefit us or the operator of a Hamburger Stand® restaurant.

On-Going Training – Management Development Program

Every six months, after you start operating your restaurant, you must attend a Management Development Program. This may be in-person at a meeting place in your restaurant's marketing area or by other means, such as a conference call. This is to help you further develop your restaurant and management skills. The cost of the Management Development Program is currently $75 for each six month period. A session lasts about five hours. You may attend as many sessions as you wish, and you must attend at least one session per six month period based on a calendar year.

We offer other training programs to you or your employees, which are voluntary. The cost and subjects vary.

ITEM 12: Territory

The franchise is for a specific location, to be stated in the franchise agreement. You must conduct only the business of the restaurant there, and can't change the location without our consent. You can do business with customers at your location regardless of where they are from.

We won't grant a Hamburger Stand® franchise or own or operate a Hamburger Stand® restaurant within ½ mile from your franchise or one mile on the same street (the street your address is on). These restrictions don't apply in a stadium, shopping mall, hotel, office building or other institutional location we determine won't materially compete with you, or a temporary cart, booth, mobile vehicle or the like, at a fair, trade show, concert or similar event. These restrictions also don't apply to sales of Hamburger Stand® branded products in grocery stores, food retail stores or other channels of distribution. Thus, you do not receive an exclusive territory. You may face competition from other franchisees, outlets we own, or other distribution channels or competitive brands we control. The Franchise Agreement does not state other grounds for us to modify the ½ mile exclusivity.

There is no restriction on us soliciting or accepting orders from your territory. We could conduct sales by internet or other distribution channels or means or other trademarks. You are not compensated for us soliciting or accepting orders in territory you serve. You are not restricted from advertising in any geographic area. We do not permit you to sell off the premises of your restaurant.

We granted franchises under other trademarks and may continue to do so. These include Wienerschnitzel®, which offers the same kinds of goods and services as Hamburger Stand® and Tastee-Freez®, which emphasizes desserts and offers many of the same items as Hamburger Stand®. There could be other trademarks in the future. We can operate or grant franchises for these restaurants in your exclusive area. We operate Hamburger Stand® and the other brands from the same location. We have the right to co-brand other concepts with the Hamburger Stand® brand. We do not have separate offices or separate training facilities for different brands.

We do not have a specific plan for solving conflicts between franchisees of our different systems as to territory, customers or support; we expect we would consider the matter and act based on our determination of parties' rights and obligations; and/or seek to make adjustments in good faith; however, the specific course of action would depend on the circumstances.

We aren't required to grant you an additional franchise. We don't grant you a first refusal right to buy other franchises. We do not know the conditions in which we would approve your relocation request but we expect it would depend on the circumstances and require you to secure a satisfactory new location, evaluated in relation to your existing location and other criteria we use to evaluate proposed locations at the time, as well as possibly other factors we consider appropriate at the time. We are not required to consent to your request to relocate the franchise.

ITEM 13: Trademarks

The main trademarks you are licensed to use are the word "Hamburger Stand®" and our logo that appears on the cover page of this Disclosure Document. We claim common law rights to the trademarks based on use. At the effective date of this Disclosure Document our application is pending for registration of the above mark on the Principal Register in the U.S. Patent & Trademark Office (App. Serial No. 86483365, filed December 14, 2014).

There are no material determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board or any state trademark administrator or court; and no pending infringement, opposition or cancellation proceeding involving these trademarks, except as follows: We may on occasion bring an action for trademark infringement against a terminated franchisee who continues to use our trademarks without authorization. There aren't any agreements in effect that significantly limit our rights to license the use of the marks to you. We don't know of any superior rights or infringing uses of the marks that could materially affect your use of them. However, it is possible that in appropriate circumstances others could claim they may use the phrase "hamburger stand" in a merely descriptive sense.

We do not have to defend you against any infringement, unfair competition or other claim regarding your use of our marks. You must stop using any mark when the franchise ends. We can require you to change marks. We don't have to compensate you for making you change marks.

The Franchise Agreement does not state a requirement for you to notify us of the use of or claim of rights to an identical or confusingly similar trademark. We are not required to take action if notified of such uses or claims. We claim the right to control administrative proceedings or litigation involving a trademark licensed by us to you, though the Franchise Agreement is silent on this.

We own the domain www.hamburgerstand.com. You cannot register as a domain name any of our Marks or similar words. We have the sole right to advertise on the Internet and create, use, or stop using a website containing the Marks. Unless we consent in writing, you must not link or frame our website, conduct any business or offer to sell or advertise any products or services on the web, or create or register any Internet domain name connected with your franchise.

ITEM 14: Patents, Copyrights and Proprietary Information

We registered the copyright of an earlier version of our Operations Manual in the Copyright Office of the Library of Congress in 1976 (no. 801001). The duration of that copyright is believed to be 95 years. The current version is two (2) volumes. It has instructions, techniques and specifications required in operating a Hamburger Stand® restaurant. The table of contents is Exhibit M to this Disclosure Document.

We claim copyright ownership in advertising we develop, advertising we provide you, our website www.hamburgerstand.com, the Tastee-Freez® website www.tasteefreez.com, our restaurant décor, packaging and other materials we create. Otherwise, there aren't any copyrights material to the franchise but this is not a waiver of our other copyright rights.

We don't have a contractual obligation to protect copyrights or defend you against claims from your use of the copyrighted Operations Manual. We are not obligated to take affirmative action if notified or infringement, or indemnify you for expenses or damages in proceedings involving the Operations Manual.

You must keep the contents of your franchise agreement confidential. We also consider other information we provide you to be trade secrets and you must keep this information confidential. This includes ingredients, business methods, contents of the Operation Manual, and other information we designate as confidential. You must keep your employees from disclosing this information, and if we ask, require them to sign confidentiality agreements.

We may modify the Operations Manual under any conditions and to any extent we decide, such as to meet or anticipate competition, protect trademarks or trade names, or improve products and services. The Franchise Agreement does not grant you rights if we modify or require you to stop using the Operations Manual.

We do not own or license rights in any patents that are material to the franchise. We do not have any patent application pending.

ITEM 15: Obligation to Participate in the Actual Operation of the Franchise Business

You or someone we approve must be designated as general manager and have full operational control of the restaurant. Any general manager is subject to our approval. We recommend but don't require that you operate the franchise personally on the premises. You or your manager must have completed our training program (described in Item 11).

You, your managers and other key personnel in your franchise, during the term of the Franchise Agreement and for two years after it ends, must not sell similar food products or have any interest in a competing business within 25 miles of any of our restaurants or franchises (including those in development during the year prior to the Franchise Agreement's end) and you and they must not ever use any of our packaging techniques, processes, food preparation methods or formulas.

If your company is an entity it must be closely held. We don't require that your manager have an ownership interest. We'll require you and your spouse to sign a personal guaranty. You or your general manager or majority owners must have completed our training program.

ITEM 16: Restrictions on What the Franchisee May Sell

You must sell all the items we designate and you can't sell anything else without our approval. Everything you sell must be high quality and prepared according to our specifications. You can sell only at retail (not as wholesale) and only at the restaurant location.

You can't have any vending machines, video or pinball game or coin or token operated machine at the restaurant. Liquor, drugs, and illegal substances aren't allowed on the premises.

There is no restriction on the customers you may sell to.

We can change or discontinue any products or services authorized for Hamburger Stand® restaurants. There is no restriction on our right to do so. You must change or stop offering any product or service within the time we state.

ITEM 17: Renewal, Termination, Transfer, and Dispute Resolution

THE FRANCHISE RELATIONSHIP

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

Franchise Agreement
(Please see the Notes following the tables in this Item 17)

Provision	Section in Agreement	Summary
A. Length of the franchise term	Sec. 4	Length of franchise term is negotiable. Usually it is 20 years. If you buy an existing Hamburger StandI® restaurant, the term may be less, but usually not less than five (5) years.
B. Renewal or extension of the term	None	You don't have a right to renew. We'll discuss renewal with you 9 – 14 months before franchise expires. If you meet our criteria, and agree to additions and upgrades, we may be willing to grant a renewal. We are not required to renew.
C. Requirements for franchisee to renew or extend	None	This is at our discretion. If we are willing, we'll require you to make corrections, additions and upgrades to the restaurant. Funds to do this must be available 3 months before expiration. If requirements are not done before expiration, you must place the funds in an attorney's trust account and release only on our approval. We'll require you to sign general release of claims. A $1,500 document preparation is charged to you if you fail to meet criteria requirements and documents must be extended. We may require you to sign an agreement with materially different terms and conditions then the agreement it replaces or extends. You will pay a new initial franchise fee.

Renewal, Termination, Transfer, and Dispute Resolution cont.

Provision	Section in Agreement	Summary
D. Termination by franchisee	None	If you diligently proposed locations to us but after one year we did not approve any location you proposed and we did not identify any proposed location satisfactory to you, they at your or our written request the Franchise Agreement will be cancelled. We will retain $5,000 and return the rest of the initial franchise fee you paid. Otherwise, you may not terminate without our consent. If you sublease from us, and your franchise term goes beyond sublease term, but we have the option to extend, then some later sublease rent/other terms to be set by our landlord, may not be known yet. When set by our landlord, you or we may want to end the franchise and we may mutually agree to terminate early.
E. Termination by franchisor without cause	None	We don't have the right to terminate without cause. However, if you diligently proposed locations to us but after one year we did not approve any location you proposed and we did not identify any proposed location satisfactory to you, then at your or our written request the Franchise Agreement will be cancelled. We'll retain $5,000 and return the rest of the initial franchise fee you paid.
F. Termination by franchisor with cause	Sec. 14(a)	We can terminate if you commit a listed default and do not cure within 5 days after receipt of notification of the default.
G. "Cause" defined – curable defaults	Sec. 14	Unless state law gives you more time, we give you 5 days after notification. Listed defaults are: bankruptcy, insolvency, appointment of receiver, assignment for benefit of creditors, unsatisfied judgment, levy or foreclosure against you, default of any term of Franchise Agreement, default in paying us, failure to maintain our standards, failure to make routine repairs or alterations, failure to maintain insurance, repeated breach, violation of law or regulation, for example, health, safety or sanitation laws, you operate unsafely, you stop doing business at the premises, breach of lease, loss of right to be at the premises.
H. H. "Cause" defined – non-curable defaults	None	Franchise Agreement does not specify defaults that are not curable, but some, by nature, may not be curable, for example, repeated breach. The Franchise Agreement does not say the listed defaults are exclusive grounds for termination. In some states, court decisions may let us terminate for breaches a court considers incurable, such as fraud against us.
I. Franchisee's obligations on termination/non-renewal	Sec. 15	You must stop using our system, marks, trade secrets, colors, symbols and anything that identifies you as our franchisee or former franchisee; pay any damages you caused us to incur, also including future profits; sell us supplies & all insignia bearing our trade name or marks we choose. You must return all materials loaned to you. You must abide by all provisions not to compete.
J. Assignment of contract by franchisor	None	There is no restriction against us assigning the Franchise Agreement.
K. "Transfer" by franchisee – defined	Sec. 13	Includes transfer of control or ownership change.
L. Franchisor approval of transfer by franchisee	Sec. 13	You must get our written approval before you sell, assign, transfer or encumber the agreement or any right or interest in it, even by operation of law.

Renewal, Termination, Transfer, and Dispute Resolution cont.

Provision	Section in Agreement	Summary
M. Conditions for franchisor approval of transfer	Sec. 13(d) and refers to Sec. 12	You must offer us right of first refusal. We must approve your proposed buyer. You must be in good standing, not be in default; pay transfer fee and sign a general release. Transfer must be on terms you offered us. We can impose other conditions. You, your officers and principals must not compete within 25 miles with us or any of our franchisees for a period of 2 years after termination.
N. Franchisor's right of first refusal to acquire franchisee's business	Sec. 13(c)	You must first offer to sell to us on the same terms you offer to other prospective buyers.
O. Franchisor's option to purchase franchisee's business	Sec. 15(b)	You grant us the option to purchase your supplies & all insignia with our trade name or marks at lower of cost or fair market value at time of termination.
P. Death or disability of franchisee	Sec. 13(d)	The person obtaining your franchise must satisfy our then current requirements.
Q. Non-competition covenants during the term of the franchise	Sec. 12	You, your officers or principals must not compete within 25 miles of any restaurant operated by a franchisee or us.
R. Non-competition covenants after the franchise is terminated or expires	Sec.12	You, your officers or principals must not compete within 25 miles with us or any of our franchisees for a period of 2 years after termination of agreement.
S. Modification of the agreement	None	Agreement may be modified only by mutual agreement between us. We can modify the Operations Manual as we decide. Modification of the Operations Manual is not a modification of the Franchise Agreement.
T. Integration/Merger Clause	None	Only terms of the Franchise Agreement are binding (subject to state law) Nothing in Franchise Agreement is intended to disclaim representations in this Disclosure Document.
U. Dispute resolution by arbitration or mediation	None	Not Applicable
V. Choice of Forum	Sec. 18(m)	Legal actions must be brought in Orange County, California, subject to state law
W. Choice of Law	Sec. 18(m)	California law applies, subject to state law.

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

2. Neither the franchisor, any person or franchise broker in Item 2 of this 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 seg., suspending or expelling these persons from membership in this association or exchange.

3. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

4. 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.)

5. 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.

6. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

7. Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Business Oversight before we ask you to consider a material modification of your franchise agreement.

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

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 financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in this 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 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 Robert Mathews, 7700 Irvine Center Drive, Suite 550, Irvine, California 92618, (949) 892-2684, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: Outlets & Franchisee Information

Table No. 1
Systemwide Outlet Summary
For Years 2015 to 2017

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Full Franchise	2015 2016 2017	6 5 7	5 7 8	-1 +2 +1
Limited Franchise (1)	2015 2016 2017	5 6 5	6 5 5	+1 -1 0
Total Outlets	2015 2016 2017	11 12 12	12 12 13	+1 1 +1

(1) The limited franchise is a lease, providing an opportunity to operate a Hamburger Stand® restaurant on a month-to-month basis with rent that adjusts to reduce the franchisee's range of positive or negative operating results. Limited franchises are described in a separate Disclosure Document.

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Years 2015 to 2017 (1)

State	Year	Number of Transfers
Arizona	2015 2016 2017	0 0 0
California	2015 2016 2017	0 1 0
Texas	2015 2016 2017	0 0 0
Total	2015 2016 2017	0 1 0

(1) All the above transfers were full franchises. There were no transfers of limited franchises.

Table No. 3
Status of Franchise Outlets for Years 2015 to 2017

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Arizona	2015 2016 2017	2 2 3	0 1 0	0 0 0	0 0 0	0 0 0	0 0 0	2 3 3
California	2015 2016 2017	2 2 2	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	2 2 0
Colorado	2015 2016 2017	6 6 6	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	6 6 6
Texas	2015 2016 2017	0 1 0	0 0 1	0 0 0	0 0 0	0 0 0	0 0 0	0 0 1
Wyoming	2015 2016 2017	1 1 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0
Total	2015 2016 2017	11 12 12	0 1 1	0 0 0	0 0 0	0 0 0	0 0 0	11 12 13

Attached as Exhibit N is a list of names, addresses and phone numbers of Hamburger Stand® franchisees and also any Hamburger Stand® franchisees who were terminated, cancelled or not renewed in our last fiscal year.

It is possible that in some instances, current and former franchisees could sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but not all franchisees will be able to communicate with you. In the last three fiscal years, all franchise agreements include confidentiality clauses to not share the contents of the franchise agreement with third parties.

Table No. 4
Status of Company Owned Outlets for Years 2015 to 2017

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
All States	2015 2016 2017	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0
Totals	2015 2016 2017	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0

Table No. 5
Projected Openings as of December 31, 2017

State	Franchise Agreements Signed but Outlet Not Opened	Projected Franchised New Outlet in the Next Fiscal Year	Projected New Company-owned Outlets in the Current Fiscal Year
All States	2	0	0
Total	2	0	0

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

Attached as Exhibit O is a list of names and contact information for each franchisee advertising association associated with Hamburger Stand®.

ITEM 21: Financial Statements

Attached as Exhibit A are the audited financial statements of GGFC for the last three fiscal years ending December 31, 2017, December 31, 2016 and December 31, 2015.

ITEM 22: Contracts

We've attached the following agreements as Exhibits:

B Franchise Agreement
C Offer to Purchase
D Sublease
E Promissory Note
F Guaranty
G Advertising Association Agreement
H Promotional Allowance Agreement
I Consent to Transfer Agreement
J Franchisor's Right to Cure Default (Lender)
K Franchisor's Right to Cure Default & Consent to Assignment Agreement (Landlord)
L Direct Debit Agreement
S SBA Addendum

ITEM 23: Receipts

The last two pages, following the exhibits are receipts acknowledging receipt of the disclosure document by you (one copy for you and one to be signed and returned to us).

EXHIBIT B

FRANCHISE AGREEMENT

GALARDI GROUP FRANCHISE CORP

FRANCHISE AGREEMENT

HAMBURGER STAND

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FRANCHISE AGREEMENT

This Franchise Agreement is made and entered into on __________, 201__, by and between GALARDI GROUP FRANCHISE CORP., a California corporation ("Franchisor"), GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company ("Service LLC") and ____________________________________ ("Franchisee") with reference to the following facts:

RECITALS

Franchisor owns a unique, proprietary system (the "Hamburger Stand System") for developing and operating distinctive restaurants featuring a limited menu of quality products and quick, quality service ("Hamburger Stand Restaurants"), identified by the distinctive Hamburger Stand trademarks and using other trademarks specified by Franchisor (the "Trademarks"). Service LLC provides services to operators of Hamburger Stand Restaurants. Franchisor and Service LLC established an excellent reputation, distinctive identity and valuable goodwill associated with Hamburger Stand Restaurants. Franchisee wants a franchise to operate a Hamburger Stand Restaurant at a specific location. Franchisor is willing to grant a franchise to Franchisee on the terms in this Agreement. Accordingly, the parties now agree as follows:

AGREEMENT

1. GRANT OF FRANCHISE AND LICENSE

Franchisor grants Franchisee a full franchise to operate a Hamburger Stand Restaurant at the location in Section 3, and a license to use the Trademarks and the Hamburger Stand System in connection with that restaurant. Franchisee accepts the license on the terms in this Agreement. Franchisor and Service LLC also grant to Franchisee a license to use the "Wienerschnitzel" and "Tastee Freez" systems' trademarks, trade names, and domain names pursuant to the other terms and conditions contained in this Agreement.

2. MANAGEMENT AND OWNERSHIP

Franchisee makes the following representations, warranties and promises to Franchisor:

(a) Franchisee accurately described Franchisee's business organization to Franchisor;

(b) Franchisee has the ability and financial resources, and is willing and committed, to fully perform Franchisee's obligations in this Agreement;

(c) If Franchisee is a corporation, limited liability company or other form of entity, the owners of all ownership interests, legal and beneficial, voting and non-voting, are as follows:

<u>Name</u>	<u>Percentage of Ownership</u>
____________________	____________________
____________________	____________________
____________________	____________________

(d) Ownership of Franchisee shall continue to be as stated above and shall not be changed without first obtaining Franchisor's written consent;

(e) At all times, Franchisee (if Franchisee is an individual) and the equity owner(s) of at least fifty-one percent (51%) of Franchisee (if Franchisee is an entity) or Franchisee's general manager, shall have attended and successfully completed training pursuant to Section 7(b); and

(f) ______________________ is designated as the initial Certified General Manager who shall have full operational control of, and actively works, the Hamburger Stand Restaurant unless and until a successor General Manager is approved by Service LLC. There shall also be a minimum of two (2) Certified Shift Managers per Hamburger Stand Restaurant at all times.

(g) Franchisor shall have the right to require the individuals identified in Section 2(c) and their spouses to execute from time to time, a guaranty of Franchisee's performance and other matters in favor of Franchisor and Service LLC.

3. LICENSED PREMISES

(a) The license to Franchisee to use the Hamburger Stand System and Trademarks is limited solely to ____ (the "Licensed Premises"). If the location is not stated here when this Agreement is signed, then when selected and approved by Franchisor, the location shall be identified in an Exhibit which the parties shall initial, date, attach to and thus make part of this Agreement as Exhibit "A".

(b) Franchisor will not grant a franchise for, and will not open its own Hamburger Stand Restaurant, closer than one-half (1/2) mile from the Licensed Premises or closer than one (1) mile on the exact same street as the Licensed Premises street address, except as stated in Section 3(c) below.

(c) As exceptions to Section 3(b), Franchisor may open or franchise Hamburger Stand Restaurants anywhere, even closer than one-half (1/2) mile to the Licensed Premises, or one (1) mile on the same street, if the restaurant is: at an amusement park, stadium, airport, school, mall, hotel, office building, office park, military base, business campus, store, swap meet or other institutional location Franchisor determines will likely not materially compete with the Licensed Premises; or a cart, booth, vehicle or the like, at a fair, trade show, concert or other event; or is a food truck or other vehicle; or a commissary supplying other locations or selling via the internet or other electronic commerce. Sales of Hamburger Stand branded products in grocery stores, food retail stores, or by other means, channels or other forms of distribution, shall be deemed to not violate the exclusivity in Section 3(b). Also, Section 3(b) does not grant marketing exclusivity. Franchisor and any franchisees may advertise restaurants and the Hamburger Stand brand anywhere, regardless of location and may solicit or accept orders from customers even within the area described in Section 3(b). Franchisor may make sales via Internet and other distribution channels. Franchisor may establish and/or grant franchises for Hamburger Stand and/or other restaurants anywhere outside the exclusive territory in Section 3(b).

(d) Franchisee must obtain real estate rights to develop a Hamburger Stand restaurant within twelve (12) months of entering into this Agreement, and have construction-ready plans submitted to applicable governmental offices within eighteen (18) months of entering into this Agreement. Failure of Franchisee to meet the time requirements in this paragraph will allow Franchisor and/or Service LLC to terminate this Agreement by written notice to the Franchisee.

(e) Franchisor reserves the right to co-brand other concepts with the Hamburger Stand system.

(f) If Franchisor or Service LLC pays for or obtains any licenses or permits on behalf of Franchisee in the first twelve (12) months that the Licensed Premises are open for business after execution of this Agreement, then Franchisee shall reimburse all Franchisor's and Service LLC's expenses and costs incurred to obtain those licenses or permits. This Section 3(d) does not imply any obligation of Franchisor or Service LLC to pay for or obtain any license or permit.

(g) Franchisor's approval or suggestion of a location is not a warranty or assurance of viability, profitability or suitability. Franchisee must make Franchisee's own assessment. Franchisee must not relocate the Licensed Premises or the Hamburger Stand restaurant without Franchisor's prior written consent.

4. TERM

(a) The term of this Agreement starts on _______________, 201___ and ends at the close of business on the ____ anniversary of that date.

(b) If applicable law requires Franchisor to give notice of expiration or non-renewal a specified time before expiration of this Agreement and Franchisor has not done so, then if Franchisee objects to the lack of notice, the term shall extend on a month-to-month basis until Franchisor has given the notice required and the required time passes before expiration becomes effective.

5. FRANCHISE FEE

(a) Franchisee shall pay to Franchisor an initial franchise fee totaling ____ dollars ($_________). This amount is deemed to be fully earned by Franchisor when paid, and is non-refundable, except in the circumstance set forth in the following paragraph. It is therefore understood and agreed that Franchisee waives any right to a refund if, and when, Franchisee receives Franchisor's and/or Service LLC's written approval of a submitted site, or Franchisee has not timely submitted at least three (3) Site Evaluation Forms as described in the next paragraph.

If Franchisee diligently proposed, by completed Site Evaluation Forms, at least three (3) site locations to Franchisor and/or Service, LLC, but after twelve (12) months from entering into this Agreement Franchisor and Service LLC did not approve any location proposed by Franchisee, and Franchisor and/or Service LLC did not identify any proposed location satisfactory to Franchisee, then at Franchisee's or Service LLC's written request this Agreement shall be cancelled and Franchisor and Service, LLC will retain five thousand dollars ($5,000) and return the balance of the initial franchise fee paid by Franchisee. Franchisee's written request to cancel this Agreement must be made to the other party before the end of the thirteenth (13th) month after entering into this Agreement, and Franchisor's and/or Service LLC's written request to cancel this Agreement may be made at any time after twelve (12) months from entering into this Agreement. .

6. FRANCHISE SERVICE FEE

(a) Franchisee shall pay Service LLC on or before the seventh (7th) day of each month a service fee. The service fee shall equal five percent (5%) of Net Sales for the prior month.

(b) For this Agreement, Net Sales means total sales of all food and other items, and any services at or originating from or connected to the Licensed Premises, but does not include sales taxes separately shown on the customer receipt, collected and actually paid to the taxing authority, uncollected cash register over rings, amounts received from sales which Franchisee promptly refunds at a customer's request; and tips paid by a customer to an employee of Franchisee in cash or by credit card, separately shown on the credit card invoice and actually paid to the employee.

(c) Franchisee shall record in writing all Sales and details sufficient to ascertain Net Sales. On or before the seventh (7th) day of each month Franchisee shall provide Service LLC a written statement of prior month Net Sales. Franchisee shall certify that the statement is true and accurate. Franchisee shall provide all additional financial and other information that Service LLC requests from time to time in the form, at times and in the manner Service LLC requests. Franchisee also hereby consents to Service LLC having access to all sales and other data in real time, or on demand, generated from any third-party system used in Franchisee's Wienerschnitzel business operations.

(d) Franchisee shall maintain all records, statements, and forms pertaining to Net Sales in good order for a period of three (3) years. Franchisee shall make these available to Service LLC's representatives for inspection, audit and copying at reasonable times specified by Service LLC.

(e) If Service LLC determines by inspection, audit or otherwise that any one or more statement(s) of Net Sales reported to Service LLC is or are understated or underpaid, then Franchisee shall immediately pay Service LLC the amount of the understatement or underpayment plus interest as provided in Section 18(e). If the understatement or underpayment is more than two percent (2%) of the total for any month, then Franchisee shall also pay the costs of the inspection or audit. The remedies in this Section 6(e) do not excuse a breach and are additional to and not in lieu of other available remedies.

7. SERVICES BY FRANCHISOR

(a) Franchisor shall make available a Hamburger Stand Restaurant for occupancy by Franchisee under a sublease, or provide Franchisee designs, drawings and specifications for construction of a Hamburger Stand Restaurant at the Licensed Premises.

(b) Franchisor shall provide to Franchisee, or to one representative of Franchisee, either an equity or a general manager, initial training in aspects of a Hamburger Stand Restaurant which will include training related to the preparation and sale of menu items and other products of the Wienerschnitzel and Tastee-Freez systems. Such designated trainee (designated representative) shall attend and successfully complete the initial training before Franchisee starts operating the Hamburger Stand Restaurant. Franchisor may require Franchisee to successfully complete initial training by such designated representative at least 30 days before opening. Training may be at Franchisor's training location in Irvine, California or other location designated by Franchisor. Initial training will be provided subject to availability of Franchisor's instructors.

(c) Franchisor shall loan or provide Franchisee access to a copy of Franchisor's confidential operations manual (the "Manual"). Franchisor may from time to time provide supplements and updates or, if the Manual is maintained on-line, supplement or update the on-line version. Franchisee shall place all supplements and updates in the Manual and maintain the loaned copy in its most current form. This Agreement's references to the Manual mean whatever at the time is the most recently updated and supplemented version of the Manual.

8. SERVICES BY SERVICE CORP.

(a) Service LLC shall assist Franchisee at the initial opening of the Hamburger Stand Restaurant for a period of time Service LLC determines.

(b) Service LLC shall provide promotion programs conducted under direction of Service LLC's marketing department for the initial opening of the Hamburger Stand Restaurant.

(c) Service LLC shall provide training seminars and meetings in certain aspects of Hamburger Stand Restaurants and maintain a school for training franchisees, all as Service LLC considers appropriate. Following successful completion of the initial training by a Franchisee or designated representative of Franchisee, another representative of Franchisee may (but is not required to) attend ongoing education programs as currently offered by Franchisor, up to twice a year, through its Management Development Program (MDP) at a cost of $75.00 per program; which is payable when the program is offered if a Franchisee representative elects to attend a program.

(d) Service LLC shall evaluate and test food and beverage items and operational methods for possible use in Hamburger Stand Restaurants.

(e) Service LLC shall provide Franchisee with selected merchandising, marketing and advertising research data and information Service LLC develops from time to time and considers helpful in the operation of franchised Hamburger Stand Restaurants.

(f) Service LLC shall provide Franchisee with recipe techniques, food preparation instructions and other information that Service LLC considers helpful in the operation of franchised Hamburger Stand Restaurants.

(g) Service LLC shall provide Franchisee a standardized accounting, cost control and portion control system.

(h) Service LLC's obligations in this Section 8 are not continuous and ongoing, but may be performed intermittently, as and when, Service LLC deems appropriate.

9. ADVERTISING OBLIGATIONS

(a) Except as stated below, all advertising and promotion by Franchisee shall be solely at Franchisee's cost and expense and shall be subject to prior written consent of Service LLC as to form, content, timing and placement. If no disapproval is provided within fifteen (15) days after submission of proposed advertising and promotion to Service LLC, then Franchisee may use that particular advertising and promotion until Service LLC delivers written notice of disapproval to Franchisee. Approval or failure to disapprove does not waive Service LLC's right to later disapprove that or any other or past or future advertising and promotion. Advertising and promotion by the Advertising Association shall be at the Association's expense from funds contributed prorate by Franchisee.

(b) Franchisee's advertising and promotion shall not use any trade name other than (1) Hamburger Stand or other trade names that Franchisor expressly authorizes or requires Franchisee to use; (2) brands that Franchisor specifically authorizes or requires Franchisee to use in advertising as part of joint product promotions or co-branding; and (3) Franchisee's independent ownership identity if and as specified by Franchisor.

(c) Franchisee shall execute Franchisor's Promotional Allowance Assignment assigning and conveying to Service LLC and Franchisor all Franchisee's right, title and interest in and to any marketing or promotional allowances.

(d) Franchisee shall join, execute and fully perform all agreements and adhere to all by-laws of, and do all else needed to continuously be a member in good standing in, an Advertising Association approved by Service LLC and formed to serve a geographic area acceptable to Franchisor, that includes the Licensed Premises.

(e) Franchisor shall have the right to designate the geographic area or other market definition of the Advertising Association. At any time when no Service LLC-approved Advertising Association exists in the Franchisor-designated area encompassing the Licensed Premises, then as soon as that area has multiple Hamburger Stand franchisees, Franchisee shall form an Advertising Association with the other franchisee(s) in that area and take all steps needed to obtain Service LLC's approval for that Advertising Association. If they cannot reach agreement on terms for forming the Association, Franchisee shall submit the matter to arbitration with Service LLC as arbitrator. Franchisee shall execute the Advertising Association agreement(s) determined by Service LLC acting as arbitrator.

(f) Franchisee shall pay contributions for advertising determined by the Advertising Association.

(g) Franchisee's obligation to expend funds for local advertising shall never be less than three percent (3%) of Net Sales (the "Minimum Local Advertising Obligation"), paid as follows:

(i)If Franchisee is a member of an Advertising Association, then Franchisee shall pay the contribution required by the Advertising Association . If the contribution required by the Advertising Association is less than the Minimum Local Advertising Obligation, then in addition to the contribution required by the Advertising Association, Franchisee shall expend for local advertising, each month, an additional amount equal to the difference between Minimum Local Advertising Obligation and the contribution required by the Advertising Association. If Franchisee's contribution required by the Advertising Association is more than the Minimum Local Advertising Obligation, then Franchisee shall pay the required contribution to the Advertising Association; or

(ii)If Franchisee is not a member of an Advertising Association, Franchisee shall spend at least the Minimum Local Advertising Obligation for advertising each month. IF Franchisee's Advertising Association required contribution, and/or local advertising expenditures are (or it appears to Service LLC that they will be) less that the Minimum Local Advertising Obligation, then Service LLC has the option to require Franchisee to pay to Service LLC the difference between Minimum Local Advertising Obligation and the total of the Franchisee's paid local expenditures, or anticipated to be paid, for that year. (h) Service LLC may require Franchisee to pay an additional one percent (1%) of Net Sales to Service LLC for national and/or regional advertising. Franchisee shall make these payments to Service LLC on or before the seventh (7th) day of each month. Payments to Service LLC under this Section shall not reduce Franchisee's contribution required by Section 9(g) above. Service LLC does not have an obligation to advertise in any particular media, in any particular geographic area, in any particular amounts, or at all.

(i) In this Section 9, advertising may include internet advertising (including, but not limited to social media and other internet based tools and platforms), electronic, broadcast and print media, billboards, premiums, point of sale materials, printing and distribution of coupons, public relations activities, and other activities Service LLC approves for promoting sales of Hamburger Stand products; and does not include those of the foregoing, or other, media and activities, that Service, LLC notifies Franchisee are not approved for purposes of the four percent (4%) of Net Sales expenditure requirement.

(j) Franchisor or Service LLC may, but is not obligated to, establish and maintain one or more websites promoting the Trademarks and System. Franchisor or Service LLC shall have sole control over the website(s). Franchisor or Service LLC may stop operation of any website(s) at any time without notice. Franchisor shall have the right to control the operation and content of any internet or social media utilizing the Hamburger Stand brand. Unless Franchisee obtains prior written consent from Franchisor or Service LLC, as applicable, which may be withheld in Franchisor's sole discretion, Franchisee shall not establish or maintain a separate website, or a splash page or other presence on the Internet or through any social networking site relating to the operation of the Restaurant. If Franchisor or Service LLC consents to Franchisee operating a separate website or Internet presence, Franchisee shall do so according to our Franchisor or Service LLCs standards and policies in the Manual or otherwise in writing from time to time. Franchisor or Service LLC can modify or supplement policies regarding social media and internet use at any time in writing, whether as part of the Manual or otherwise.

(k) Franchisee shall in no event communicate with media in response to a brand crisis, but shall direct all such inquiries to Franchisor to communicate directly with the media on behalf of the brand.

10. STANDARDS OF OPERATION

(a) Franchisee acknowledges that Franchisor, Service LLC and Hamburger Stand franchisees maintain high standards and reputation for quality of service, products, preparation and sale of food and methods of conducting business. Franchisee acknowledges that Franchisee's compliance with Sections 10(b) through 10(s) is necessary to maintain the high standards and reputation.

(b) Franchisee shall operate the Hamburger Stand Restaurant in compliance with the Manual.

(c) Franchisee shall assure that all food provided by Franchisee is the highest quality and that preparation, composition and ingredients conform fully to specifications, standards and instructions Service LLC provides to Franchisee from time to time. Service LLC, or its designated representative, agent, or vendor, shall have the right to inspect the Licensed Premises from time to time without notice, during regular business hours to assess Franchisee's compliance with this Agreement. Franchisee shall cooperate with these inspections.

(d) Franchisee shall not conduct any business at the Licensed Premises other than the Hamburger Stand restaurant, and shall not serve, process, prepare, advertise, promote or sell any item or service except as directed or consented to in writing by Service LLC. Franchisee shall sell only at retail and not wholesale, and shall not sell to a third-party for catering purposes. Franchisee shall not sell from any location other than the Licensed Premises, without prior written consent from Service LLC.

(e) Franchisee acknowledges that changes may occur in consumer preferences, technology, competitive circumstances and other factors affecting the Hamburger Stand System. In Service LLC's sole business judgment, Service LLC shall have the right to modify any and all aspects of food preparation, menus, techniques, procedures, products, services and all other aspects of the Hamburger Stand System from time to time. Franchisee shall comply with modifications within the time Service LLC states. Modifications are deemed to occur pursuant to Service LLC's rights in this Agreement and are not modifications of this Agreement.

(f) Franchisee shall at all times maintain and operate all food preparation areas, storage, displays, interiors, parking areas and all other aspects of the Licensed Premises at a high standard of sanitation and cleanliness, in compliance with all applicable laws and regulations, and as required by Service LLC's requirements. Franchisee shall assure that all personnel are dressed in compliance with Service LLC's requirements and highest standards of hygiene. When Franchisor or Service LLC requests, Franchisee shall, at Franchisee's sole cost and expense, send personnel designated by Franchisor or Service LLC to training programs of Franchisor or Service LLC.

(g) Franchisor and Franchisee, and Service LLC and Franchisee, are independent contractors. If despite the parties' intent and belief that they are independent contractors, any government agency deems in a final decision (not appealed or not successfully appealed) (a) Franchisor to be a joint employer with Franchisee of individuals hired by Franchisee, and/or (b) Service LLC to be a joint employer with Franchisee of individuals hired by Franchisee, Franchisee will reimburse Franchisor and/or Service LLC (as applicable) for any expenses incurred by Franchisor or Service LLC that Franchisee would have incurred if Franchisee were the sole employer of its employees. Those expenses could include, among others, wages, salaries, taxes, and unemployment insurance premiums.

(h) All food and menus on the Licensed Premises shall be in the form, size, color and content specified by Service LLC. Service LLC shall have the right to change the form, size, color and content of food and menus from time to time and Franchisee shall conform to these changes within three (3) days after receiving written notice. Service LLC shall have the right to require Franchisee to advertise locations and addresses of other Hamburger Stand Restaurants as well as specialty and novelty items that may be used or sold by Service LLC or other Hamburger Stand Restaurants.

(i) All inside and outside decorating at the Licensed Premises shall conform to the plans, specifications, designs and colors required by Service LLC of all Hamburger Stand franchisees of Franchisor. Service LLC shall have the right to change the plans, specifications, designs and colors from time to time. Franchisee shall conform to these changes within a reasonable time, but not to exceed one hundred eighty (180) days after receiving written notice from Service LLC to do so..

(j) Franchisee shall remodel the Licensed Premises at least every ten (10) years in accordance with Service LLC's then-current remodel requirements.

(k) If any building or appurtenance is to be constructed or altered in any way on the Licensed Premises, the construction or alterations shall conform with plans and specifications that Service LLC furnishes, and all applicable laws and regulations. Service LLC shall have the right to examine construction or alteration to assure conformity. Franchisee shall not undertake construction or alteration of the Licensed Premises without Service LLC's prior written consent and shall not change any plan or specification in construction or alteration without Service LLC's prior written consent.

(l) Franchisee shall install and use on the Licensed Premises furnishings, furniture, signs and equipment as Service LLC requires from time to time. Franchisee shall conform to the standards of quality, quantity, design, size, color and other specifications that Service LLC requires. If Service LLC, in its sole, subjective judgment, determines that new or additional equipment may provide new or improved services or value to customers and notifies Franchisee, Franchisee shall, at Franchisee's sole cost and expense, acquire and use that equipment within thirty (30) days after receipt of the written notice, and stop using any outmoded or superseded equipment. If Franchisee fails to acquire and use the equipment within those thirty (30) days, then Service LLC will have the right to acquire and install the equipment at Franchisee's cost and expense.

(m) The following applies if the term of this Agreement is at least twenty (20) or more years. Any time after the 10th anniversary of this Agreement, Service LLC can require Franchisee to remodel, refurbish, redecorate, modernize, refurnish, upgrade, and/or enhance the image of the Licensed Premises and Hamburger Stand Restaurant to conform to changes in, or prescribed in Service LLC's then-current standards and specifications, as Service LLC determines in Service LLC's discretion. This may require a substantial further investment and expense by Franchisee. Service LLC makes no guarantee of any particular return on that investment and expense. Service LLC may specify, or require Franchisee to obtain Service LLC's consent to revised or new layouts, designs, image, equipment, furniture and furnishings Franchisee uses in any of the foregoing activities. Service LLC shall use good faith, on a nondiscriminatory basis, in requiring Franchisee to take the above actions.

(n) Franchisee shall assure that all signs at the Licensed Premises display no trademark or trade name other than Hamburger Stand, or other trade names owned by or consented to by Franchisor and Service LLC, the location of the Licensed Premises, and if Franchisor requires, notice of Franchisee's independent ownership. Franchisee shall assure that color, size, design and content of all signs are according to specifications Service LLC provides. Franchisee consents to Service LLC's representatives entering the Licensed Premises and removing any signs that do not conform to Service LLC's specifications.

(o) Franchisee shall not employ or use or allow any vending machine, amusement device, video game, pinball machine, coin or token operated machine or computer game equipment on the Licensed Premises.

(p) Franchisee shall open the Licensed Premises for business during at least the hours and days Service LLC specifies, which may be as many as 24 hours per day, and as many as 365 days per year (366 per leap year).

(q) Franchisee shall participate in any computer network, intranet system or extranet system implement by Franchisor or Service LLC and do so in compliance with standards, protocols, and restrictions Franchisor or Service LLC specifies. This could include but is not limited to, required participation to submit reports, receive updates to Manual(s), or for other communications.

(r) Franchisee shall deliver any training to Franchisee's personnel that Franchisor specifies.

(s) Franchisee acknowledges that because uniformity under many varying conditions may not always be possible or practical or the most advantageous, Franchisor reserves the right to materially vary Franchisor's standards or franchise agreement terms for any franchised business. Variances could also be based on timing of the grant of franchise, peculiarities of the particular territory or circumstances, business potential, population, existing business practices, other non-arbitrary distinctions or any other condition which Franchisor considers relevant or important. Franchisee will have no right to require Franchisor to disclose any variation or to grant the same or a similar variation to Franchisee.

11. FOOD, SUPPLIES AND SERVICES

(a) To protect the Trademarks, maintain uniformity and standards of quality and for other reasons beneficial to Franchisor, Franchisee shall comply with Sections 11(b) through 11(h).

(b) Franchisee shall purchase for inventory, use and resale on the Licensed Premises, only food and supplies specified in the Manual.

(c) Franchisee shall acquire from Service LLC or sources Service LLC approves in writing from time to time, the foods, supplies, materials, equipment and other items for use in operating the Hamburger Stand Restaurant, that Franchisor and Service LLC determine are needed for uniformity, consistent quality and to preserve and enhance the goodwill of the Trademarks. Franchisor shall have the authority to require Franchisee to withdraw any product from Franchisee's restaurant as part of a product recall.

(d) Service LLC shall furnish Franchisee at Franchisee's request the then-current standards and specifications for equipment, supplies, trademarked paper goods or other products required by Service LLC to be used in operating the Hamburger Stand Restaurant.

(e) If Franchisee wants to obtain required items from a manufacturer or supplier not then approved by Service LLC, Franchisee shall provide Service LLC with all information regarding the manufacturer or supplier that Service LLC requests. Franchisor shall have the right to require the manufacturer or supplier to provide samples, access to facilities, payment of testing charges, and assurance they will adequately protect confidential information. On completion of procedures required by Service LLC to assess manufacturer or supplier capacity, facilities, and capability to supply quantities, at times and with reliability needed for efficient operation, to protect confidential information, and any other factors Service LLC deems relevant, Service LLC shall notify Franchisee whether or not the manufacturer or supplier is approved to supply the item to Franchisee; and the basis for any disapproval. The parties intend this Section 11(e) to permit Franchisee to purchase items meeting Service LLC's standards and specifications from manufacturers and suppliers of Franchisee's choice, subject to reasonable approval of Service LLC.

(f) Service LLC may withdraw approval of an item or manufacturer or supplier if Service LLC decides circumstances warrant. Franchisee shall stop acquiring or using any item or acquiring from any manufacturer or supplier as to which approval is withdrawn.

(g) Franchisee acknowledges that quality control of products used or sold by Hamburger Stand franchisees is proper and important to the operation of the Hamburger Stand system and to protection of the Trademarks, and that the provisions in this Section 11 are reasonable for these purposes.

12. OWNERSHIP AND PROTECTION OF INTELLECTUAL PROPERTY

(a) Franchisee shall not disclose to any other person any information pertaining to ingredients, methods of conducting business, contents of the Manual or any other material or information that Franchisor designates as confidential, or that given its nature Franchisee should recognize as confidential. This obligation lasts in perpetuity and thus survives expiration, termination, cancellation or assignment of this Agreement. Franchisee may disclose to employees, the portions of the information that are essential for them to know to do their jobs. Franchisee shall cause the employees to refrain from further disclosure. Franchisee shall require personnel specified by Franchisor to execute written agreements for Franchisor's benefit, agreeing to protect confidentiality, and shall provide copies to Franchisor.

(b) Franchisee shall fully and promptly disclose to Franchisor, all ideas, concepts, formulas, recipes, methods, techniques and other possible improvements relating to development or operation of a Hamburger Stand Restaurant which Franchisee conceives or becomes aware of due to conception or suggestion of others or otherwise. Franchisor shall be deemed to be authorized to develop, modify, use and authorize others to use the matters disclosed, without further compensation to Franchisee or others beyond the consideration comprised of this Agreement, and any such information, and ownership thereof, shall be deemed to be the property of Franchisor. Franchisee (and its principals) shall execute Franchisor's choices of assignments of rights and/or licenses in the foregoing to Franchisor, assist Franchisor in obtaining and enforcing intellectual property rights therein, and hereby designates Franchisor as Franchisee's agent and attorney-in-fact to file all documentation related to the foregoing. Franchisee shall not test, offer, or sell any new product without Franchisor's prior written consent.

(c) To assist in protecting confidential information against intentional or inadvertent misuse, during the term of this Agreement and for two (2) years after it is cancelled, assigned, expires without renewal or terminates or is transferred, Franchisee and Franchisee's stockholders, members, joint venturers, directors, managers, officers, partners, managerial employees and equivalents of each of the foregoing, shall not have any direct or indirect interest as an owner, investor, partner, lender, director, officer, manager, employee, consultant, representative or agent or in any other capacity in any "Competing Business". A Competing Business is a business that is both (a) located at or within 25 miles of the Licensed Premises or premises of any Hamburger Stand Restaurant; and (b) engaged in preparing, offering or selling food products that are the same as or substantially similar to those (x) offered or sold by the Hamburger Stand Restaurant or (y) in development by Franchisor or Service LLC during the one year prior to expiration or termination. Franchisee shall take all steps needed to assure compliance with this provision by Franchisee's stockholders, members, joint venturers, directors, officers, partners, managerial employees and equivalents. Following expiration or termination of this Agreement, Franchisee shall never use any packaging techniques, processes or food preparation methods or formulas obtained, learned or used by Franchisee as a Hamburger Stand franchisee.

(d) Franchisee acknowledges that the scope of the restriction in Section 12(c) is narrow, and does not restrict anyone from engaging in the restaurant or food service business outside the narrow scope of Section 12(c) or from engaging in an entire trade or profession, and that Franchisee has other considerable skills, experience, abilities and education which enable Franchisee to derive income from other activities and therefore the covenants in Section 12(c) will not impose any undue hardship on Franchisee. Any violation of Section 12(c) by any person or entity referred to shall be deemed to be a material breach of this Agreement by Franchisee.

(e) Franchisee acknowledges that "Hamburger Stand" and the other Trademarks, and Hamburger Stand and Tastee-Freez domain names, are solely Franchisor's property. Nothing in this Agreement grants Franchisee, or any other person, any right, title or interest therein, or in similar Trademarks or names, except a license to use the Trademarks on the terms in this Agreement.

(f) Franchisee shall not register as a domain name any of the Trademarks or similar words. Franchisor shall have the sole right to advertise on the Internet and create, use, or stop using a website containing the Trademarks. Unless Franchisor consents in writing, Franchisee shall not link or frame any website of Franchisor or its affiliates, conduct any business or offer to sell or advertise any products or services on the web, or create or register any Internet domain name connected with the franchise.

(g) A decision of a court that all or part of this Section 12 is unenforceable in a state other than where the Licensed Premises are located, shall not relieve Franchisee of the obligation to comply with this Section 12. If a court having jurisdiction determines that all or part of this Section 12 is unenforceable in the state where the Licensed Premises are located but that the provision would be enforceable if its scope were reduced, then the provision shall be deemed to be reduced to encompass the maximum time, geography and activity that is permissible in that state, and as reduced in scope shall be enforced.

13. TRANSFER

(a) Franchisee shall have no right or power to, and shall not purport to sell, assign, transfer or encumber this Agreement or any right or interest in this Agreement, or in the Licensed Premises or Wienerschnitzel Restaurant, nor allow any assignment, transfer or encumbrance of the foregoing or any interest in the ownership of Franchisee to occur, by operation of law or otherwise, without first obtaining written consent of Franchisor and Service LLC. Any purported sale, assignment, transfer or encumbrance other than as provided in this Section 13 shall be void, of no effect and is a material breach of this Agreement.

(b) Franchisee may sell and transfer Franchisee's rights under this Agreement, or sell and transfer an interest in the ownership of Franchisee, to a bona fide purchaser, subject to first offering to sell and assign those rights and/or interest(s) to Franchisor on the same terms and conditions as proposed to be sold and transferred to the prospective purchaser. All proposed sale offers shall be fully set forth in writing and provided in full to Franchisor. Franchisor shall have thirty (30) days from date of receipt to accept any such offer. If Franchisor has not accepted the offer within such thirty (30) days, then Franchisee may complete the sale to the prospective purchaser on the same terms and conditions, provided that Franchisee is not then in breach of this Agreement and further provided that Franchisor and Service LLC may impose any conditions to consenting to such sale and transfer, including, but not limited to the following:

(1) To insure that the required facility upgrades are completed timely, Franchisee must also pay to Service LLC an additional transfer equal to ten percent (10%) of the total estimate on the Hamburger Stand Restaurant Evaluation. If the work described in the Hamburger Stand Restaurant Evaluation is completed within the time period required by Service LLC, then an amount equal to this additional transfer fee will be paid to Franchisee as a work performance bonus.

(2) Franchisee must not be in breach of any agreement with Franchisor or Service LLC, or any supplier and must satisfy fully all obligations, including post-term obligations, to Franchisor, Service LLC and others arising out of the operation of the Wienerschnitzel restaurant;

(3) Franchisee must satisfy all past due obligations to Franchisor and Service LLC, arising out of Franchisee's operation of other restaurants franchised from Franchisor and any consent or approval to the transfer does not waive any claims of Franchisor or Service LLC. The Franchisee shall also sign a release in favor of Franchisor, Service LLC and their respective shareholders, members, directors, managers, officers, employees and affiliates, in a form specified by Franchisor;

(4) The proposed transferee must satisfy Franchisor and Service LLC that transferee meets Franchisor's and Service LLC's then-current financial and managerial criteria required of new franchisees, and within time limits set by Franchisor and/or Service LLC must obtain all permits and licenses required for operation of the Wienerschnitzel Restaurant;

(5) The purchase price and terms shall be subject to Franchisor's and/or Service LLC's reasonable review and consent and must not be high, excessive or burdensome in Franchisor's or Service LLC's judgment as to threaten the future operation of the Wienerschnitzel Restaurant, and the proposed transferee must have sufficient equity capital in the business to result in a debt-to-equity ratio of at least one-to-one, or other debt-to-equity ratio that Franchisor and Service LLC approve;

(6) The proposed transferee must meet with Franchisor's and Service LLC's personnel and successfully pass whatever tests are required by Franchisor and Service LLC to assess aptitude and ability to own and operate a Wienerschnitzel Restaurant;

(7) The proposed transferee must successfully complete all training required of new franchisees and pay Franchisor's and/or Service LLC's then-current charges for training;

(8) Franchisee or the proposed transferee must pay Franchisor and/or Service LLC a transfer fee. The transfer fee is due with the request to transfer and is not refundable whether or not the transfer occurs. At the time of the signing this Franchise Agreement, the transfer fee is three thousand dollars ($3,000). This could increase in the future.

(9) The proposed transferee must sign Franchisor's and Service LLC's then-current forms of franchise, sublease, and other agreements, which may contain provisions materially different from this Agreement and other existing agreements, including, but not limited to amounts of fees to Franchisor and Service LLC, and amounts to be expended on advertising;

(10) The proposed transferee may pay Service LLC a security deposit equal to one (1) month's payments to Service LLC under the franchise agreement, sublease and any equipment lease;

(11) Franchisee and/or the proposed transferee must make improvements and additions to the facilities and equipment comprising the Wienerschnitzel Restaurant as Service LLC requires;

(12) Franchisee shall execute Franchisor's and Service LLC's then-standard Guaranty guaranteeing to Franchisor and Service LLC the performance of all obligations by the proposed transferee;

(13) The Franchisee shall reaffirm the agreement not to compete as set forth in Section 12 of this Agreement.;

(14) Any other conditions that Franchisor or Service LLC deem relevant in the circumstances.

(c) If Franchisee is owned by individuals, the Franchisor and Service LLC will consent to the transfer of this Agreement to a corporation or LLC approved by Franchisor and Service LLC, provided there are no material circumstances or reasons for Franchisor or Service LLC to object and Franchisee complies with any conditions Franchisor and/or Service LLC require, including, but not limited to the following:

(1) The stockholders, or unit holders/members, of the transferee entity shall be limited to those individuals whom Franchisor and Service LLC specify;

(2) Franchisee shall be the legal and beneficial owner of the stock or units of the proposed transferee corporation or LLC, and shall be that entity's principal officer(s) or controlling member(s). Provided Franchisee retains controlling interest of the transferee entity, Franchisee may sell, transfer or assign stock or units in that entity to members of Franchisee's immediate family or to a trustee in trust for the immediate family, to the transferee's operating managers, if the Franchisee and the transferee(s) of the stock or units is not then in default of any terms of any agreement with Franchisor or Service LLC. Franchisee may sell, assign, or transfer controlling interest of the transferee corporation or LLC only in compliance with Section 13(b).

(3) Franchisee shall pay Franchisor and/or Service LLC a transfer fee. The transfer fee is due with the request to transfer and is not refundable whether or not the transfer occurs. At the time of signing this Franchise Agreement, the transfer fee under this subsection is Five Hundred Dollars ($500.00). This could increase in the future.

(d) In the event of death or disability of Franchisee, then following written request, Franchisor and Service LLC shall consent to the transfer of the Franchisee's interest to Franchisee's surviving spouse, heirs or relatives by blood or by marriage, whether the transfer is made by will or by operation of law, provided that: (1) in Franchisor's and Service LLC's sole discretion and judgment the person or persons obtaining the interest(s) are capable of and committed to conducting the business in a manner satisfactory to Franchisor and Service LLC; and, (2) the transferee satisfies Franchisor's and Service LLC's then current requirements pertaining to transfer or subletting, including, but not limited to the conditions listed immediately above in subsection (b).

(e) Franchisee acknowledges that the restrictions and conditions contained tin the Section 13 are to protect Franchisor's and Service LLC's Trademarks, trade secrets, and reputation and image. Any purported issuance, sale, transfer or assignment of any stock, units or other indicia of ownership other than as provided in this Section 13 without Franchisor's and Service LLC's prior written consent shall be a material breach of this Agreement and grounds for Franchisor and Service LLC to terminate Franchisee's rights under this Agreement without providing an opportunity to cure the breach.

(f) Franchisor's and/or Service LLC's consent to a proposed transfer will not be unreasonably withheld or delayed.

14. DEFAULT

(a) The occurrence of any of the following events shall be a default and good cause for Franchisor and Service LLC, at their option and without prejudice to any other rights or remedies under this Agreement or law, to terminate Franchisee's rights under this Agreement if Franchisee fails to cure the default within five (5) days after Franchisee's receipt of written notification, unless a different time is otherwise specified below:

(1) Franchisee is adjudicated bankrupt, becomes insolvent, or a temporary or permanent receiver of any of Franchisee's property is appointed; or Franchisee makes a transfer for the benefit of creditors, or a judgment remains unsatisfied for thirty (30) days or longer (unless supersedes bond is filed) or execution is levied against Franchisee's business or property, or suit to foreclose a lien or mortgage against the Licensed Premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days;

(2) Franchisee defaults in performing any term, condition or obligation or payment of any amount due to Franchisor or Service LLC, or to any supplier or anyone else arising out of the purchase of supplies or purchase or lease of equipment for the restaurant;

(3) Franchisee defaults in payment under any promissory note or other evidence of debt to Franchisor or payment of any fees or for any advertising or fails to submit any profit and loss statements or other financial statements or data or report of Net Sales or other report required by this Agreement, or Franchisee makes any false statement in any financial or other report to Franchisor;

(4) Franchisee fails to maintain the standards required by this Agreement, and as supplemented by the Manual;

(5) Franchisee violates any health, safety or sanitation law, ordinance, or regulation, or operates the Wienerschnitzel Restaurant in an unsafe manner, and does not begin to cure the violation immediately, and correct the violation as soon as reasonably possible, but in no event longer than five (5) days after Franchisee receives written notice from Franchisor or Service LLC;

(6) Franchisee fails to make or cause to be made those routine maintenance, repairs and alterations, as Franchisor and Service LLC deem necessary to ensure compliance with Service LLC's specifications, standards and instructions, and does not complete any and all repairs and maintenance within thirty (30) days after Franchisee receives written notice from Franchisor or Service LLC. If the maintenance, repairs, and alterations cannot be completed within thirty (30) days of Franchisee's receipt of Franchisor's or Service LLC's written notice, then Franchisee must commence and diligently pursue such maintenance, repairs, and alterations to completion as soon as possible;

(7) Franchisee fails to maintain the insurance as Service LLC may require and does not obtain the required insurance within ten (10) days after Franchisee receives written notice from Service LLC;

(8) Franchisee breaches any other agreement between Franchisee and Franchisor or Service LLC, and does not cure such breach within applicable cure periods set forth in such other agreement. Further, an uncured breach or involuntary termination of this Franchise Agreement shall be considered a breach of any other agreement between Franchisee and Franchisor or Service LLC, and subject such other agreement to grounds for termination.

(9) Franchisee violates any law, ordinance, rule or regulation in relation to the Hamburger Stand Restaurant, or in any way that Franchisor and/or Service LLC believes may injure the reputation of Service LLC, Franchisor or the Trademarks, or Franchisee permits a violation to go uncorrected after notification, unless there is a bona fide dispute about the violation or legality of the law, ordinance, rule or regulation, and Franchisee promptly contests the violation or legality in court or using the government agency's administrative procedures;

(10) Franchisee ceases to do business at the Licensed Premises or defaults under any lease or sublease or loses Franchisee's right to possession of the Licensed Premises;

(11) Franchisee commits a material default and Franchisor and/or Service LLC have twice previously given Franchisee written notice of the same type of default(s) within the preceding twelve (12) months, whether or not Franchisee has cured the default(s). Termination of this Agreement shall be immediate and will not have time to cure this default; or

(12) Franchisee violates any term or condition or other provision of this Agreement.

(b) In addition to all other rights and remedies available to Franchisor and Service LLC, and not in lieu of any other right or remedy, and not as an exclusive remedy, Franchisor and Service LLC shall have the rights to (i) assess Franchisee a service charge of two hundred fifty dollars ($250) for each breach or default comprised of a noncompliance or other form of violation of any standard, procedure, or requirement of this Agreement or the Manual, and/or (ii) each acting on its own or both acting together, to implement remedial or cure actions, and charge Franchisee all costs and expenses incurred to do so. The service charge is deemed by Franchisor, Service LLC, and Franchisee to be a reasonable estimate of Service LLC's administrative and management costs. Service LLC will collect such charges from Franchisee by automated debit or other method, in lump sum or over time, if Franchisee fails to cure a breach of any standard procedure or requirement, or requiring or involving correction, replacement, improvement or other attention concerning maintenance, design, décor, appearance, obsolescence, or the like concerning the restaurant or any furniture, fixtures, equipment or other aspect of the restaurant.

(c) Failure or delay by Franchisor or Service LLC to take action on account of any default(s) by Franchisee, whether a single instance or repeatedly, shall not waive any default or the performance required of Franchisee. A waiver by Franchisor or Service LLC of any obligation or performance or of any default by Franchisee on any one or more occasions shall not be an implied waiver of any other or future obligation, performance, or default.

15. EFFECTS OF EXPIRATION OR TERMINATION; POST TERMINATION OBLIGATIONS

(a) On expiration or termination of this Agreement, regardless of the reasons, Franchisee shall immediately and permanently (1) stop using the words "Hamburger Stand" and any other words similar in form, spelling or sound to these words, anywhere in the world; (2) stop using all the other matter comprising the Trademarks; (3) refrain from identifying Franchisee as a franchisee or former Hamburger Stand franchisee; (4) stop using all trade secrets, formulas, menus, processes, signs, symbols, proprietary equipment, devices, recipes, food mixes or other materials constituting part of the Hamburger Stand System; (5) at Franchisee's cost remove from all premises owned or controlled by Franchisee all signs, menus, writings, notices and all other indicia or material related or referring to the

Trademarks; (6) repaint the roof of the Licensed Premises to a color entirely dissimilar to the approved color at the time of termination or expiration; and (7) make other removals and changes in signs and layout and colors of buildings and structures as Service LLC requests to distinguish the Licensed Premises from their former appearance and from other Hamburger Stand restaurants. Service LLC shall have the right to enter any and all premises to take any action under this Section 15(a) that Franchisee fails to take, without further notice and Franchisee shall reimburse all Service LLC's costs to do so.

(b) On expiration or termination of this Agreement, Franchisee is deemed to have granted to Service LLC the option to purchase any or all paper goods, containers, signs, menus and any and all insignia bearing any of the Trademarks, at the lower of cost or fair market value at the time of termination.

(c) In the event of termination due to default of Franchisee, the extent of all damages which Franchisor and Service LLC have suffered due to the default shall be and remain a lien in favor of Franchisor and Service LLC against any and all personal property, machinery, fixtures and equipment owned by Franchisee on the Licensed Premises at the time of the default.

(d) In the event of termination due to breach or default by Franchisee, Franchisee shall be liable for Franchisor's and Service LLC's lost future revenues and profits, even if Franchisor and/or Service LLC terminated this Agreement due to breach or default.

(e) Any provision of this Agreement which imposes an obligation after termination or expiration (for example, Sections 12(a) and 12(c)) shall survive termination or expiration of this Agreement and shall continue to be binding on Franchisee until fully performed or until, by its nature, the provision has expired.

16. VERIFICATION OF OBLIGATIONS

Service LLC shall have the right to take any action reasonable in the industry and without monetary implications that Service LLC deems appropriate to directly or indirectly verify or encourage Franchisee's performance of obligations in this Agreement, including but not limited to (a) installing or requiring Franchisee to install in and about the Licensed Premises cash registers, security systems, computer systems, and monitoring devices, all meeting specifications set by Service LLC; (b) receiving from Franchisee's suppliers any information relating to products and services provided to Franchisee; (c) inspecting Franchisee's records of the Licensed Premises, and food products and other inventory at the Licensed Premises; (d) reasonable surveying or questioning of customers and/or suppliers of Franchisee; and (e) other reasonable actions Service LLC deems appropriate.

17. RISK MANAGEMENT

(a) Franchisee shall indemnify, defend and hold Franchisor and Service LLC and their personnel free and harmless from any debt or obligation or injury or loss or damage that any person or entity claims: (1) was contracted or undertaken by Franchisee; or (2) resulted from an act or omission of Franchisee; (3) was contracted or undertaken by Franchisee or resulted from an act or omission of Franchisee in any such case actually or allegedly on Franchisor's or Service LLC's behalf (also including matters expressly or impliedly or having the appearance of being on Franchisor's or Service LLC's behalf, or allegedly occurring in an alleged joint relationship with Franchisor or Service LLC); or (4) arising from any lien, judgment, encumbrance, obligation or matter arising from or relating to injury to, or claim of, any person or entity, operation of or activity at or occurrence at the Hamburger Stand Restaurant, or at the Licensed Premises; or (5) government inquiry or investigation or proceeding of or concerning Franchisee or the Hamburger Stand Restaurant or Licensed Premises.

(b) Franchisee shall defend the matters in Section 17(a) at Franchisee's expense, settle such matters at Franchisee's expense, and pay and discharge and satisfy fully and in its entirety any liability or judgment or order that may be rendered against Franchisor or Service LLC. If Franchisee fails or neglects to do so, Franchisor, Service LLC or both may defend, settle, discharge and satisfy such matters and any expenses, including legal fees and costs of performance, which Franchisor or Service LLC incur, shall be repaid to Franchisor and Service LLC by Franchisee on demand.

(c) Franchisee shall at all times maintain public liability, workers compensation, and food products liability insurance and insurance against additional risks and hazards, in amounts and with insurers that Service LLC requires and/or as required by law. Franchisee shall also maintain insurance required by the lease for the Premises, by any lender to Franchisee and by any equipment leases. Franchisee shall assure that Franchisor and Service LLC, and any other parties they want included, are named as additional insureds under all policies. Service LLC shall have the right to notify Franchisee from time to time, in writing, of the nature and amounts of insurance required. Within ten (10) days after receiving each notice, Franchisee shall furnish to Service LLC written proof of insurance in the amounts and types required by Service LLC. Franchisee shall provide copies of complete policies on request. If Franchisee fails to provide proof of insurance and complete policies, then without relieving Franchisee's obligations to maintain that insurance, Service LLC may cause insurance to be obtained at Franchisee's cost. That cost shall be paid or reimbursed by Franchisee upon demand.

(d) Franchisee shall notify Franchisor and Service LLC in writing within 5 days of the commencement of any action, suit or proceeding and/or issuance of any government or court order which may adversely affect the operation or financial condition of Franchisee or the Hamburger Stand Restaurant.

(e) Neither Franchisor nor Service LLC shall be liable to Franchisee or other person by reason of any act, omission, neglect or default at the Licensed Premises, or of Franchisee or any of Franchisee's agents or employees. Franchisee shall pay all sums to be paid or discharged in case of action for any such damages or injuries.

18. ADDITIONAL PROVISIONS

(a) Guaranty. Franchisor guarantees the performance of Service LLC's obligations in this Agreement.

(b) Waiver. Franchisee shall have no right to and shall not make any claim, and waives any claim, for money damages, setoff, counterclaim or defense based on a claim that Franchisor or Service LLC unreasonably withheld or delayed a requested consent or approval. Franchisee's sole and exclusive remedy for any such claim shall be an action or proceeding to enforce the provision or for specific performance or declaratory relief regarding the consent or approval.

(c) Relationship. Franchisee is not and shall not be considered a joint venturer, joint employer, partner or agent of or with Franchisor or Service LLC., nor vice versa. Franchisee shall have no power and shall not purport to bind or obligate Franchisor or Service LLC. Neither Franchisor nor Service LLC shall be liable for any debt contracted by Franchisee.

(d) Confidentiality. Franchisee shall not communicate the contents of this Agreement to any third party without Franchisor's and Service LLC's prior written consent, except when Franchisee is required to reveal the contents to obtain bank credit, or required by a government agency or court of law, or in negotiating a sale to a bona fide purchaser in accordance with this Agreement.

(e) Payment of Monies. Franchisor and Service LLC shall have the right to require that monies shall be paid by ACH transfer, other form of electronic funds transfer, or other means selected by Franchisor or Service LLC. Franchisee shall sign Franchisor's form of Authorization Agreement for Prearranged Transfer and other documents Franchisor and Service LLC request to facilitate payments to Franchisor and Service LLC attached to this Agreement as Exhibit "B". If Franchisor or Service LLC withdraws any amount exceeding the amount due, Franchisee shall be entitled to the return of the excess withdrawal without interest.

(f) Interest and Late Fees. All monies are due and payable and must be received at Franchisor's and Service LLC's offices at 7700 Irvine Center Drive, Suite 550, Irvine, California 92618 on the dates stated in this Agreement. If Franchisee fails to pay on time, the past due amount shall bear interest at the lesser of the maximum lawful rate in the state where the Licensed Premises are located or eighteen percent (18%) per year, from the date due until date of payment. In addition to interest, Franchisee shall pay to Franchisor or Service LLC a sum equal to ten percent (10%) of the delinquent amount. Franchisee agrees these amounts are reasonable compensation for lost and delayed use of funds and additional services and expenses due to failure to pay on time.

(g) Financial Condition/ Information. Franchisee shall maintain at all times sufficient working capital to fully perform Franchisee's obligations and operate the Hamburger Stand Restaurant in a businesslike, proper, efficient manner and pay Franchisee's obligations as they come due. Franchisee shall provide Franchisor and Service LLC financial and business information, relating to the construction and operation of the Hamburger Stand Restaurant, as Franchisor or Service LLC request from time to time. This may include, but is not limited to, providing federal, state and local income and sales tax returns and other reports, as Franchisor and Service LLC request from time to time.

(h) Price Adjustments. Franchisor shall have the right to adjust upward for inflation on an annual basis, any fees or charges set, provided for or described in this Agreement or otherwise as a dollar amount or fixed amount. Any such adjustment shall be based on increases reflected by a reasonable inflation index published by the U.S. Government and selected by Franchisor. If the government ceases publishing such an index, Franchisor shall select another reasonable index.

(i) Franchisor Advances: Franchisor Provided Services and Goods. Except as otherwise stated in this Agreement or in another agreement among the parties, Franchisee shall pay to Franchisor or its affiliate (as applicable), within 10 days after a written demand by that entity to do so, (a) any amounts Franchisor advances, pays, or becomes obligated to pay on behalf of Franchisee under the provisions of this Agreement; and (b) any amounts Franchisee owes Franchisor or its affiliates for products or services that Franchisee purchases from Franchisor or its affiliates.

(j) Taxes and Other Fees. Except as otherwise stated in this Agreement or in another agreement among the parties, if Franchisor or Service LLC is charged any sales tax, other type of tax (other than income tax), or a fee by a government agency because of sales of goods or services by either entity to Franchisee, licenses granted by either entity to Franchisee, or sales made by Franchisee, Franchisee shall pay the tax or fee to Franchisor or Service LLC within ten (10) days after being notified in writing by Franchisor or Service LLC to do so. For clarification, if any tax or fee is based on sales or licenses to a group (such as to all franchises or Franchisor), Franchisee will pay only its pro-rata share or actual share of the tax or fee assessed.

(k) Legal Fees. In the event of litigation between the parties relating to this Agreement, the unsuccessful party in the litigation shall reimburse the successful party's reasonable attorney's fees, court costs and all other costs reasonably incurred by the successful party.

(l) Partial Invalidity. If a court of competent jurisdiction makes a final determination that any provision of this Agreement is invalid or unenforceable, that provision will be modified by the court so as to best continue to carry out the intent of the parties, or severed from this Agreement if it cannot be so modified; and the remaining provisions remain unimpaired.

(m) Venue. This Agreement shall be deemed to have been entered into at Franchisor's and Service LLC's principal office in Irvine, California, and to require performance at that location. The parties acknowledge and agree that any action or proceeding instituted under or relating to this Agreement shall be brought and tried exclusively in courts in Orange County, California. Franchisee waives any rights to request or require the action or proceeding to be brought or tried elsewhere.

(n) Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor in California, and shall be interpreted and construed under the laws of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the Wienerschnitzel Restaurant is located outside of California and such provision would be enforceable under the laws of the state in which the Wienerschnitzel Restaurant is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 18(n) is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulation of any state to which it would not otherwise be subject.

(o) Interpretation. The provisions of this Agreement have been written with due regard for the interests of and benefits to all parties and are the result of negotiations that have taken place with regard to this Agreement and prior agreements. Notwithstanding that it is printed, the parties acknowledge that this Agreement is not proposed on a take-it-or-leave-it basis, and is not imposed on any party, but that any party may discuss and the parties may mutually agree, before or after entering into this Agreement, to modify any of the provisions. No party is obligated to enter into this Agreement. Any party choosing to enter into this Agreement does so freely and without obligation or pressure to do so. The provisions of this Agreement shall be interpreted according to their fair meanings and not strictly for or against any party. Nothing in this Franchise Agreement or any related agreement is intended to disclaim the presentations Franchisor made to Franchisee in Franchisor's Franchise Disclosure Document.

(p) Time of the Essence. Time is of the essence of performance of Franchisee's obligations in this Agreement.

(q) Notices. All notices and payments shall be in writing and shall be sent by courier service, registered or certified mail, or electronic mail to Franchisee at the Licenses Premises, to the address of Franchisee last-known to Franchisor, and to Franchisor and Service LLC at 7700 Irvine Center Drive, Suite 550, Irvine, California 92618 (or to any party in Franchisor's Legal Department (all such electronic mail must be received and have an acknowledged receipt). Any party may change its address(es) for notices by notifying the other parties, in writing in accordance with this provision, of the change; provided that notices by Franchisor to Franchisee can continue to be delivered to the Licensed Premises during the term of this Agreement. Notices sent by courier service and electronic mail (where delivery is verified) shall be effective upon receipt. Notices sent by registered or certified mail shall be effective three (3) business days following deposit with the U.S. Postal Service with proper address and postage paid.

(r) Successors; Franchisor Transactions. This Agreement shall benefit and bind the parties and their permitted successors and assigns. There is no restriction on assignment and transfer by Franchisor and/or Service LLC, which could be to one or more entities whose nature is different than Franchisor and/or Service LLC or competitive enterprises. There is no restriction on acquisition by Franchisor and/or Service LLC of other, even competitive businesses or brands, which potentially could operate in competition with Franchisee.

(s) Entire Agreement. This Agreement contains all of the provisions agreed by the parties regarding its subject matter. All prior understandings, negotiations and representations are merged into and superseded by this Agreement. Franchisee represents that there is no other contemporaneous agreement or understanding between the parties that are not stated herein. No officer, employee or agent of Franchisor or Service LLC has authority to make any representation or promise not stated in this Agreement, and Franchisee acknowledges that Franchisee is executing this Agreement without reliance on any representation or promise Franchisee may believe or later claim to believe Franchisee may have heard or been told. This Agreement cannot be modified or changed except by written instrument signed by all parties. Nothing in this Agreement or in any related agreement disclaims representations Franchisor made in the Franchise Disclosure Document.

Executed the date stated in the introductory paragraph to this Agreement.

FRANCHISOR:

GALARDI GROUP FRANCHISE CORP.,
a California corporation

By: ______________________________
Vice President

SERVICE LLC:

GALARDI GROUP FRANCHISE & LEASING, LLC
a California limited liability company

By: Its Managing Member
GALARDI GROUP FRANCHISE & LEASING, INC.

By: ______________________________
Vice President

FRANCHISEE:

____
Printed Name

____
Signature

EXHIBIT A

As used in the Franchise Agreement entered into between Galardi Group Franchise Corp. ("Franchisor"), Galardi Group Franchise & Leasing, LLC ("Service LLC") and ____________________ ____________________________ ("Franchisee"), dated _____________, 201_, the Licensed Premises shall be the following:

____

____

____

Dated: ____________________, 201___

____________________ (Franchisor)

____________________ (Service LLC)

____________________ (Franchisee)

EXHIBIT "B"

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT (DIRECT DEBIT)

____
(COMPANY NAME)

NAME OF BANK ("YOU") ______________________________

NAME OF BRANCH, IF ANY ______________________________

ADDRESS OF BANK ______________________________

ACCOUNT IN THE NAME OF ______________________________

ACCOUNT # ______________________________

The undersigned requests and authorizes you to pay and charge to the above account the undersigned's checks drawn on the account by and payable to the order of Galardi Group Franchise & Leasing, LLC, provided there are sufficient collected funds in the account to pay the same on presentation. Your rights with respect to any check so drawn shall be the same as if it were drawn on you and signed by the undersigned. It will not be necessary for any officer or employee of ____________________ to sign such checks. This authority remains in effect until revoked by me in writing and until you receive such notice, I agree you shall be fully protected in honoring any such check.

It is further agreed that if any check is dishonored, whether with or without cause and whether intentionally or inadvertently, you shall be under no liability whatsoever.

______________________ ______________________________
(Date) (Bank Signature of Depositor)

(Attach Voided Check Here)

EXHIBIT C

OFFER TO PURCHASE

OFFER TO PURCHASE

This OFFER TO PURCHASE is made by ______________________________________ ______________________________________ ("Purchaser") to GALARDI GROUP FRANCHISE CORP., a California corporation ("GGFC") and GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company ("GGFL") both located at 7700 Irvine Center Drive, Suite 550, Irvine, California 92618, with reference to the following facts:

GGFC's business is franchising Hamburger Stand restaurants. GGFL's business is providing services to the operators of Hamburger Stand restaurants. GGFC wants to sell, and Purchaser wants to buy, certain Hamburger Stand restaurants on the terms in this Offer. Accordingly, Purchaser makes the following offer to GGFC and GGFL.

I. Restaurant

Purchaser offers to buy from GGFC the following Hamburger Stand restaurant:

Hamburger Stand Unit #_____ located at:

____

____

Included in the purchase price of the restaurant will be the following assets:

A. Lease of the fixtures and equipment presently located at the restaurant;

B. Sublease of the leasehold interests owned by GGFL pertaining to the real property and improvements pertaining to the restaurant;

C. Going concern value of the restaurant; and

D. A license permitting Purchaser to operate the restaurant as a Hamburger Stand restaurant, pursuant to the terms and conditions of a Franchise Agreement.

E. All the stock in trade and merchandise of the restaurant as determined by a complete inventory and accounting of the stock in trade and merchandise, to be conducted by the parties after close of business the day prior to the closing of the sale.

II. Price

The purchase price for the sale of the assets shall be the sum of ____________________

____ DOLLARS ($__________).

III. Allocation of Purchase Price

The purchase price is allocated as follows:

i.	Franchise License	$__________
ii.	Leasehold Estate	$__________
iii.	Going Concern Value	$__________
	TOTAL	$__________

EXHIBIT C

IV. Payment of Purchase Price

Purchaser shall pay the purchase price as follows:

A. The sum of ____ dollars ($__________) is provided as an earnest money deposit by Purchaser, payable on execution of this Offer;

B. The sum of ____________________________ dollars ($_________) by cash or certified check at closing,

C. Actual cost of the stock in trade and merchandise, as determined by inventory, plus any sales tax; and

D. The sum of ______________________________________ dollars ($__________) plus all closing costs and prorations, upon execution of all documents.

V. Contingency

This Offer and the rights and obligations of the parties upon acceptance is contingent on the occurrence of each of the following events on or before the closing date:

A. Approval of Purchaser by the Franchise Review Committee of GGFC, which approval may require among other things, that, prior to consummation of the sale, Purchaser undergo operational training as may be required by the Franchise Review Committee;

B. GGFL's ability to terminate the possession of any existing lease operators of the restaurant. GGFL agrees to utilize reasonable efforts to cause such termination; provided, however, if in GGFL's reasonable judgment, termination cannot be timely accomplished, creates risk of a claim or dispute, then GGFL may notify Purchaser in writing and this contingency shall be deemed not to be satisfied; and

C. Purchaser's execution of the following documents:

i. Hamburger Stand Franchise Agreement;
ii. Sublease;
iii. Equipment Lease;
iv. Promotional Allowance Assignment;
v. Advertising Association Agreement for the appropriate advertising area; .
vi. Any other instruments GGFC and GGFL may require of a franchisee.

If any of these contingencies is not met, then this Agreement shall, at the option of any party, be void and GGFC agrees to repay the earnest money deposit made by Purchaser unless the failure to satisfy a contingency is caused by the act or omission of Purchaser, in which event Purchaser and GGFC agree that it would be difficult and impractical to assess the damage to GGFC on account of that act or omission and GGFC and Purchaser agree that the sum of ONE THOUSAND DOLLARS ($1,000) represents a reasonable, just and fair compensation to GGFC on account of the failure of the transaction, and GGFC may retain such sum from Purchaser's earnest money deposit.

VI. Closing Date for Sale

The closing date of the sale shall occur on _________________________ or such earlier time as may be mutually acceptable to GGFC and Purchaser. The closing shall take place at the offices of GGFC in Irvine, California. On closing, each of the contingencies described in Paragraph IV shall be deemed to have been satisfied or if not satisfied, then waived for purposes of this instrument. (But waiver shall not excuse Purchaser's obligation to enter into the agreements mentioned in Section V(C)).

VII. Transfer of Possession

GGFL shall transfer possession of the restaurant to Purchaser and Purchaser shall accept the transfer of possession on ______________________, 201__.

VIII. Prorations

At and after the closing, the following expenses shall be adjusted, as of the date of transfer of possession, if necessary:

A. Rent for the leasehold premises;

B. Insurance premiums if Purchaser desires to assume the existing insurance policies and assumption is acceptable to the insurance company;

C. Real and personal property taxes, based on the most recent levy and assessments;

D. Water, gas, electric, sewer, trash removal and other utilities utilized in the restaurant business; and

E. Rental for the fixtures and equipment within the restaurant.

IX. Licenses

Purchaser shall be solely responsible for the acquisition and payment of all sales tax and for licenses, permits, fees and taxes that may be required by any government agency pertaining to the transfer and operation of the restaurant.

X. Covenants of Purchaser

Purchaser represents to GGFC that Purchaser examined the restaurant, inspected the physical condition of all fixtures and equipment, the books and records of the restaurant, and that the restaurant is being purchased by Purchaser as a result of that inspection and not as a result of any representations made by GGFC or agent of GGFC. <u>PURCHASER IS PURCHASING THE RESTAURANT, STOCK IN TRADE AND MERCHANDISE, AND LEASING THE FIXTURES AND EQUIPMENT IN AN "AS IS" CONDITION. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES WHETHER OF MERCHANTABILITY OR FITNESS OR OTHERWISE. ALL WARRANTIES ARE DISCLAIMED.</u> Purchaser covenants that it is not relying on any financial or business estimates or projections from GGFC. Purchaser expressly waives any and all claims for damages or rescission or cancellation of this Agreement because of any representations made by GGFC or agent of GGFC other than the representations in this Offer.

XI. Indemnity Agreement

GGFC shall indemnify, defend and hold Purchaser free and harmless of any and all claims, losses, damages, injuries, and liabilities arising from or on account of GGFL's operation of the business and not shown on the books of the business as of the date of this Offer. Except as expressly stated herein, GGFC makes no warranty that any third parties were paid by prior owners or operators.

XII. Entire Agreement

This Agreement contains all of the terms and conditions agreed on by the parties with reference to its subject matter. No other agreements, oral or otherwise, shall be deemed to exist or to bind any of the parties and all prior agreements, understandings and representations are merged herein and superseded hereby.

Franchisee represents that there are no other contemporaneous agreements or understandings between the parties that are not contained herein. No officer or employee or agent of Franchisor has any authority to make any representation or promise not contained in this Agreement, and Purchaser agrees that Purchaser executed this Agreement without reliance on any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties.

XIII. Attorney's Fees

Should any litigation be commenced between the parties of this Offer concerning said property, said business, this Contract, or the rights and duties of them in relation thereto, the party, Purchaser, GGFC or GGFL, prevailing in such litigation, shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for his attorney's fees in such litigation or in a separate action brought for that purpose.

XIV. Notices

Any and all notices or other communications required or permitted by this Offer or by law to be served on or given to the other party shall be in writing and shall be deemed duly served and given when personally delivered to the party or person to whom directed, or in lieu of such personal services when deposited in the United States mail, first class postage prepaid, addressed to Purchaser at: ____ ____________ or addressed to GGFC and GGFL at the address stated above.

XV. No Assignment

If accepted, the Agreement formed hereby is based on characteristics unique to Purchaser. Neither this Offer, when accepted by GGFC, nor any interest therein shall be assigned by Purchaser, GGFC or GGFL without the prior written consent of the others. Any purported assignment or assignment purporting to be by operation of law or otherwise, shall be null and void and of no effect.

EXECUTED this _____ day of _____________, _____, at __________________________, California.

PURCHASER:

____

____

The above offer is accepted on __________, 201__:

GALARDI GROUP FRANCHISE CORP.,
a California corporation

By: ______________________________
Robert E. Mathews, Vice President

GALARDI GROUP FRANCHISE & LEASING, LLC
a California limited liability company

By: Its Managing Member
GALARDI GROUP FRANCHISE & LEASING, INC.,
a California corporation

By: ______________________________
Robert E. Mathews, Vice President

EXHIBIT "A"
PROMISSORY NOTE

$__________________ Irvine, California ____________, _____

In installments as herein stated, for value received, we/I, jointly and severally, promise to pay to GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company, or order, the sum of: ____ DOLLARS, ($____________) with interest from the _____ day of ___________, 201___, on the unpaid principal at the rate of ______ percent (___%) per annum, principal and interest payable as follows: ____ DOLLARS ($_________), or more, on the _______ day of each calendar month, starting on the _____ day of ____________, _____, and continuing until the _____ day of ____________________, _____, on which date the entire unpaid balance of principal and interest shall be due and payable.

The holder may, at its option, declare the entire unpaid balance of this obligation immediately due and payable if any of the following events shall occur:

1. Default in the payment of any installment of this note for more than ten (10) days after the due date.

2. If the undersigned shall alienate, sell, convey, assign, or sublease all or any part of its interest in Hamburger Stand Unit #___ located at __________________________ _____________, including the following agreements and any amendments thereto pertaining to that Unit:

   a. ____________________________________;

   b. ____________________________________; and

   c. ____________________________________.

3. Default of any terms or conditions of any written agreements between the holder hereof and the undersigned, including the agreements described in paragraph 2 hereof.

The undersigned agree that the default in payment of any installment of this note for more than ten (10) days after the due date shall constitute a default in payment of rent pursuant to the Sublease described above and a default in payment of the franchise service fee pursuant to the Franchise Agreement described above and shall entitle the holder to exercise the remedies contained in those agreements on account of default.

Payments, without offset or counterclaim, shall be made in lawful money of the United States of America at 7700 Irvine Center Drive, Suite 550, Irvine, California 92618.

Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived.

In any action or proceeding brought by the holder to recover any part or all of the principal sum and/or interest hereunder, the holder shall be entitled to recover reasonable attorney's fees to be fixed by the court.

____

____

EXHIBIT D
SUBLEASE

UNIT #_____

SUBLEASE

This SUBLEASE is made and entered into this _____ day of __________, 201___, by and between GALARDI GROUP REALTY CORP., a California corporation ("Landlord"), and _________________________________, ("Tenant").

IT IS AGREED between the parties as follows:

Section 1 - DEFINED TERMS AND SECTION HEADINGS

The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. Words used in masculine gender include the feminine and neuter. If there is more than one Tenant the obligations of Tenant shall be joint and several. The section headings and titles to the paragraphs of this Sublease are not part of this Sublease and shall have no effect on the construction or interpretation of any part hereof.

Section 2 - DESCRIPTION OF PREMISES

Landlord subleases to Tenant and Tenant hires from Landlord on the terms and conditions in this Sublease, those certain premises with the appurtenances thereon, in the City of _______________, County of ____________, State of ________________, commonly known as ____ __________, and more particularly described as follows:

Section 3 - TERM OF SUBLEASE

The term of this Sublease starts on the _____ day of ___________, 201___ and ends on the ____ day of ___________, 20___. At the lease date, the property has / has not been inspected by a certified access specialist.

Section 4 - RENT

Tenant agrees to pay a minimum annual rent to Landlord as rent for the premises directly to Landlord at its office at 7700 Irvine Center Drive, Suite 550, Irvine, California 92618, or to such other person or place as Landlord may from time to time designate in a notice to Tenant. All rent shall be due in Landlord's office on the date stated herein, without delay for weekend or holiday, time being of the essence, shall be in lawful money of the United States, and shall be paid without deduction or offset, prior notice or demand. Landlord shall have the right and option to require that all rent and additional rent shall be paid by ACH transfer, other similar form of electronic funds transfer, or any other means selected by Landlord. In this regard, Tenant must sign the Authorization Agreement for Prearranged Transfer in a form provided by Landlord and/or any other document Landlord requests to facilitate payments from Tenant's bank to Landlord.

Tenant waives any existing and future claims and offsets against rent or other payments due and agrees to pay rent or other amounts regardless of any offset or claim that may be asserted by Tenant or on Tenant's behalf.

(A) Tenant shall pay Landlord the sum of ____ ____________________________DOLLARS ($__________) as "minimum annual rent", payable in advance, on or before the twentieth (20th) day of the month prior to the first full calendar month in each year during the term of this Sublease.

For Tenant's convenience, and provided Tenant timely makes all payments, Landlord will allow Tenant to pay the minimum annual rent in twelve (12) equal and successive monthly installments; due and payable in advance on the twentieth (20th) day of the month preceding the month for which it is due.

If the term of this Sublease starts or ends on a day other than the first day of a calendar month, then rent shall be prorated based on a thirty (30) day month.

(B) If Tenant does not timely pay a rent payment, Landlord shall have the right, exercisable at Landlord's option, to declare the unpaid balance of the current lease year's minimum annual rent immediately due and payable and all successive minimum annual rent shall be payable annually as provided above.

(C) If Tenant does not timely pay an amount when due and payable, also including any additional rent or other sum due under this Sublease, the unpaid amount(s) shall bear interest at the lesser of the maximum lawful rate of interest for a non-personal loan or eighteen percent (18%) per annum from the date due until the date of payment. In addition to such interest, Tenant shall pay Landlord a sum equal to ten percent (10%) of any delinquent monies. Tenant agrees that such sum is a reasonable compensation to Landlord for the delay and loss of use of funds and for additional services and expenses required of Landlord because of the failure to pay.

(D) In addition to minimum annual rent, Tenant shall pay Landlord, a "percentage rent" in an amount equal to ten percent (10%) of Net Sales made by Tenant during each calendar month, less the minimum monthly rent paid by Tenant each month.

Within seven (7) days after the end of each calendar month, starting on the sixth (6th) day of the month after the commencement of rent, Tenant shall provide Landlord a written statement, certified by Tenant to be correct, showing the total Net Sales made in, on or from the premises in the prior calendar month, and shall accompany each statement with payment to Landlord equal to ten percent (10%) of the total monthly Net Sales made in, on or from the premises in the prior calendar month, less the minimum monthly rent paid by Tenant during such month.

(E) In addition to the minimum annual rent, Tenant shall pay to Landlord each and every payment owed by Landlord pursuant to the Master Lease, including but not limited to CAM's, utilities, insurance and real property and personal taxes. Such payments shall constitute additional rent and shall be paid within thirty (30) days' notice from Landlord that such payment(s) are due.

(F) The minimum annual rent shall be adjusted based on the Cost of Living Adjustment attached hereto.

Section 5 - GROSS SALES AND NET SALES DEFINED

The term "Gross Sales" as used herein shall mean the total sales of all food and other items, and any services at or originating from or connected to the premises, including sales taxes on taxable sale items, less cash register over rings and discounts.

There is excepted from Tenant's Gross Sales, as such term is used herein, the amount of all sales tax receipts separately shown on the customer receipt, collected and actually paid to the taxing authority, amounts received from sales which Tenant promptly refunds at a customer's request; and tips paid by a customer to an employee of Tenant in cash or by credit card, separately shown on the credit card invoice and actually paid to the employee. ("Net Sales"). Also excepted for the purpose of determining Net Sales is any sum received on sale or transfer of the restaurant equipment and signs installed or used in Tenant's operation of a Hamburger Stand restaurant at the premises.

Section 6 - INSPECTION OF RECORDS

Tenant shall keep full, complete and proper books, records and accounts of the Net Sales. The books, records and accounts, including any sales tax reports that Tenant may be required to furnish to any government agency, shall at all reasonable times be open to inspection by Landlord or Landlord's auditor or other representative. Landlord may from time to time cause inspections or audits of Tenant's business to be made by an auditor that Landlord selects. If the statement of Net Sales previously made by Tenant to Landlord is found to be less than the amount of Tenant's Net Sales as shown by the inspection or audit, Tenant shall immediately pay the cost of the inspection or audit and the additional rent shown to be due and payable; otherwise, the cost of the inspection or audit shall be paid by Landlord.

Section 7 - APPROVAL

If Landlord is required to secure any approval for the execution of this Sublease from any third person or persons as a result of any prior lease or contractual obligation with such third person or persons, then this Sublease shall be of no force or effect until that approval is obtained in writing.

Section 8 – PARTIES' RELATIONSHIP

By this Sublease, Landlord does not acquire any right, title or interest in or to any property of Tenant except rights expressly stated in the Sublease. Landlord is not and never shall be liable to any creditor of Tenant or to any claimant against the estate or property of Tenant for any debt, loss, contract or other obligation of Tenant. The parties' relationship is solely that of Landlord and Tenant, and is not and never shall be deemed a partnership or joint venture.

Section 9 - USE

Tenant shall use and occupy the premises only for a Hamburger Stand restaurant for the sale of such items as may from time to time be permitted in writing to be sold under the franchise granted to Tenant by Landlord.

Tenant will conduct the operation of the premises so as not to injure the reputation of either Landlord or Tenant and shall maintain the highest quality and standards, in providing services, and the sale of food, beverage and other products. Tenant shall minimize cooking odors, smoke and waste, and maintain the highest degree of sanitation.

Tenant shall not do or permit anything to be done in or about the premises nor bring or keep anything therein which will increase the existing rate of or affect any fire or other insurance on the building or any of its contents, or cause cancellation of any insurance covering the building or any part thereof or permit any nuisance in, on or about the premises. Tenant shall not commit or suffer to be committed any waste in or on the premises.

Section 10 - REAL ESTATE TAXES

In addition to all rent to be paid by Tenant to Landlord, Tenant shall pay Landlord as additional rent all real estate taxes levied or assessed and which become due and payable during the term of this Sublease on the premises.

The term "real estate taxes" shall be deemed to mean and include all taxes imposed on the real property and permanent improvements and all assessments levied on the real property and permanent improvements, but shall not include personal income taxes, personal property taxes, inheritance taxes or franchise taxes levied against Landlord whether or not those taxes become a lien on the premises.

If a tax is now levied or in the future is levied on the rent due Landlord from Tenant by any taxing authority, Tenant agrees to pay the tax directly to the taxing authority. However, if the tax is paid by Landlord, Tenant shall reimburse Landlord therefor without deduction or offset, prior notice or demand. Tenant shall pay real estate taxes to Landlord in the same manner as minimum annual rent is paid as provided in Section 4 above. The most recent tax statement shall be used in determining the amount to be paid and any unpaid sums shall be paid within fifteen (15) days after expiration of each twelve (12) month period.

Section 11 - PERSONAL PROPERTY TAXES

Tenant shall pay or cause to be paid before delinquency, any and all taxes levied or assessed and which become due and payable on all equipment, furniture, fixtures and other personal property located in the premises whether owned by Landlord or Tenant. When possible, Tenant shall cause the equipment, furniture, fixtures and other personal property to be assessed and billed separately from the real property. If any or all of Tenant's equipment, furniture, fixtures and other personal property shall be levied or assessed and become due and payable with Landlord's real property, Tenant shall pay Landlord Tenant's proportionate share of the taxes within ten (10) days of written notice to Tenant of Tenant's proportionate share of such taxes.

Tenant shall pay personal property taxes in the same manner as real property taxes are paid, as provided in Section 10 above.

Section 12 - COMPLIANCE WITH LAW

Tenant shall not use the premises or permit anything to be done in or about the premises which will in any way conflict with any law, statute, ordinance, or government rule or regulation now in force or which may hereafter be enacted or promulgated. Regardless of the condition that Tenant took possession of the premises, Tenant shall, at Tenant's sole cost and expense, promptly comply with all laws, statutes, ordinances and government rules, regulations or requirements now in force or which may hereafter be in force and with requirements of any standard-setting organization(s) reasonably designated by Landlord. The parties agree that Landlord shall not be responsible for the compliance stated above, once Tenant takes possession of the premises. A judgment of any court of competent jurisdiction or the admission of Tenant in an action against Tenant, whether Landlord be a party thereto or not, that Tenant violated any law, statute, ordinance or government rule, regulation or requirement, shall be conclusive of that fact between Landlord and Tenant.

Section 13 - ALTERATIONS

Tenant shall not make or suffer to be made any alterations, additions or improvements to or of the premises or any part without Landlord's prior written consent, and any alterations, additions or improvements to or of the premises, except movable furniture and trade fixtures, shall at once become part of the realty and belong to Landlord. If Landlord consents to Tenant making any alterations, additions or improvements to the premises, the same shall be made at Tenant's sole cost and expense and any contractor or person selected by Tenant to make same must first be consented to in writing by Landlord. On the expiration or sooner termination of the term, Tenant shall, on demand by Landlord, at Tenant's sole cost and expense, forthwith and with all diligence remove any alterations, additions or improvements made by Tenant, designated by Landlord to be removed, and Tenant shall, forthwith and with all diligence at Tenant's sole cost and expense, repair any damage to the premises caused by removal.

Section 14 - REPAIR AND MAINTENANCE

Tenant inspected the premises and accepts it in its "as is" condition. Landlord makes no representation or warranty regarding the condition of the premises. Tenant agrees that it shall be conclusively presumed, between Landlord and Tenant, that Tenant fully inspected and acknowledges that the premises are in legal, good, and sanitary order, condition and repair, and that Tenant is satisfied with and accepts the premises "as is." Tenant shall at Tenant's sole cost and expense be responsible to have the premises and every part thereof including, but not limited to, any store front, window casements, glazing, heating and air conditioning systems, plumbing pipes, electrical wiring, conduits, bathrooms, dining rooms, and driveways and parking areas, and access to such, in legal, good and sanitary condition and repair. It is specifically agreed that Tenant's obligations include responsibility to make and pay for any government-required capital expenditures, including, but not limited to, ADA requirements related or unrelated to use of the premises.

Tenant agrees to perform the maintenance stated in the attached Maintenance Exhibit, at least as frequently as the period stated in the attached Maintenance Exhibit.

Tenant waives all rights to make repairs at Landlord's expense, even as may be provided by any law, statute or ordinance now or hereafter in effect.

Tenant shall, on expiration or sooner termination of the term of this Sublease, surrender the premises to Landlord in the same condition as when received, ordinary wear and tear excepted. It is specifically understood and agreed that Landlord has no obligation and has made no promise to alter, remodel, improve, repair, decorate or paint the premises or any part thereof and that no representations regarding the condition of the premises have been made by Landlord to Tenant except as specifically set forth in writing.

Section 15 - TENANT'S FINANCING

Tenant covenants and agrees that Tenant shall not permit any default on equipment leases, liens, mortgages, conditional sales contracts or any other instruments used to finance the use or purchase of equipment, inventory, signs, fixtures and like property, or do or omit to do any other act which would result in the removal of property or reflect on the name, credit or reputation of GALARDI GROUP, INC. or the Hamburger Stand or Tastee-Freez brand. Nothing in this Section 15 permits Tenant to agree to or enter into any such instrument or arrangement.

Section 16 - LIENS

Tenant shall keep the premises free from any liens arising out of work performed, materials furnished or obligations incurred by Tenant.

Section 17 - INDEMNIFICATION OF LANDLORD

Landlord shall not be liable to Tenant, and Tenant waives all claims against Landlord, for any injury or damage to any person or property in or about the premises by or from any cause whatsoever and, without limiting the generality of the foregoing, whether caused by water leakage of any character from the roof, walls, basement or other portion of the premises, or caused by gas, fire, oil, electricity or any cause whatsoever in, on or about the premises or any part thereof.

Tenant shall hold Landlord harmless from and indemnify and defend Landlord against any and all claims or liability for any injury or damage to any person or property whatsoever occurring in, on or about the premises whether or not the injury or damage is caused in part or in whole by the act, neglect, fault of or omission by Tenant, Tenant's agents, employees or invitees or others.

Section 18 - INSURANCE

Tenant shall furnish at Tenant's expense the following insurance:

(A) Insurance against liability for injury or death of any person and damage to property arising out of the use, operation and condition of the premises of comprehensive general liability of not less than $1,000,000.00 combined single limit or its equivalent.

(B) Insurance on the premises against loss or damage by fire, windstorm and other risks from time to time included under "extended coverage" policies, in amounts equal to the replacement cost of the premises.

(C) Workers Compensation Insurance with respect to liability which may exist for any injury or death sustained by employees of Tenant arising out of and in the course of employment.

(D) Such other insurance with respect to the premises in amounts and against hazards that Landlord may from time to time reasonably require of Tenant.

Landlord shall notify Tenant, in writing, of the nature and amounts of insurance required hereby prior to the estimated date of possession by Tenant. Within ten (10) days thereafter, Tenant shall furnish to Landlord written proof of insurance in the amounts and types required by Landlord. If Tenant fails to provide such proof, or of the insurance expires or is cancelled and not replaced by Tenant at least ten (10) days prior to expiration or cancellation, Landlord may, without relieving Tenant of the obligations to provide the insurance, cause the same or similar insurance to be obtained at Tenant's cost. The cost shall be additional rental payable by Tenant to Landlord within ten (10) days of demand.

Tenant shall have Landlord named as an additional insured on all policies and shall make sure the policies provide for written notice from the insurer to Landlord at least twenty (20) days prior to any cancellation or modification. Certificates of insurance, including the foregoing statements, shall be provided to Landlord by Tenant within ten (10) days of possession of the premises and at least annually. Tenant shall provide Landlord copies of the full policies on request.

Landlord shall have the right to disapprove in writing any insurance company or policy used by Tenant to obtain the insurance required of Tenant under this Sublease. Upon disapproval Tenant shall obtain another policy or obtain insurance from another insurer acceptable to Landlord.

Section 19 - DESTRUCTION OF PREMISES AND RECONSTRUCTION

If the premises are damaged in whole or in part by fire or other casualty, Tenant shall, at the option of Landlord, repair and restore the premises to the condition existing prior to that occurrence. There shall be no rent abatement during the period of restoration. If Landlord elects not to require Tenant to repair or restore the premises, and/or to terminate this Sublease, this Sublease shall terminate at a date specified by Landlord in a written notice to Tenant of Landlord's election.

Section 20 - ABANDONMENT OF PREMISES

Tenant shall not vacate or abandon the premises at any time during the term of this Sublease. However, if Tenant abandons, vacates or surrenders the premises or is dispossessed by process of law, or otherwise, any personal property belonging to Tenant and left on the premises shall be deemed to be abandoned, at Landlord's option, which may be exercised either with or without notice to Tenant as Landlord elects.

Section 21 - SIGNS

Tenant shall not place or permit to be placed any projecting sign, marquee or awning on the premises without Landlord's prior written consent. Landlord shall have the right to approve the type and size, location and color of all signs which Tenant wants to use or place in or on the premises. Tenant shall not display nor sell merchandise outside the defined exterior walls and permanent doorways of the premises.

Section 22 - UTILITIES

Tenant shall pay before delinquency all charges for water, gas, heat, electricity, power, telephone service, internet and all other services or utilities used in, on or about the premises by Tenant.

Section 23 - ENTRY ON PREMISES

Tenant shall permit Landlord and Landlord's agents to enter into and on the premises at all reasonable times to inspect, insure compliance with the Franchise Agreement relating to the premises and this Sublease, or otherwise for the purpose of maintaining the premises, or for repairs, alterations or additions to any portion of the premises or building, including the erection and maintenance of scaffolding, canopy, fences and props as may be required, or to post notices of non-liability for alterations, additions or repairs. Landlord shall be permitted to do any of the above without any rebate or reduction of rent and without liability to Tenant for any loss of occupation or quiet enjoyment of the premises.

Section 24 - EMINENT DOMAIN

If the premises are ever appropriated or taken under the power of eminent domain by any authority, this Sublease shall terminate as of the date of the taking, and Landlord and Tenant shall be deemed to be released from liability thereafter accruing under this Sublease. "Appropriation or taking" by eminent domain as used herein also includes a voluntary conveyance or settlement under threat of eminent domain proceedings or while such proceedings are pending.

If, in the event of a partial appropriation or taking of the premises, this Sublease is not terminated in accordance with the above provision of this Section 24, this Sublease shall nonetheless terminate after the expiration of sixty (60) days after the appropriation or taking unless Landlord elects to restore the premises on the remaining land to a unit of like quality and character as existed prior to the appropriation or taking, by written notice to Tenant of this election within this sixty (60) day period. If Landlord elects to restore the premises, the minimum monthly rent shall not be reduced.

All damages awarded for the portions of the premises taken under the power of eminent domain, whether for the whole or a part of the premises, shall belong to and be the property solely of Landlord; provided, however, that Tenant shall be entitled to receive any sums specifically awarded on account of the taking any equipment and trade fixtures installed on such premises by Tenant and actually taken under the power of eminent domain.

If this Sublease is terminated in any manner provided for herein, rent shall be prorated as of the date of Tenant's quitting occupancy of the premises and Landlord agrees to refund to Tenant any unearned rent paid in advance.

Section 25 - SALE OR ASSIGNMENT BY LANDLORD

In the event of a sale, conveyance or assignment by Landlord, or Landlord's successors and assigns, of Landlord's interest in this Sublease, Landlord and any such successor or assign, shall be released from any future liability on any of the covenants or conditions, express or implied herein in favor of Tenant, including, but not limited to, any liability regarding any security deposit made by Tenant, on procuring an assumption from the successor-in-interest of Landlord's obligations regarding the deposit. On procuring the assumption from the successor-in-interest, Tenant agrees to look solely to the successor-in-interest regarding any and all obligations of Landlord in and to this Sublease.

Section 26 - ASSIGNMENT AND SUBLETTING

Except as provided in this Sublease, Tenant shall have no right or power to, and shall not, assign or purport to assign this Sublease, or any interest therein, nor sublet or purport to sublet the premises or any part, or any right or privilege appurtenant thereto, or suffer any other person (except employees of Tenant engaged in operating the permitted business) to occupy or use the premises or any portion thereof, without Landlord's prior written consent. Landlord's consent to one assignment, subletting, occupation, or use is not consent to any subsequent or other assignment, subletting, occupation, or use by the same or other person or entity. Any such action without Landlord's consent shall be void and of not effect and, at Landlord's option, shall terminate this Sublease. This Sublease shall not, nor shall any interest therein, be assignable, as to Tenant's interest, by operation of law, without Landlord's written consent.

Section 27 - SUBORDINATION

This Sublease is subject and subordinate to all ground or underlying leases and to all present or future mortgages, leases or subleases, or deeds of trust affecting the leases, and to all mortgages, leases or subleases, or deeds of trust which may now or hereafter affect the real property of which the premises form a part, whether the mortgages or deeds of trust cover only the real property or are a blanket mortgage or deed of trust covering other premises in addition to the real property, and to all renewals, modifications, consolidations, replacements or extensions thereof. This clause shall be self-operative and no further instrument of subordination shall be required by any mortgagee, Landlord or trustee. Tenant shall execute promptly any instrument which Landlord requests to confirm this subordination. Tenant constitutes and appoints Landlord as Tenant's attorney-in-fact to execute any such instrument behalf of Tenant.

Section 28 - FIXTURES

All buildings and improvements and all plumbing, heating, lighting, electrical and air conditioning fixtures and equipment and all other articles of property which Tenant takes possession of at the premises are the property of Landlord and are declared to be and shall be and remain part of the real estate and be considered to be leased as such hereunder.

At or prior to the termination of this Sublease, whether by lapse of time or otherwise, Tenant shall, subject to any rights of Landlord under this Sublease or any other agreement, remove all Tenant's personal property and trade fixtures from the premises and shall repair any damage to the premises which may have been caused or occasioned by removal.

Section 29 - DEFAULT

If Tenant does not make timely payment of an installment of rent or other sum when due, and Tenant fails to remedy the non-payment within three (3) days after written notice so to do, or on any other breach of Tenant which Tenant fails to remedy within three (3) days after written notice from Landlord to do so, specifying the nature of the breach or if the breach cannot be cured within three (3) days and curative action has not been started within the three (3) days and prosecuted to completion with due diligence, or if the breach is of a nature that it cannot be cured by action of Tenant, or if Tenant is in default under a Franchise Agreement between Tenant and Galardi Group Franchise Corp. or any other agreements between Tenant and Landlord and/or Landlord's affiliates then, and in that event, a default of this Sublease shall exist and in addition to any other remedy Landlord may have, Landlord shall have the right to do any of the following:

(A) Landlord may declare this Sublease terminated and Tenant's right to possession ended and Landlord shall have the right to recover from Tenant all the following:

(i) The worth at the time of award of the unpaid rent which was earned at the time of termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of rental loss Tenant proves could have reasonably been avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss that the Tenant proves could reasonably be avoided.

(iv) All other amounts necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Sublease or which, in the ordinary course of things, would be likely to result therefrom.

"Worth at the time of award" in subparagraphs (i) and (ii) above shall be computed by allowing interest on such amounts at the lesser of the maximum lawful rate of interest for a non-personal loan or eighteen percent (18%) per annum and in subparagraph (iii) by discounting such amounts at the discount rate of the Federal Reserve Bank of San

Francisco at the time of the award, plus one percent (1%). Efforts by Landlord to mitigate damages caused by Tenant's breach of this Sublease shall not constitute a waiver of Landlord's right to recover damages.

(B) Without terminating this Sublease or Tenant's right to possession of the premises, provided that Landlord promptly notifies Tenant in writing (a) that Tenant's right to possession has not been terminated and (b) that Tenant may assign its interest in this Sublease with the consent of Landlord, which consent shall not unreasonably be withheld, Landlord shall have the right to relet the premises as agent of and for the account of Tenant on reasonable rental and terms that Landlord is able to obtain, which need not be the best possible terms. Rentals received on such reletting shall be applied to the costs of reletting, including necessary renovations, alterations and repairs of the premises, reasonable attorney's fees and any broker's commissions incurred, and to the collection of rental and thereafter to the payment of all obligations due or to become due to Landlord under this Sublease. If a sufficient sum shall not be realized for the payment of all such sums and other obligations, Landlord shall have the right to recover any deficiency monthly notwithstanding that Landlord may receive rental in excess of the rental stipulated in this Sublease in prior or later months, and Landlord may bring an action therefor if and as any such monthly deficiency arises or an action encompassing foreseeable future deficiencies. For this subparagraph none of the following constitutes a termination of Tenant's right to possession:

(i) Acts of maintenance or preservation or efforts to relet the premises by Landlord; or

(ii) Efforts by Landlord to mitigate damages; or

(iii) The appointment of a receiver of Tenant's property at the initiative of Landlord to protect Landlord's interest under this Sublease.

Landlord reserves the right to re-enter the premises with three (3) days prior notice, on the default of Tenant and to remove all persons or property and Tenant consents that Landlord doing so. Any re-entry by Landlord on default of Tenant shall be allowed by Tenant without hindrance. Landlord shall not be liable in damages for re-entry. Tenant shall deemed to have consented and Landlord shall be deemed not to have trespassed, forcibly entered or forcibly ejected anyone. Landlord may require Tenant to remove from the premises any of Tenant's personal property. If Tenant fails to do so, Landlord shall not be responsible for the care or safekeeping thereof and may remove from the premises any of the same and place it in storage in a public warehouse at Tenant's cost, expense and risk. If Tenant fails to pay the cost of transportation and storage, Landlord and/or the warehouseman shall be entitled to recover the costs from Tenant, in accordance with rules applicable to the operation of a public warehouseman's business. Any refusal by a public warehouseman to accept any of Tenant's personal property on such conditions shall be conclusive evidence that the property has no substantial value and shall be an unconditional warrant and authority to Landlord to dispose the property in any manner Landlord sees fit and without any accountability for any claimed value thereof. Any of Tenant's personal property which is not readily removable by Tenant may be retained by landlord or at Landlord's election be demolished at Tenant's expense. In any and all such causes of re-entry, Landlord may make any repairs in, to or on the premises which may be necessary, desirable, or convenient, and Tenant waives any and all claims of damage which may be caused or occasioned by re-entry or any of the above actions of Landlord or by reason of any loss or destruction or damage to any property in or about the premises or any part thereof.

Nothing in this Section 29 shall affect Landlord's right of indemnification and defense by Tenant for liability arising prior to termination of this Sublease, whether under Section 17 of this Sublease or otherwise.

Section 30 - INSOLVENCY OR BANKRUPTCY

The appointment of a receiver to take possession of all or substantially all the assets of Tenant; or assignment by Tenant for the benefit of creditors; or any action taken or suffered by Tenant under any insolvency, bankruptcy or reorganization act, shall each constitute a breach of this Sublease by Tenant. On the happening of any such event, this Sublease shall terminate five (5) days after written notice of termination from Landlord to Tenant. In no event shall this Sublease be assigned or assignable by operation of law or by voluntary or involuntary bankruptcy proceedings or otherwise and in no event shall this Sublease or any rights or privileges hereunder be an asset of Tenant under any bankruptcy, insolvency or reorganization proceedings.

Section 31 - RECEIVER

In addition to all other remedies of Landlord under this Sublease regarding any default by Tenant, including the right to possession of the premises with or without process of law, Landlord on the ground of any default or other ground provided by law shall be entitled to appointment of a receiver for the premises, and the rents, issues, profits, income and revenue there from, as a matter of right and without regard to adequacy of any security which may be pledged for the performance of this Sublease. The receiver may be appointed by any court having jurisdiction on ex parte application and without notice (notice being hereby waived), and all rents, issues, profits, income and revenues from the premises shall be applied by the receiver to the payment of all rent, additional rent and other obligations of Tenant under this Sublease.

Section 32 - SURRENDER OF PREMISES

Voluntary or other surrender of this Sublease by Tenant, or a mutual cancellation, shall not work a merger, and shall, at Landlord's option, which may be exercised without notice to Tenant, terminate all or any existing subleases or sub tenancies, or may, at Landlord's option, which may be exercised without notice to Tenant, operate as an assignment to Landlord of any or all subleases or sub tenancies.

Section 33 - ATTORNEY'S FEES AND COSTS OF LITIGATION

The prevailing party in any action or proceeding between Landlord and Tenant regarding this Sublease or any document executed pursuant hereto shall be entitled to costs of litigation and reasonable attorney's fees in addition to all other relief to which such prevailing party may be entitled.

If Landlord shall be made a party to any litigation commenced by or against Tenant, Landlord shall be entitled to costs of litigation and reasonable attorney's fees from Tenant in addition to other relief to which Landlord may be entitled in that action.

Section 34 - HOLDING OVER

If, with Landlord's consent, Tenant holds possession of the premises after the term of this Sublease, Tenant shall become a month-to-month Tenant on the terms herein specified but at a monthly rent of two hundred percent (200%) of the prior month's minimum monthly rent. This rent shall be paid to Landlord on the terms in Section 4 of this Sublease.

Section 35 - NOTICES

All notices and demands which may or are required to be given by either party to the other under this Sublease shall be in writing. All notices and demands by Landlord to Tenant shall be sent by certified or registered mail, postage prepaid, addressed to Tenant at the premises, or at such other place as Tenant may designate in a notice to Landlord, or may be personally delivered to Tenant or Tenant's agent at the premises. All notices and demands by Tenant to Landlord shall be sent by certified or registered mail, postage prepaid, addressed to Landlord at 7700 Irvine Center Drive, Suite 550, Irvine, California 92618, or to such other person or place as Landlord may designate in a notice to the Tenant.

Section 36 - SUCCESSORS AND ASSIGNS

The provisions in this Sublease shall, subject to provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties.

Section 37 - WAIVER

Waiver by Landlord of any term, covenant or condition in this Sublease shall not be a waiver of a prior or later breach of the same or any other term, covenant or condition. Subsequent acceptance of rent by Landlord shall not be a waiver of any prior breach by Tenant of any term, covenant or condition, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of the prior breach at the time of acceptance of the rent.

Delay by Landlord to exercise any right or power arising from Tenant's breach of any term, covenant or condition in this Sublease shall not impair any such right or power or be construed to waive any such breach of any other term, covenant or condition.

Section 38 - REMEDIES NOT EXCLUSIVE

A remedy in this Sublease or otherwise available or reserved to Landlord shall not be exclusive of any other remedies. Each remedy shall be cumulative and shall be additional to every other remedy of Landlord under this Sublease or now or hereafter existing at law or in equity by laws, statutes, ordinances and government rules and regulations. Each remedy may be exercised from time to time, as often as occasions may arise or as Landlord deems expedient.

Section 39 - ENTIRE AGREEMENT

This Sublease contains all of the terms and conditions agreed on by the parties with reference to its subject. No other agreements, oral or otherwise, shall be deemed to exist or to bind any of the parties and all prior negotiations, discussions, understandings, representations and agreements are merged herein and superseded hereby. Tenant represents that there are no other contemporaneous agreements or understandings between the parties that are not stated herein. No officer or employee or agent of Landlord has authority to make any representation or promise not stated in this Sublease. Tenant agrees that Tenant executed this Sublease without reliance on any representation or promise not stated herein. This Sublease cannot be modified except by a written instrument signed by all the parties to this Sublease.

Section 40 - VALIDITY

If any provision, term or condition of this Sublease is declared by a court having jurisdiction to be invalid, the invalidity shall not affect any other provision, term or condition of this Sublease and the rest of this Sublease shall be effective as though the invalid provision, term or condition had not been contained herein.

Section 41 - TIME

Time is of the essence of this Sublease.

Section 42 - SECURITY DEPOSIT

Tenant shall deposit with Landlord the sum of ______________________________ ____________________________ ($__________) DOLLARS as a security deposit for the full and faithful performance of the terms and conditions of this Sublease. If, at any time Tenant shall be in default of this Sublease, Landlord may use the security deposit, or any portion of it, to cure the default or compensate Landlord for damage sustained, including attorney's fees and costs. Tenant shall immediately on demand pay Landlord a sum equal to the portion of the security deposit expended or applied by Landlord as provided in this paragraph, so as to maintain the security deposit in the sum initially deposited. Tenant agrees that failure to pay Landlord the amount to restore the security deposit to the original sum shall be a default in payment of rent. Landlord may co-mingle the security deposit with Landlord's general and other funds.

Accordingly, the parties have executed this Sublease.

LANDLORD:
GALARDI GROUP REALTY CORP.

By: ________________________________
Robert E. Mathews, Vice President

TENANT:

____

____

COST OF LIVING ADJUSTMENT

The rental set forth in Section 4(A) of the Sublease shall be adjusted using a form similar to the cost of living adjustment contained in the Master Lease for the premises. If the Master Lease does not contain a provision for adjustment, then the following cost of living adjustment provisions shall apply:

1. In General. The minimum rent provided in Section 4(A) of the Sublease At the start of the Sublease shall be known as Base Rent. The minimum rent shall be subject to adjustment at the expiration of the third (3rd) full year and each succeeding three (3) year period of the term of this Sublease ("the Adjustment Date"). Each three (3) year period shall be an independent "Adjustment Period".

2. Calculation of Adjustment. The base for computing the adjustment is the Consumer Price Index for Urban Wage Earners and Clerical Workers, U.S. City Average, All Items, 1982-84=100, published by the United States Department of Labor, Bureau of Labor Statistics ("Index"). The Index published for the month nearest the date of the start of the term shall be considered the "Initial Starting Index" and the Starting Index for year one. The Index for that same month of each following year shall be the Starting Index for that following year. The Index published nearest the first anniversary date of the start of the term shall be considered the "Extension Index" for year one. The Index published for that same month of each following year shall be the Extension Index for such following years. The Percentage Change for a given year shall be defined as the lesser of (a) the change between the Starting Index and Extension Index for that year or (b) two and one-half percent (2-1/2%). The change between the Starting Index and Extension Index for a given year is calculated by (a) subtracting the Starting Index from the Extension Index for that year and (b) dividing the resulting amount by the Initial Starting Index. The Percentage Change for a given year shall be considered independent of the Percentage Change for other years. The Percentage Change for each year of the Adjustment Period shall be added together, with the resulting percentage sum known as the Adjustment Percentage. The Adjustment Percentage covering a given Adjustment Period multiplied by the Base Rent shall be the amount which the minimum rental for such Adjustment Period shall be adjusted for the next Adjustment Period.

3. Discontinuation of Index. If the Index is discontinued or become unavailable to the general public, or if the method of computation is fundamentally changed, another reasonably comparable index shall be selected by Landlord.

MAINTENANCE EXHIBIT

1. PAINT EVERY YEAR FOR TRIM AND ROOF
2. PAINT STUCCO EVERY OTHER YEAR
3. SEAL AND STRIPE PARKING LOT EVERY 14 MONTHS
4. EXHAUST CLEANING EVERY 6 MONTHS
5. GREASE TRAP CLEANING EVERY 6 MONTHS
6. ANSUL FIRE EXTINGUISHER SERVICE EVERY 6 MONTHS
7. PREVENTATIVE MAINTENANCE MONTHLY AS FOLLOWS:

   A. CLEAN SAFE HEAD, SAFE HEAD PINS AND SAFE HEAD RIMS (UNDERSIDE). LUBE SAFE HEAD PINS AND SAFE HEAD DIAL (WD-40).
   B. FLUSH EACH DRINK LINE WITH HOT WATER; FLUSH UNTIL EACH LINE IS COMPLETELY CLEAR.
   C. DRAIN SWEETWATER BATH; SCRUB COMPARTMENT AND LINES; FLUSH COMPARTMENT AND REFILL. UNIT MUST BE TURNED OFF BEFORE CLEANING.
   D. CHECK DRIP PAN OF SHAKE MACHINE DAILY; REPLACE O-RING KIT BI-MONTHLY AND CLEAN CONDENSER MONTHLY.
   E. LUBE DOOR LOCK, HINGES AND WINDOW GUIDES (WD-40).
   F. FLUSH FLOOR DRAIN WITH COLD WATER ONLY FOR APPROXIMATELY 2 MINUTES. REPLACE ALL COVERS AND/OR TRAPS.
   G. PICK UP ALL DEBRIS FROM ROOF TOP; SWEEP ROOF, CLEAN OUT DRAINS AND CLEAN UP GREASE SPILLS (CONCEPT 80'S).
   H. CHECK OUTSIDE OPERATION OF SWAMP COOLERS;
      1. Panels in place (corrected).
      2. Water supply one (corrected)
      3. Calcium build-up on pads (cleaned). (Remove with high pressure hose or whiskbroom.)
   I. CHECK INSIDE OPERATION OF SWAMP COOLERS
      1. Water outlets clogged (cleaned).
      2. Water trough dirty (cleaned).
      3. Fan belt off of frayed (replace).

      MOST SWAMP COOLERS ARE THERMOSTATICALLY CONTROLLED IN CONCEPT 80'S. CHECK FOR PROPER SETTING OF THERMOSTATS.
      COOLING - - 78 DEGREES HEATING - - 68 DEGREES
   J. COMPRESSOR CAGE - RECON PACK (CONCEPT 80'S ONLY):
      1. Check breaker panel (located at end of unit)_. All breakers on? (Reset, if necessary).
      2. Check all condenser coils (clean with whiskbroom).
      3. Check time clock on walk-in freezer compressor for proper "time of day" setting.
      4. Replace door panels.
   K. EXHAUST SYSTEMS - GRILLS/FRYERS:
      1. Systems running.
      2. Remove assembly; check fan belts; if off or frayed, replace.
      3. Empty and clean drip trays.
   L. AIR CONDITIONER:
      1. Downstairs thermostat settings at 78 & 68 degrees.
      2. Check breaker system (running).
      3. Replace filters.
   M. PORTABLE HAND FIRE EXTINGUISHERS (KITCHEN, BACKROOM, DINING ROOM, UPSTAIRS):
      1. Check indicator dial for full charge.
      2. If not charged call for service (Master Fire Protection).
   N. ENERGY MANAGEMENT SYSTEM(S):
      1. Check program clock monthly to insure correct operation.

EXHIBIT D

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT (DIRECT DEBIT)

____
(COMPANY NAME)

NAME OF BANK ______________________________

NAME OF BRANCH, IF ANY ______________________________

ADDRESS OF BANK ______________________________

ACCOUNT IN THE NAME OF ______________________________

ACCOUNT # ______________________________

The undersigned requests and authorizes you to pay and charge to the above account the undersigned's checks drawn on that account by and payable to the order of Galardi Group Franchise & Leasing, LLC, provided sufficient collected funds are in the account to pay the charge on presentation. Your rights with respect to any check so drawn shall be the same as if it were drawn on you and signed by the undersigned. It will not be necessary for any officer or employee of ______________ to sign such checks. This authority remains in effect until revoked by me in writing and until you receive such notice, I agree that you shall be fully protected in honoring any such check.

If any check is dishonored, whether with or without cause and whether intentionally or inadvertently, you shall be under no liability whatsoever.

______________________ (Date)

______________________________ (Bank Signature of Depositor)

(Attach Voided Check Here)

EXHIBIT E

PROMISSORY NOTE

PROMISSORY NOTE

$_________ Irvine, California _____________, _____

In installments as herein stated, for value received, we/I, jointly and severally, promise to pay to GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company, or order, the sum of: ____________

____ DOLLARS,

with interest from the _____ day of ____________, 201___, on the unpaid principal at the rate of ____________ percent (___%) per annum. Principal and interest shall be payable as follows:

____ DOLLARS ($_________),

or more, on the _______ day of each calendar month, starting on the _____ day of __________, 201____, and continuing until the _____ day of _____________________, 20____, on which date the entire unpaid balance of principal and interest shall be due and payable.

The holder hereof may, at its option, declare the entire unpaid balance of this obligation immediately due and payable if any of the following events occurs:

1. Default in payment of any installment of this note for more than ten (10) days after the due date.

2. If the undersigned alienates, sells, conveys, assigns, or subleases all or any part of its interest in Hamburger Stand Unit #___ located at ____, including the following agreements and any amendments thereto pertaining to said Unit:

   a. _____________________________________;

   b. _____________________________________; and

   c. _____________________________________.

3. Default of any term or condition of any written agreements between the holder hereof and the undersigned, including but not limited to the agreements described in paragraph 2.

The undersigned agree that default in the payment of any installment of this note for more than ten (10) days after the due date shall be a default in payment of rent pursuant to any Sublease for premises of a Hamburger Stand restaurant and a default in payment of the franchise service fee pursuant to any Franchise Agreement for a Hamburger Stand restaurant and shall entitle the holder to exercise the remedies in those agreements on account of the default(s).

Payments, without offset or counterclaim, shall be made in lawful money of the United States at 7700 Irvine Center Drive, Suite 550, Irvine, California 92618.

Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived.

In any action or proceeding brought by the holder to recover any part or all of the principal sum and/or interest hereunder, the holder shall also be entitled to recover reasonable attorney's fees to be fixed by the court.

____

____

EXHIBIT F

GUARANTY

CONTINUING GUARANTY & SUBORDINATION AGREEMENT

1. GUARANTY.

____ ("Guarantor(s)") whose address is ____ as a material inducement to and in consideration of GALARDI GROUP FRANCHISE & LEASING, LLC ("GGFL") and GALARDI GROUP FRANCHISE CORP. ("GGFC") entering into those agreements described on attached Exhibit A with _______________________________ (the "Obligor") unconditionally guarantees and promises to and for the benefit of GGFL and GGFC the full and faithful performance of all provisions of those agreements, any amendments or addendums thereto, and any other agreements hereinafter made between GGFL, GGFC and the obligor ("the agreements"). This is a CONTINUING GUARANTY of all obligations of the obligor to GGFL and GGFC, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether the obligor may be liable individually or jointly with others, or whether recovery on the obligations may be or become barred by any statute of limitations, or by any estoppel, or whether such obligations may be or become unenforceable for any other reason.

a) The obligations under this Guaranty are joint and several and independent of the obligations of the obligor. Guarantor(s) consent that a separate action or actions may be brought and prosecuted against Guarantor(s) whether or not action is brought against the obligor or whether or not the obligor is joined in any such action or actions. Guarantor(s) waive the benefit of any statute of limitations or defense of laches affecting their liability hereunder or enforcement hereof.

b) Guarantor(s) waive any right to require GGFL or GGFC to: (a) proceed against the obligor; (b) proceed against or exhaust any security held from the obligor; or (c) pursue any other remedy in GGFL's or GGFC's power. Guarantor(s) waive any defense arising by reason of any disability or other defense of the obligor or by reason of the cessation from any cause whatsoever of the liability of the obligor. Until all obligations of the obligor to GGFL and GGFC have been satisfied in full, Guarantor(s) shall have no right of subrogation, and waive any right to enforce any remedy which GGFL or GGFC now have or may hereafter have against the obligor, and waive any benefit of, and any right to participate in any security now or hereafter held by GGFL or GGFC. GGFL and/or GGFC may foreclose, either by judicial foreclosure, or by exercise by power of sale, any security for the obligations. Even though foreclosure may destroy or diminish Guarantor(s)' rights against the obligor, Guarantor(s) shall be liable to GGFL and GGFC for any part of the obligations remaining after foreclosure. Guarantor(s) waive all presentments, demands for performance, notice of non-performance, protest, notices of protest, notices of dishonor, and notices of acceptance of this Guaranty and of the existence, creation, or incurring of new or additional obligations.

c) In addition to all liens on, and rights of set off against the monies, securities or other property of Guarantor(s) given to GGFL and GGFC by law, GGFL and GGFC shall have a lien on and a right of set off against all monies, securities and other property of Guarantor(s) now or hereafter in the possession of or on deposit with GGFL and GGFC, whether held in a general or special account or deposit, or for safekeeping or otherwise; and every such lien and right of set off may be exercised without demand on or notice to Guarantor(s). No lien or right of set off shall be deemed to have been waived by any act or conduct on the part of GGFL or GGFC or by any neglect to exercise such right of set off or to enforce such lien, or by any delay in so doing and every right of set off and lien shall continue in full force and effect until such right of set off or lien is specifically waived or released by an instrument in writing executed by GGFL and GGFC.

2. SUBORDINATION.

Any indebtedness or obligation of the obligor now or hereafter held by Guarantor(s) is hereby subordinated to the indebtedness or obligation of the obligor to GGFL and GGFC. Such indebtedness or obligation of the obligor to Guarantor(s), if GGFL and GGFC so request, shall be collected, enforced and received by Guarantor(s) as Trustees for GGFL and GGFC and shall be paid over to GGFL and GGFC on account of the indebtedness or other obligation of the obligor to GGFL and GGFC but without reducing or effecting any manner of the liability of Guarantor(s) under the other provisions of this Guaranty.

3. ATTORNEY'S FEES.

Guarantor(s) agree to pay reasonable attorney's fees and other costs and expenses which may be incurred by GGFL and GGFC in the enforcement of this Guaranty.

4. MISCELLANEOUS.

a) It is not necessary for GGFL and GGFC to inquire into the powers of the obligor or the officers, directors or agents acting or purporting to act on their behalf, and any agreements or obligations made or created in reliance on the professed exercise of such power shall be guaranteed hereunder.

b) Any married person who signs this Guaranty expressly agrees that recourse may be had against said such person's separate property and such person's interest in community property for all obligations under this Guaranty.

c) This Guaranty shall bind and benefit the successors, assignees, transferees, personal representatives, heirs, or other persons or entity succeeding the rights or obligations of either party.

d) This Guaranty shall be interpreted and construed according to the laws of the State of California. The provisions of this Guaranty shall be interpreted according to their fair meanings and not strictly for or against any party.

e) The following is applicable only in the case of the Guarantor completing a transfer of the Guarantor's interests in the Franchise that is subject to this Guaranty. Notwithstanding anything to the contrary contained in this Continuing Guaranty, Guarantor's obligations and liabilities under this Continuing Guaranty shall be limited so as not to exceed the extent of Guarantor's obligations and liabilities in relation to the agreements as then exist on the effective date of the transfer (which is acknowledged to be _________________, 2016) and Guarantor's obligations and liabilities under this Guaranty shall terminate and be of no further force or effect after _________________, 20__.

Executed this _____ day of _________________, 201___.

GGFL & GGFC:

GALARDI GROUP FRANCHISE & LEASING, LLC
a California limited liability company

By: Its Managing Member
GALARDI GROUP FRANCHISE & LEASING, INC.

By: ____________________________________
Vice President

GALARDI GROUP FRANCHISE CORP.

By: ____________________________________
Vice President

GUARANTOR(S):

____

____

EXHIBIT "A"

1. Franchise Agreement dated the _____ day of ____________, _____.

2. Sublease dated the _____ day of ____________, _____.

3. Advertising Association Agreement dated the _____ day of ____________, _____.

4. Equipment Lease dated the _____ day of ____________, _____.

AGREEMENT AND AUTHORIZATION

For GOOD AND VALUABLE CONSIDERATION, receipt and sufficiency of which are hereby acknowledged, the undersigned agrees to provide directly to __________________ ("last name") monthly statements of his account with GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company ("GGFL") on receipt by the undersigned of the same from GGFL, at the following address:

____
____
____
____

or such address as ("last name") shall notify the undersigned in writing.

The undersigned authorizes GGFL to provide any information in his account with GGFL to ("last name") as ("last name") shall request. Such authorization shall not obligate GGFL to provide such information, and neither ("last name") nor the undersigned, nor their respective agents, assigns or successors in interest, shall have recourse against GGFL in the event GGFL fails to provide such information. It is understood that GGFL's compliance with ("last name's") request is strictly a courtesy and is not to be construed as a duty or obligation.

This Agreement and Authorization shall remain in effect so long as ("last name") is Guarantor of the undersigned's performance of obligations to GGFL.

DATED this _____ day of ____________, _____.

____

____

EXHIBIT G

ADVERTISING ASSOCIATION AGREEMENT

STORE #_____

ADVERTISING ASSOCIATION AGREEMENT

This AGREEMENT is made and entered into as of _______________, 201___, by and between ________________________________ ("Operator") and other participating operators in the area described below, all collectively referred to as Hamburger Stand Operators' Association of ________________ ("Association") and GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company ("GGFL") with reference to the following facts:

Operator is the franchisee under a Franchise Agreement that requires Operator to become a member of an advertising association approved by GGFL. The Hamburger Stand Operators' Association of ______________________ is approved by GGFL and was formed to develop and implement regional advertising for participating Hamburger Stand units in its area. Accordingly, the parties have agreed as follows:

1. Purpose. An Association has been, or is hereby formed between Operator, the other operators in the area described below and GGFL for the purpose of establishing, supervising, and implementing joint, region-wide advertising and promotion programs for the mutual benefit of all of operators.

2. Region. The area to be covered by the Association and this Agreement shall be the Designated Market Area ("DMA") as established from time to time by Nielsen or Arbitron.

3. Term. This Agreement shall be effective and Operator's obligations hereunder shall start on either the date of Operator's possession of a Hamburger Stand unit or execution of this Agreement and shall expire on the earlier of: (i) expiration or termination of Operator's Franchise Agreement; (ii) termination by a two-thirds (2/3) majority vote of all operators, that are then members of the Association; or (iii) judicial determination.

4. Advertising Agency. From time to time the Association shall select an advertising agency to carry out the Association's programs. The advertising agency shall conform to guidelines issued by GGFL and appointment shall be subject to GGFL approval.

5. Officers. The Association shall have a President, may have one or more Vice President(s), and a Treasurer, all of whom shall be elected at the Association's first meeting and shall hold office for one (1) year and until their successors are elected. The President shall call and preside at all meetings and shall generally act as administrator of the Association. The Treasurer shall maintain all records, financial or otherwise, of the Association and shall deposit all Association monies in the name of the Association in a federal, or state chartered bank. The Treasurer shall issue checks against these monies to pay the Association's debts. Checks shall be signed by the President or any Vice President.

6. Advertising Committee. The President, any Vice President(s) and Treasurer shall be designated as the Advertising Committee for the Association. The Committee shall have responsibility for:

(a) Coordinating meetings of the Association;

(b) Making recommendations to the Association for advertising campaigns;

(c) Approving media schedules in support of advertising campaigns;

(d) Budgeting Association monies in coordination with the advertising agency;

(e) Reviewing national and local campaigns and sales promotion activities for use by the Association;

(f) Developing specific advertising and promotion activities on a regular basis for the Association.

On approval of advertising activities as provided below, the Advertising Committee may spend the necessary money on one, or more than one, of the programs recommended nationally by GGFL and such locally developed Association programs as may be approved in writing by GGFL.

7. Meetings. The Association shall meet at regular intervals, as determined by the President, approximately every ninety (90) days. In any given calendar year at least four (4) meetings shall be held.

8. Quorum. A majority of the members entitled to vote shall constitute a quorum. A quorum of the Association may conduct all business the Association is empowered to conduct.

9. Vote. Each operator will be entitled to one (1) vote regardless of the number of units operated.

10. Approval of Advertising Activities. Association members shall vote on advertising campaigns, promotions and related activities that are presented by the Advertising Committee in conjunction with the advertising agency. A simple majority vote of a quorum of eligible operators at a duly called meeting will be required to approve promotions, campaigns and related activities. In case of a tie vote, a representative of GGFL may place the deciding vote. GGFL will have the right to veto any decision or action of the Association.

11. Participation. Each operator has the option to participate in any advertising and promotion programs which may include but are not necessarily limited to, use of point of sale signs and posters, purchase and distribution of premiums, and acceptance of redeemable coupons. Each operator must pay the contribution as provided herein whether or not the operator elects to participate in various advertising activities.

12. Assessments and Contributions. Each operator shall contribute to the Association, or its designee, on a monthly basis, an amount equal to three percent (3%) of the prior month's net sales, or an amount equal to the percentage contribution then in effect and required to be paid by members of the Association, whichever is higher, of the prior month's net sales. Such payment shall be due and payable by the fifteenth (15th) day of the calendar month following the month for which the contribution is required.

In addition to the above, Operator shall contribute one percent (1%) net sales to GGFL for national/regional advertising. This sum shall be paid directly to GGFL on or before the seventh (7th) day of the calendar month following the month for which the contribution is required, and pursuant to the terms of Operator's Franchise Agreement with GGFL.

The Association may vote to increase or decrease the percentage contribution due to the Association. But, in no event shall the percentage contribution be less than three percent (3%) of the prior month's net sales. Any change in the percentage contribution will not relieve Operator of the advertising obligations in the Franchise Agreement with GGFL.

If any contribution is not received by the Association within ten (10) days after the due date, Operator agrees to pay a late charge equal to ten percent (10%) of the amount due and interest on the principal amount at the highest legal rate of interest in the state in which the delinquent operator's unit(s) are located, or if located in more than one state, the state in which Operator is a resident.

13. Financial Accountability. All members of the Association will be provided, on a regular and timely basis, but, at least quarterly, a financial statement to include, but not limited be to, a statement of receipts and disbursements and a complete list of Association accounts receivable and accounts payable. The Treasurer will be responsible for issuance and accuracy of these reports.

14. Taxes. The Association shall be responsible to pay any federal or state income taxes chargeable to the Association or its members by reason of membership in the Association.

15. Defaults. Operator acknowledges and agrees that any violation of this Agreement shall be a default under the Franchise Agreement between Operator and GGFL and shall entitle GGFL to pursue any and all remedies available on account of such default.

16. Enforcement. The Association shall enforce the collection of all sums due to the Association pursuant to this Agreement. The Association is authorized to expend such sums as may be required to carry out such duties.

17. Attorney's Fees. Operator agrees to pay the Association reasonable attorney's fees and costs if the Association is the prevailing party in any action brought between the Association and Operator.

18. Replacement. This Agreement supersedes and replaces all prior advertising agreements in the region described in Paragraph 2 above.

19. Benefit. This Agreement shall bind and benefit the parties and their heirs, executors, administrators, or permitted assigns.

20. Counterparts. This agreement may be executed in any number of counterparts, with the same effect as if all parties executed a single instrument.

This Agreement shall be deemed to have been executed at ______________________________, the day and year first above written.

PARTICIPATING OPERATOR:

HAMBURGER STAND NO. ______

____

____

____
Address

____

HAMBURGER STAND OPERATORS' ASSOCIATION OF

____

By:________________________
President

By:________________________
Secretary

GGFL:

GALARDI GROUP FRANCHISE & LEASING, LLC
a California limited liability company

By: Its Managing Member
GALARDI GROUP FRANCHISE & LEASING, INC.

By: ______________________________
Robert E. Mathews
Its: Vice President

EXHIBIT H

PROMOTIONAL ALLOWANCE AGREEMENT

PROMOTIONAL ALLOWANCE ASSIGNMENT AGREEMENT

This AGREEMENT is made as of the _______ day of _____________, 201__, by and between GALARDI GROUP FRANCHISE & LEASING, LLC ("GGFL"), GALARDI GROUP FRANCHISE CORP. ("GGFC") and the following HAMBURGER STAND franchisee or limited franchisee: ____ ("Franchisee").

APPLICABLE IF FRANCHISEE IS A HAMBURGER STAND FULL FRANCHISEE:

1. Pursuant to Section 9 of the Franchise Agreement between the parties, Franchisee is obligated to pay a percentage of Net Sales of the restaurant toward advertising and marketing promotions. For this agreement, Net Sales has the meaning in the Franchise Agreement.

2. As an additional advertising and marketing obligation, Franchisee assigns and conveys to GGFL all Franchisee's right, title and interest in and to any marketing or promotion allowances to which Franchisee is or may become entitled by any manufacturer, supplier, distributor, purveyor or vendor of products. Each such supplier and its subsidiaries, agents or assigns is hereby directed and authorized to remit all marketing or promotion allowance payments directly to GGFL unless otherwise notified in writing by GGFL.

APPLICABLE IF FRANCHISEE IS A HAMBURGER STAND LIMITED FRANCHISEE:

3. In consideration for GGFL implementing an overall marketing plan in accordance with Section 7 of the Operator Agreement between the parties, Franchisee assigns and conveys to GGFL all Franchisee's right, title and interest in and to any marketing or promotion allowances to which Franchisee is or may become entitled by any manufacturer, supplier, distributor, purveyor or vendor of products to Franchisee. Each such supplier and its subsidiaries, agents or assigns is hereby directed and authorized to remit all such marketing or promotion allowance payments directly to GGFL unless otherwise notified in writing by GGFL.

APPLICABLE TO BOTH FULL FRANCHISEES AND LIMITED FRANCHISEES:

4. The funds may be co-mingled with GGFL's general revenues and funds; provided, however, such money shall be used and disbursed by GGFL for advertising, public relations and promotion activities and for the creation and development of advertising and promotion programs seeking to promote, enhance and advertise the chain on a national, regional and/or local basis. The fees shall also be used to reimburse GGFL for its administrative costs, advertising agency fees, legal and overhead expenses connected with administration thereof.

5. This Agreement is binding on the parties for the entire period of Franchisee's current franchise term, any extensions or renewals, or any future Franchise Agreements to which Franchisee may be or become a party.

6. Any election by GGFL not to enforce or delay in enforcing this Agreement or any particular term(s) of this Agreement shall not constitute a waiver of the right to future enforcement of this Agreement or such term(s).

7. The headings in this Agreement are part of the Agreement to explain which provisions are applicable.

EXECUTED the date stated in the introductory paragraph, at Irvine, California.

GGFL & GGFC:

GALARDI GROUP FRANCHISE & LEASING, LLC
a California limited liability company

By: Its Managing Member

GALARDI GROUP FRANCHISE &
LEASING, INC.,a California corporation

By: ______________________________

Its: Vice President

GALARDI GROUP FRANCHISE CORP.,
a California corporation

By: ______________________________

Its: Vice President

FRANCHISEE:

HAMBURGER STAND NO. ____

____
Name

____
Address

____
City and State

EXHIBIT I

CONSENT TO TRANSFER

CONSENT TO TRANSFER AGREEMENT

GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company ("GGFL"), and GALARDI GROUP FRANCHISE CORP., a California corporation ("GGFC"), grant their consent to the transfer by ________________________ ________________________ ("Transferor"), of all Transferor's right, title and interest in the operation of Hamburger Stand Unit No. ____, located at ____, to ____ ____, Social Security #____________ ("Transferee") but these consents of GGFL and GGFC are subject to the following conditions:

1. As of the closing date, the Franchise Agreement dated ___________, 201___, as amended, between GGFL and Transferor is terminated and Transferee shall execute the current form of Franchise Agreement ("Current Franchise Agreement") in the form attached as Exhibit "A."

2. As of the closing date, the Sublease dated _______________, 201__, as amended, between GGFL and Transferor is terminated and Transferee shall execute the current form of Sublease ("Current Sublease") in the form attached as Exhibit "B."

3. As of the closing date, the Equipment Lease dated _______________, _201__, as amended, between GGFL and Transferor is terminated and Transferee shall execute the current form of Equipment Lease ("Current Equipment Lease") in the form attached as Exhibit "C."

4. As of the closing date, the Advertising Association Agreement dated _______________, 201__, as amended, between GGFL and Transferor is terminated and Transferee shall execute the current form of Advertising Association Agreement ("Advertising Agreement") in the form attached as Exhibit "D."

5. As of the closing date, the Promotional Allowance Assignment dated _______________, 201__, as amended, between GGFL and Transferor is terminated and Transferee shall execute the current form of Promotional Allowance Assignment ("Promotional Allowance Assignment") in the form attached as Exhibit "E."

6. If Transferee is a corporation, limited liability company or other entity, then as of the closing date, Transferee shall execute the Continuing Guaranty in the form attached as Exhibit "F."

7. As of the closing date, Transferor shall execute the Continuing Guaranty and Subordination Agreement in the form attached as Exhibit "G."

8. Transferor shall indemnify, defend and hold harmless GGFL and GGFC and owners, members, managers, directors and personnel from and against any causes, claims or actions brought by third parties, including but not limited to federal, state and local governments, vendors and suppliers, on account of obligations for any actions or conduct of Transferor arising from or relating to the operation or related activity omission, of Unit No. ____ by Transferor. Transferor represents and warrants that all third parties shall be timely paid any sums due them. This indemnity shall extend to and also include attorney's fees and costs that may be incurred by GGFL and/or GGFC on account of claims or causes brought by any such third parties.

9. Except for warranties, representations, indemnities, defense and hold harmless obligations, and except for covenants in this Agreement and/or in any other written agreements between GGFL

and/or GGFC and Transferor not expressly terminated herein, Transferor, GGFL and GGFC release and discharge each other and each and all persons acting by, through, under or in concert with them, or any of them, from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, loss, cost or expense of any nature whatsoever, known or unknown, fixed or contingent, which the undersigned now have or may later have from the beginning of time to the date hereof, including but not limited to the matters, causes or things pertaining to or arising out of the Franchise Agreement, Sublease, Equipment Lease, Advertising Association Agreement and Hamburger Stand Promotional Allowance Assignment dated _______________, 201__, referenced above.

10. Each party is familiar with Section 1542 of the California Civil Code, which provides:

> "A General Release does not extend to claims which his creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

The parties intend that this Agreement be construed as a General Release, and the parties expressly waive the provisions of Section 1542 of the California Civil Code and any right they may have to invoke the provision or any similar provision or common law rule now or in the future. Each party acknowledges that it or he or she cannot later make any further claims or seek any further recovery of any nature from the other for any matter, cause or thing, including those based on, arising out of, or in connection with the Agreements referenced above.

11. The parties intend this Agreement to be effective as the full and final accord and satisfaction of all matters described herein.

12. This Agreement benefits and binds the undersigned parties and their respective heirs, assigns and other successors-in-interest.

13. Transferor and Transferee each acknowledge that he or she or it may and should consult independent legal counsel for advice in connection with the negotiation and execution of this Agreement. Transferor and Transferee either (a) consulted independent legal counsel, or (b) made the decision not to do so.

14. The provisions of this Agreement shall be interpreted and construed according to their fair meanings and not strictly for or against any party.

15. Transferee agrees to execute prior to and after closing and such agreements, documents and other instruments as may be necessary or helpful to confirm or further carry out the provisions of this Agreement.

16. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.

17. This Agreement constitutes the entire agreement and understanding between the parties concerning its subject matter, and merges and supersedes all prior negotiations, proposed agreements and agreements, written and oral, relating thereto. Each party acknowledges that no other party nor any agent or attorney of any party, made any promise, representation or warranty whatever, express

or implied, not stated herein concerning the subject matter hereof, to induce any party to execute this Agreement.

18. If any legal action or other proceeding is brought for the enforcement of this Agreement, or for a declaration of rights or duties, or because of an alleged dispute, breach, default or misrepresentation in connection with any provision of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorney's fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

19. Time is of the essence of each agreement and covenant contained herein.

20. This Agreement shall in all respects be interpreted, enforced and governed by the laws of the State of California.

The parties have executed this Agreement on the _____ day of ____________, 201__.

GGFL & GGFC:	TRANSFEROR:
GALARDI GROUP FRANCHISE & LEASING, LLC a California limited liability company	______________________________
By: Its Managing Member	______________________________
______________________________ GALARDI GROUP FRANCHISE & LEASING, INC., a California corporation	
By: ______________________________ Robert Mathews, Vice President	______________________________
GALARDI GROUP FRANCHISE CORP., a California corporation	TRANSFEREE:
	______________________________
By: ______________________________ Robert Mathews, Vice President	______________________________

CONTINUING GUARANTY AND SUBORDINATION AGREEMENT

1. CONTINUING GUARANTY.

____

("Guarantor(s)") whose address is ____ as a material inducement to and in consideration of GALARDI GROUP FRANCHISE & LEASING, LLC ("GGFL") and GALARDI GROUP FRANCHISE CORP. ("GGFC") entering into those certain agreements and/or accepting the promissory note(s), described on attached Exhibit "A" with __________________________ __________ ("the obligor") unconditionally guarantees and promises to and for the benefit of GGFL and GGFC the full and faithful performance of the provisions of those certain agreements and/or promissory note(s) described on Exhibit "A", any amendments or addendums thereto, and any other agreements and/or promissory note(s) hereafter made between GGFL, GGFC and the obligor or by the obligor in favor of GGFL and/or GGFC ("the agreements").

This is a CONTINUING GUARANTY of any and all obligations of the obligor to GGFL and/or GGFC, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether the obligor may be liable individually or jointly with others, or whether recovery on such obligations may be or hereafter become barred by any Statute of Limitations, or whether such obligations may be or become otherwise unenforceable.

a) The obligations hereunder are joint and several and independent of the obligations of the obligor and a separate action or actions may be brought and prosecuted against Guarantor(s) whether action is brought against the obligor or whether the obligor is joined in any such action or actions; and Guarantor(s) waive the benefit of any Statute of Limitations affecting their liability hereunder or the enforcement thereof.

b) Guarantor(s) waive any right to require GGFL or GGFC to: (a) proceed against the obligor; (b) proceed against or exhaust any security held from the obligor; or (c) pursue any other remedy in GGFL's or GGFC's power whatsoever. Guarantor(s) waive any defense arising by reason of any disability or other defense of the obligor or by reason of the cessation from any cause whatsoever of the liability of the obligor. Until all obligations of the obligor to GGFL and GGFC have been satisfied in full, Guarantor(s) shall have no right of subrogation, and waive any right to enforce any remedy which GGFL or GGFC now have or may hereafter have against the obligor, and waive any benefit of, and any right to participate in any security now or hereafter held by GGFL or GGFC. GGFL and/or GGFC may foreclose, either by judicial foreclosure, or by exercise by power of sale, any security for the obligations, and, even though the foreclosure may destroy or diminish Guarantor(s)' rights against the obligor, Guarantor(s) shall be liable to GGFL and GGFC for any part of the obligations remaining after foreclosure. Guarantor(s) waive all presentments, demands for performance, notice of non-performance, protest, notices of protest, notices of dishonor, and notices of acceptance of this Guaranty and of the existence, creation, or incurring of new or additional obligations.

c) In addition to all liens on, and rights of set-off against monies, securities or other property of Guarantor(s) given to GGFL and GGFC by law, GGFL and GGFC shall have a lien on and a right of set-off against all monies, securities and other property of Guarantor(s) now or hereafter in the possession of or on deposit with GGFL and GGFC, whether held in a general or special account or deposit, or for safekeeping or otherwise. Every such lien and right of set-off may be exercised without demand on or notice to Guarantor(s). No lien or right of set-off shall be deemed to have been waived by any act or conduct of GGFL or GGFC or by any neglect to exercise such right of set-off or to enforce such lien, or by any delay in so doing and every right of set-off and lien shall continue in full force and effect until such right of set-off or lien is specifically waived or released by an instrument in writing executed by GGFL and GGFC.

2. SUBORDINATION.

Any indebtedness or obligation of the obligor now or hereafter held by Guarantor(s) is hereby subordinated to the indebtedness or obligation of the obligor to GGFL and GGFC. Such indebtedness or obligation of the obligor to Guarantor(s), if GGFL and GGFC so request, shall be collected, enforced and received by Guarantor(s) as Trustees for GGFL and GGFC and shall be paid over to GGFL and GGFC on account of the indebtedness or other obligation of the obligor to GGFL and GGFC but without reducing or effecting any manner of the liability of Guarantor(s) under the other provisions of this Guaranty.

3. ATTORNEY'S FEES.

Guarantor(s) agree to pay a reasonable attorney's fee and other costs and expenses which may be incurred by GGFL and GGFC in the enforcement of this Guaranty.

4. MISCELLANEOUS.

a) It is not necessary for GGFL and GGFC to inquire into the powers of the obligor or the officers, directors or agents acting or purporting to act on their behalf, and any agreements or obligations made or created in reliance on the professed exercise of such power shall be guaranteed hereunder.

b) Any married person who signs this Guaranty hereby agrees that recourse may be had against such person's separate property for all obligations under this Guaranty.

c) This Guaranty shall bind and shall benefit the successors, assignees, transferees, personal representatives, heirs, or other persons or entity succeeding lawfully, to the rights or obligations of either party.

d) If more than one person signs this Guaranty in the capacity as Guarantor(s), the obligations of Guarantors shall be joint and several among them.

Executed this _____ day of ________________, 201___

GGFL & GGFC:

GALARDI GROUP FRANCHISE & LEASING, LLC
a California limited liability company

By: Its Managing Member

____
GALARDI GROUP FRANCHISE & LEASING, INC.,
a California corporation

By: _____________________________
Robert E. Mathews, Vice President

GALARDI GROUP FRANCHISE CORP.,
a California corporation

By: _____________________________
Robert E. Mathews, Vice President

GUARANTOR(S):

____

EXHIBIT "A"

1. Franchise Agreement dated the _____ day of ____________, 201__.

2. Sublease dated the _____ day of ____________, 201__.

3. Advertising Association Agreement dated the _____ day of ____________, 201__.

4. Equipment Lease dated the _____ day of ____________, 201__.

5. Promissory Note dated ____________ in the original principal amount of $______________.

AGREEMENT AND AUTHORIZATION

FOR GOOD AND VALUABLE CONSIDERATION, receipt and sufficiency of which are hereby acknowledged, the undersigned agrees to provide directly to ____________________ ("last name") monthly statements of his/her account with GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company ("GGFL") on receipt by the undersigned of the same from GGFL, at the following address:

____

____

____

____

or such address as ("last name") shall notify the undersigned in writing.

The undersigned authorizes GGFL to provide any information in his/her account with GGFL to ("last name") as ("last name") shall request. Such authorization shall not obligate GGFL to provide such information, and neither ("last name") nor the undersigned, nor their respective agents, assigns or successors in interest, shall have recourse against GGFL in the event GGFL fails to provide such information. It is understood that GGFL's compliance with ("last name's") request is strictly a courtesy and is not to be construed as a duty or obligation.

This Agreement and Authorization shall remain in effect so long as ("last name") is Guarantor of the undersigned's performance of obligations to GGFL.

DATED this _____ day of ____________, 201___.

____

____

EXHIBIT J

FRANCHISOR'S RIGHT TO CURE DEFAULT

(LENDER)

RIGHT TO CURE DEFAULT
(LENDER)

This AGREEMENT is made and entered into this _____ day of __________, 201___, by and between ____ ("Franchisee"), _____________ _________________________ ("Lender"), GALARDI GROUP FRANCHISE CORP., a California corporation ("GGFC") and GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company ("GGFL"), with reference to the following facts:

Franchisee owns a parcel of real property on which a Hamburger Stand restaurant shall be constructed and operated by Franchisee. To construct the Hamburger Stand restaurant on that property, Franchisee has obtained financing from Lender who has or will place certain encumbrances against the property and restaurant to be constructed there. To maintain continuity of operations of the Hamburger Stand restaurant and protect and maintain the reputation of GGFC and GGFL in the restaurant business, GGFC and GGFL require that Franchisee agree and obtain the Lender's agreement concerning certain rights which GGFC and GGFL shall have if Franchisee defaults under the financing and encumbrance. Accordingly, the parties have agreed as follows:

1. Lender shall give GGFC and GGFL written notice of any default by Franchisee under the financing and encumbrance.

2. In any default by Franchisee, GGFC and GGFL shall have the right, but not the obligation, to perform any or all of the following acts:

a. Make any payment required or cure any other default of Franchisee under the note or other document within thirty (30) days after receipt of the Notice of Default;

b. Take possession of the Hamburger Stand restaurant and premises, provided the default is cured;

c. Assume the position of Franchisee with respect to the financing; and

d. Regardless of any restriction against assignment in the instruments pertaining to the financing, assign Franchisee's rights and obligation in the financing, following which GGFC and GGFL shall have no liability to further perform such obligation of Franchisee, provided that GGFC and GGFL have cured any default of Franchisee and perform Franchisee's obligations to and including the date of assignment.

3. If GGFC and/or GGFL make such payment, Franchisee agrees to pay such sum to GGFC or GGFL, on demand of GGFC or GGFL, together with interest on such amount at the rate of ten percent (10%) per annum until paid in full.

4. If any party brings any action or proceeding to enforce, protect or establish any right or remedy under this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees to be fixed by the court wherein such judgment is entered.

5. This Agreement shall bind and benefit the parties, and their respective heirs, executors, administrators, personal representatives and assigns and successors-in-interest.

Executed as of the date stated in the introductory paragraph:

FRANCHISEE:

____

____

GGFC & GGFL:

GALARDI GROUP FRANCHISE CORP.,
a California corporation

By: ______________________________
Robert Mathews, Vice President

LENDER:

____

____

GALARDI GROUP FRANCHISE & LEASING, LLC
a California limited liability company

By: Its Managing Member
GALARDI GROUP FRANCHISE & LEASING, INC.,
a California corporation

By ______________________________
Robert Mathews, Vice President

EXHIBIT K

FRANCHISOR'S RIGHT TO CURE DEFAULT & CONSENT TO ASSIGNMENT (LANDLORD)

RIGHT TO CURE DEFAULT AND CONSENT TO ASSIGNMENT AGREEMENT
(LANDLORD)

This AGREEMENT is made and entered into this _____ day of __________, 201__, by and between ____ ("Franchisee"), _______________ __________________________ ("Landlord"), GALARDI GROUP FRANCHISE CORP., a California corporation ("GGFC"), and GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company ("GGFL"), with reference to the following facts:

Landlord and Franchisee have or shall enter into a lease dated _____________, 201__ for certain premises on which a Hamburger Stand restaurant shall be operated at __________________________ ____________________________________ ("Lease"). To establish the restaurant on the premises and maintain continuity of operations of the restaurant and protect and maintain the reputation of GGFC and GGFL in the restaurant business, GGFC and GGFL require that Franchisee agree and obtain the agreement of Landlord concerning certain rights which GGFC and GGFL shall have if Franchisee defaults under the Lease or under any agreements between Franchisee and GGFC and/or GGFL. Accordingly, the parties have agreed as follows:

1. Landlord and Franchisee agree that the lease shall contain or is hereby amended to include the following provision:

"If Tenant is in default under this lease, Landlord shall give notice of the default to GGFC and GGFL, at the following address; and wherever in this lease it shall be required or permitted that notice or demand shall be given or served by Tenant or Landlord, such notice or demand shall also be given or served to:

Galardi Group Franchise Corp. and
Galardi Group Franchise & Leasing, LLC
7700 Irvine Center Drive, Suite 550
Irvine, California 92618

On notification by Landlord to GGFC and GGFL that Tenant is in default, GGFC and GGFL shall have the right to cure the default within forty-five (45) days after, and GGFC and GGFL shall have the right to take possession of the premises provided the defaults are cured; provided further that so long as GGFC and GGFL perform the obligations of Tenant hereunder, no foreclosure of, deed given in lieu of foreclosure of, or sale under any encumbrance created by Landlord shall affect GGFC's or GGFL's assumption of Tenant's rights under the lease and Landlord will attorn GGFC and GGFL. GGFC and GGFL shall be permitted to assign this lease following which GGFC and GGFL shall have no liability to further perform the obligations of Tenant hereunder, provided that GGFC and GGFL have cured any default of Tenant and continue to pay the rent to and including the date of such assignment."

2. Franchisee grants to GGFC and GGFL the right, but not the obligation, to invoke an assignment of the lease to GGFC and/or GGFL in the event Franchisee is in default under any agreement between Franchisee and GGFC and/or GGFL, including but not limited to the Franchise Agreement dated _______________, 201__, the Advertising Association Agreement dated _______________, 201___, and the Equipment Lease dated _______________, 201_ (all such agreements collectively referred to as "GGFL Agreements"). Landlord consents to such assignment. So long as there shall exist no default by Franchisee in the payment of any indebtedness or performance of any obligation under the GGFL Agreements or other instruments securing such indebtedness or obligations, Franchisee shall have the right to quiet possession as set forth in the lease and all other rights and obligations pursuant to the lease. Upon such default, however, GGFC and/or GGFL may invoke the assignment, and Landlord consents to the assignment, and GGFC and/or GGFL shall have the right to possession of the premises and have all rights and obligations of Tenant under the lease, provided that GGFC and/or GGFL notify Landlord in writing the date that such assignment is effective. Franchisee waives any notice requirements regarding the assignment. After the assignment, GGFC and GGFL shall have the right to re-assign the lease or sublease the premises, provided that GGFC or GGFL remain liable under the lease. The lease is hereby amended by this section, and Landlord and Franchisee shall amend or execute any documents (including but not limited to the lease) as necessary to effectuate the purpose of this section.

3. Franchisee shall perform each and every condition and covenant of the lease and give prompt notice to GGFL and GGFC of any notice of default by the Landlord received by Franchisee under the lease. Franchisee shall, at Franchisee's sole cost and expense, enforce, short of termination of the lease, Landlord's performance or observance of each and every covenant and condition of the lease. Franchisee shall not modify nor in any way alter the terms of the lease

or terminate the term of the lease nor accept a surrender thereof unless required to do so by the terms of the lease. Franchisee shall appear and defend any action growing out of or in any manner connected with the lease or the obligations or liabilities of Franchisee pursuant thereto.

4. If Franchisee fails to make a payment pursuant to the lease or do any act as herein provided, GGFC and GGFL, without obligation to do so and without notice to or demand on Franchisee and without releasing Franchisee from any obligation, may make or do the same, including specifically, without limiting its general powers, appearing in and defending any action purporting to effect the lease or the rights and powers of GGFC or GGFL and performing any obligation of the Franchisee in the lease, and in exercising any such powers, paying necessary costs and expenses, employing counsel and incurring and paying reasonable attorneys' fees. Franchisee shall pay immediately on demand all sums expended by GGFC and GGFL under this section, together with interest on those sums at the lower of one-and-one-half percent (1½%) per month or the highest rate permitted under applicable law.

5. The rights of GGFC and/or GGFL pursuant to this Agreement are cumulative and are in addition to any rights GGFC and/or GGFL may have in law or in equity.

6. At the request of any of the parties, the signatures of the parties shall be duly notarized and this Agreement shall be recorded as necessary.

7. If any party brings any action or proceedings to enforce, protect or establish any right or remedy under this Agreement, the prevailing party shall be entitled to recover the costs of suit, including but not limited to reasonable attorney's fees and reasonable interest at the applicable rate stated in Section 4.

8. This Agreement shall bind and benefit the parties, and also their respective heirs, executors, administrators, personal representatives, and assigns and successors-in-interest.

Executed as of the date stated in the introductory paragraph.

FRANCHISEE:

____

____

LANDLORD:

____

____

GGFC & GGFL:

GALARDI GROUP FRANCHISE CORP.,
a California corporation

By: ______________________________
Robert E. Mathews, Vice President

GALARDI GROUP FRANCHISE & LEASING, LLC,
a California limited liability company

By: Its Managing Member
GALARDI GROUP FRANCHISE & LEASING, INC.,
a California corporation

By: ______________________________
Robert E. Mathews, Vice President

EXHIBIT L

DIRECT DEBIT AGREEMENT

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT (DIRECT DEBIT)

____
(COMPANY NAME)

NAME OF BANK ______________________________

NAME OF BRANCH, IF ANY ______________________________

ADDRESS OF BANK ______________________________

ACCOUNT IN THE NAME OF ______________________________

ACCOUNT # ______________________________

The undersigned requests and authorizes you to pay and charge to the above account the undersigned checks drawn on said account by and payable to the order of Galardi Group Franchise & Leasing, LLC, provided there are sufficient collected funds in said account to pay the same upon presentation. Your rights with respect to any check so drawn shall be the same as if it were drawn on you and signed by the undersigned. It will not be necessary for any officer or employee of ________________ to sign such checks. This authority is to remain in effect until revoked by me in writing and until you receive such notice, I agree that you shall be fully protected in honoring any such check.

It is further agreed that if any such check be dishonored, whether with or without cause and whether intentionally or inadvertently, you shall be under no liability whatsoever.

______________________ ______________________________
(Date) (Bank Signature of Depositor)

(Attach Voided Check Here)

EXHIBIT M

OPERATIONS MANUAL TABLE OF CONTENTS

HAMBURGER STAND OPERATIONS MANUAL

CONTENTS

EXHIBIT N

LIST OF CURRENT & DEPARTED FRANCHISEES

HAMBURGER STAND - LIST OF FRANCHISES
(As of December, 2017)

CALIFORNIA

El Centro
HS# 385 Richard Jeffries email: 385@galardimail.com
825 South Imperial Avenue, El Centro, CA 92243 - (760) 353-4800 (F)

Stockton
HS# 485 Abe's Burgers email: 485@galardimail.com
4105 East Main Street, Stockton, CA 95215 - (209) 463-9787 (F)

COLORADO

Aurora
HS# 646 Usamah Hassan email: 646@galardimail.com
938 South Havana Street, Aurora, CO 80012 (303) 344-1306 (F)

ARIZONA

Tucson
Paul E. Sticker
HS# 513 email: 513@galardimail.com
625 West Ajo Way, Tucson, AZ 85713 - (520) 746-9589 (F)
HS# 795 email: 795@galardimail.com
1710 West Valencia Road, #170, Tucson, AZ 84746 – (520) 294-3131 (F)

Yuma
HS# 556 Richard Jeffries email: 556@galardimail.com
2820 S. Pacfiic Avenue, Yuma, AZ 85365 – (928) 726-9873 (F)

TEXAS

HS# 70 Tim & Diana Kass email: 70@galardimail.com
2222 North Mesa, El Paso, TX 79902 – (915) 545-1595 (F)

WYOMING

Casper
HS# 451 Carl Moon email: 451@galardimail.com
3930 East 2nd Street, Casper, WY 82609 - (307) 234-8604 (F)

Aurora
HS# 646 Usamah Hassan email: 646@galardimail.com
938 South Havana Street, Aurora, CO 80012 (L)

EXHIBIT N

EXHIBIT O

ADVERTISING ASSOCIATIONS

HAMBURGER STAND ADVERTISING ASSOCIATION

Advertising Association	President	Address/Phone/Email	Contribution Rate
Denver Advertising Association	Doug Koegeboehn	7700 Irvine Center Dr. #550 Irvine, CA 92618 (949) 892-2635 dkoegeboehn@galardigroup.com	3%

EXHIBIT P

STATE ADMINISTRATORS

STATE ADMINISTRATORS

Listed below are names, addresses, and telephone numbers of state and federal agency personnel who have responsibility for franchising disclosure and registration laws and selected business opportunity laws. Entries for the Federal Trade Commission appear at the end of the Exhibit.

California

Department of Business Oversight:
Los Angeles
320 West 4th Street
Suite 750
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento
1515 K Street, Suite 200
Sacramento, California 95814-4052
(916) 445-7205

San Diego
1350 Front Street, Room 2034
San Diego, California 92101-3697
(619) 525-4233

San Francisco
One Sansome Street, Suite 600
San Francisco, CA 94104-4428
(415) 972-8559

Commissioner of Business Oversight:
Jan Lynn Owen

Federal Trade Commission

Division of Marketing Practices
Bureau of Consumer Protection
Pennsylvania Avenue at 6th Street, NW
Washington, D.C. 20580
(202) 326-3128

EXHIBIT Q

STATE DISCLOSURE ADDENDA

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

OUR WEBSITE IS: WWW.HAMBURGERSTAND.COM

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

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Neither the franchisor, any person or franchise broker in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

Each of the agreements contains a provision for termination on bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. 101 et seq.).

Each of the agreements requires application of the laws and forum of Orange County, California. This provision may not be enforceable under California law.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the franchise agreement is inconsistent with the law, the law will control.

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.

Each of the agreements contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

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

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.

The Operator Agreement does not prevent modification. But it may only be modified by a written agreement between us. Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the California Commissioner of Business Oversight before we ask you to consider a material modification of your franchise agreement.

EXHIBIT R

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Robert E. Mathews
Galardi Group Franchise Corp.
7700 Irvine Center Drive, Suite 550
Irvine, California 92618

CT Corporation System
818 West Seventh Street
Los Angeles, California 90017

California Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344

EXHIBIT S

SBA ADDENDUM

ADDENDUM TO FRANCHISE[1] AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on ________________, 20____, by and between ____ ("Franchisor"), located at ____, and ____ ("Franchisee"), located at ____.

Franchisor and Franchisee entered into a Franchise Agreement on _______________, 20___, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional

[1] While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

Authorized Representative of FRANCHISOR:

By: ______________________________

Print Name: ______________________

Title:_____________________________

Authorized Representative of FRANCHISEE:

By: ______________________________

Print Name: ______________________

Title:_____________________________

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements

EXHIBIT T

RECEIPT

RECEIPT
(Franchisee's Copy)

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 GALARDI GROUP FRANCHISE CORP. OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU FOURTEEN (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 SALE.

YOU MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST FIVE (5) BUSINESS DAYS BEFORE YOU SIGN THE FRANCHISE AGREEMENT.

IF GALARDI GROUP FRANCHISE CORP. 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 CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT, 320 WEST 4TH STREET, SUITE 750, LOS ANGELES, CALIFORNIA 90013-2344.

THE FRANCHISE SELLER FOR THIS OFFERING IS TED MILBURN, DIRECTOR OF U.S. FRANCHISE DEVELOPMENT; AND YOU MAY HAVE ADDITIONAL CONTACT WITH ROBERT MATHEWS, VICE PRESIDENT AT GALARDI GROUP FRANCHISE CORP., 7700 IRVINE CENTER DRIVE, SUITE 550, IRVINE, CALIFORNIA 92618, TELEPHONE (949) 892-2629 and TELEPHONE (949) 892-2684, respectively. AREA REPRESENTATIVES INCLUDE ZAHEED UMATIYA, AJAZ PUNJANI, SUNNY PUNJANI, ASIF PUNJANI, AND ASLAM PUNJANI.

ISSUANCE DATE: ________________, 2018

I received a Disclosure Document dated ________________, 2018 that included the following Exhibits:

A.	Financial Statements	K.	Franchisor Right to Cure Default & Consent to Assignment (Landlord)
B.	Franchise Agreement	L.	Direct Debit Agreement
C.	Offer to Purchase	M.	Operations Manual Table of Contents
D.	Sublease	N.	List of Current & Departed Franchisees
E.	Promissory Note	O.	Advertising Associations
F.	Guaranty	P.	State Administrators
G.	Advertising Association Agreement	Q.	State Disclosure Addenda
H.	Promotional Allowance Assignment	R.	Agents for Service of Process
I.	Consent to Transfer	S.	SBA Addendum
J.	Franchisor's Right to Cure Default (Lender)	T.	Receipt

Dated:____________________________

____
(Signature)

____
(Printed Name)

RETURN THE DATED AND SIGNED RECEIPT TO GALARDI GROUP FRANCHISE CORP., 7700 IRVINE CENTER DRIVE, SUITE 550, IRVINE, CALIFORNIA 92618, FACSIMILE TELEPHONE NUMBER (949) 892-2615.

RECEIPT
(Franchisor's Copy)

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Dated:____________________________

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(Signature)

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(Printed Name)

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