FRANCHISE DISCLOSURE DOCUMENT

Galardi Group Franchise Corp., a California Corporation
1775 Flight Way, Suite 125
Tustin, California 92782
(800) 764-9339; www.hamburgerstand.com

(Full Franchise)

The franchise is a quick service restaurant featuring hamburgers, hot dogs, fries, soft serve desserts, and drinks. The total estimated investment necessary to begin the operation of a new Hamburger Stand is $561,000 to $2,645,500, including a $20,000 (non-traditional) or $40,000 (traditional) initial franchise fee payable to us for your first restaurant. If you buy an operating restaurant your investment may exceed these ranges because you may also buy the restaurant assets.

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 Galardi Group Franchise Corp. at 1775 Flight Way, Suite 125, Tustin, California, 92782, or via phone at 949-892-2652.

The terms of your contract will govern your franchise relationship. Don't rely on this 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: April 6, 2026, as amended May 29, 2026

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit O.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Wienerschnitzel business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Wienerschnitzel franchisee?	Item 20 or Exhibit O lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, which requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit Q.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-state dispute resolution.** The Franchise Agreement and Exclusive Right to Develop Agreement require you to resolve disputes with us by negotiation, mediation, and arbitration, only in 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 your home state.

2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Term loans.** We and one of our affiliates guaranteed fourteen term loans for another of our affiliates. At December 31, 2025, the amount totaled $9,259,238.

4. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

5. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices set by the franchisor or their affiliates, or suppliers designated by the franchisor. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

TABLE OF CONTENTS

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 parents, subsidiaries, or affiliates. "You," "your," or "franchisee" means the person or entity (e.g., 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., incorporated 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. These companies were formed and exist in California. All are located at 1775 Flight Way, Suite 125, Tustin, California, 92782. The phone number is 949-892-2699. *See* Exhibit R for our agents for service of process.

We franchise quick service restaurants, including Hamburger Stand. Your Hamburger Stand restaurant will feature chili, hot dogs, hamburgers, fries, drinks, soft-serve ice cream, and related menu items. We do not currently own or operate any of our own Hamburger Stand restaurants.

We also offer franchises for Wienerschnitzel and Tastee-Freez restaurants under separate Franchise Disclosure Documents, which have a similar menu offering as Hamburger Stand. There are currently 317 Wienerschnitzel franchises and 1 Tastee-Freez franchise.

We offer two types of Hamburger Stand franchises: (1) full; and (2) limited. This disclosure document is for the full franchise. There is a separate franchise disclosure document for limited franchises.

With a full franchise, you obtain real estate, build-out the restaurant premises, obtain required equipment and food and beverage offerings, hire staff and do everything else necessary to develop and operate your restaurant.

The market for quick service restaurants is well-developed. Your customers will typically be consumers who want a delicious meal, served quickly, and at a reasonable price. You will compete with other quick service restaurants, full service restaurants, convenience stores, and dining at home/self-prepared options. Your competitive advantage will be based on following our well-established standards and guidelines, your entrepreneurial and managerial abilities, and on the customer service you provide.

You must comply with laws and rules related to operating a restaurant, including health, safety and sanitation requirements, food labeling, nutrition requirements, environmental laws, employment laws, etc. In many states, including California, Illinois, and Washington, local health departments inspect restaurants and other retail food facilities to ensure compliance with applicable laws and regulations.

ITEM 2: BUSINESS EXPERIENCE

The following individuals have responsibility for Galardi Group Franchise Corp. and Galardi Group Franchise & Leasing, LLC:

Executive Chairperson: Cynthia Galardi Culpepper. Ms. Culpepper has been our Executive Chairperson since February 2022. Ms. Culpepper was our Chairman and Chief Executive Officer from 2013 to 2022.

Chief Executive Officer and President: J.R. Galardi. Mr. Galardi has been our Chief Executive Officer and President since 2022. Mr. Galardi was our President from 2017 to 2022. He was our Executive Vice President from 2016 to 2017. Prior to that time, Mr. Galardi held various positions, including Director of Administration, Manager of Hamburger Stand, and Marketing Manager.

Chief Financial Officer and Vice President: Michael Nishi. Mr. Nishi has been our Chief Financial Officer and Vice President since February 2022. Previously, Mr. Nishi was Chief Financial Officer of Tartine Bakery from 2019 to 2022.

General Counsel and Vice President: Thomas J. Haldorsen. Mr. Haldorsen has been our General Counsel and Vice President since 2023. Previously, Mr. Haldorsen was Associate General Counsel of Lennar Corporation from 2014 to 2023.

Chief Operating Officer: Rusty Bills. Mr. Bills has been GGI's Chief Operating Officer since 2022. He was our Vice President of Operations from 2017 to 2022. Prior to that time, Mr. Bills held various positions, including Senior Director of Operations, Director of Operations, Manager of Tastee Freez and Special Projects, and Franchise Area Director.

Chief Marketing Officer: Doug Koegeboehn. Mr. Koegeboehn has been our Chief Marketing Officer since 2015.

Chief Development Officer: David Winter. Mr. Winter has been our Chief Development Officer since June 2025. Previously, Mr. Winter was Director of Construction at Panda Restaurant Group from 2024 to 2025. He was Vice President of Development at Pet Food Express from 2023 through 2024. He was Vice President of Development at One Table Restaurant Brands from 2017 to 2023.

Director of U.S Franchise Development: Ted Milburn. Mr. Milburn has been our Director of Franchise Development since 2015.

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5: INITIAL FEES

Traditional Location. You pay a franchise fee of $40,000. For a second or subsequent franchise agreement, the franchise fee is reduced by 50% (i.e., to $20,000). For a renewal of your franchise, the franchise fee is $2,000 for each year of the renewal term. You pay the total in a lump sum on signing the franchise agreement. The franchise fee is not refundable except in our sole and absolute discretion.

Non-Traditional Location. For a non-traditional location, like an in-line storefront, kiosk, convenience store, gas station, food court, or casino, the franchise fee is $20,000. For a second or subsequent franchise agreement for a non-traditional location, the fees are reduced by 50% (i.e., to $10,000). For a renewal for a non-traditional location, the initial fee is $2,000 for each year of the renewal term. You pay the total in a lump sum on signing the franchise agreement. The franchise fee is not refundable except in our sole and absolute discretion.

Training Services. Training for the first individual is free and each additional trainee is $5,000, which is due before starting training.

ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Service Fee	Up to 5% of Net Sales, depending on incentives.	7th day of month (via ACH electronic funds transfer ("EFT") or other method as we may require)	Net Sales is total sales of all food and other items, not counting sales taxes, over rings, refunds and tips.
National Creative Fund	1% of Net Sales.	7th day of month	You pay us this for national creative fund, which develops and creates advertisements, brand awareness, brand development, and the management and administration thereof.
Advertising Contribution	3% of Net Sales. Your advertising association can increase this rate.	15th day of month	You pay this to your advertising association.
Rent; Additional Rent (if applicable)	Varies. From $24,000 - $200,000 per year.	20th day of each month (if paid to us or our affiliates)	If you lease or sublease the premises from us, you pay us monthly rent. This monthly may exceed how much we pay if we lease or sublease the premises.
Operator/General Manager/Training	First person is free; each additional person is $5,000.	Training must be completed before opening	This fee is for Operator or General Manager certification training prior to the opening of a new restaurant. For an existing franchisee, we may waive the training requirement in our sole discretion.
Additional Training	Recertification of up to $250 per person Non-attendance fee of up to $250/store for failure to attend Local Training Seminars	Varies	These fees may be charged for recertification, which we may require for non-attendance at a required training seminar.
Promotional Allowances	Amount of Allowance	On receipt	You assign to us any right to get promotional allowances from suppliers.
Permits, Licenses, Sales and Other Taxes	Costs that you or we incur for permits, licenses or taxes and amount of taxes	On demand	You reimburse us for any permits, licenses, or taxes we obtain or pay on your behalf.
Equipment Lease	Varies from a fixed fee per year (e.g., $1 per year) up to 5% of monthly Net Sales; costs of maintenance, insurance, taxes, and replacement.	7th day of each month	If you lease equipment from us, you pay us monthly equipment rent. You are responsible for maintaining, insuring, keeping clean title, and replacing equipment.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee (Franchise Agreement)	$2,500 or $5,000, depending on the type of ownership transfer.	On demand if a transfer of ownership is requested.	We charge you for transferring ownership under the franchise agreement to an entity or individual(s). We will charge you $2,500 for transferring ownership to an entity you own or control and $5,000 for transferring all of your rights under the franchise agreement to a third party. This fee is due and owed even if the transfer is not completed.
Amendment Fee	$500	On demand	We charge you for amending franchise-related agreements.
Resale Evaluation Holdback	Varies. From $5,000 to $25,000.	On demand.	If you purchase a restaurant from us, our affiliates, or a third party, we charge this fee to insure that the required facility upgrades are completed in the manner required by us. The Resale Evaluation is 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 period required, then that amount will be paid to you as a work performance bonus.
Breach/Default Service Charge Fee	$500 for each uncured breach or default and $2,500 for each repeated uncured breaches or defaults.	On demand	You will be subject to fees for breaches until the requirements are satisfied and/or the breach is cured.
Insurance	Amount of premium	On demand	If you don't show us proof you have all the required insurance we have the right (but not the 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 related to an occurrence at your restaurant, you defend us. If you don't, we can defend ourselves and seek reimbursement for those costs from you. You pay any judgment against us.
Audit	$2,500 to $20,000.	On demand	If you underreported Net Sales by 2% or more, you pay the underreported amount and also pay our audit costs.
Attorney Fees and Court Costs	Amount of fees and costs	On demand	In an action against us related to the franchise agreement, each party is responsible for their own attorney fees and court costs.
Late Charge & Interest	10% of delinquency; Lesser of 18% per year or	On demand	If you do not pay us on time, you pay an additional 10% of the amount overdue plus

Type of Fee	Amount	Due Date	Remarks
	highest rate allowed by law.		interest (or the highest rate allowed by law).
Galardi Technology Fee	$1,379 per year (but can be up to $3,600 per year).	Annually	This fee is for access to and support of the various technologies to support your restaurant, including our information technology support team.
Technology Costs (Software)	$1,200 - $2,500	On demand	This cost is for software that we require to support your business operations. It may be paid directly to us or a third-party vendor.
Relocation Fee	$10,000	On demand	We charge you to compensate us for costs we incur in relation to the relocation.

ITEM 7: ESTIMATED INITIAL INVESTMENT

Single Restaurant Franchise Agreement

Type of Expenditure	Amount (Note 1)	Method of Payment	When Due	To Whom Payment is to be Made
Franchise Fee	$10,000 - $40,000	Lump Sum	Upon signing Franchise Agreement	Us
Net Rent (Note 2)	$7,500 - $45,000	Check or Automated Payment	Typically Monthly	Us or Property Owner
Furniture, Fixtures, and Equipment ("FFE")	$50,000 - $400,000 (Note 3)	Varies	Before opening	Us or Third-Party Approved Vendors
Small wares (Note 4)	$4,000 - $8,000	Check or Credit Card	Before opening	Approved Third-Party Vendor
Opening inventory	$5,000 - $15,000	Lump Sum	Before opening	Approved Third-Party Vendor
Training (Note 5)	$0 - $15,000	Lump Sum	Before opening	Us; travel and lodging providers
Local Marketing at Opening (Note 6)	$0 - $5,000	Varies	Before/at opening	Approved Third-Party Vendor(s)
Insurance	$3,000 - $21,000	Check or Credit Card	Before opening	Third-Party Insurers
Uniforms	$1,500	Lump Sum	Before opening	Approved Third-Party Vendor(s)
Security Deposits (Note 7)	$3,500 - $15,000	Lump Sum		Us or Landlord; Utilities
Real Estate Improvements	$450,000 - $2,000,000 (Note 8)	(Note 8)	(Note 8)	(Note 8)
Accountant/Lawyer (Note 9)	$1,500 - $15,000	Varies	Before opening	Accountant/Lawyer
Additional Funds-Three months working capital (Note 10)	$15,000 - $45,000	Varies	Varies	Miscellaneous suppliers/trade persons & others for incidental and other costs

Type of Expenditure	Amount (Note 1)	Method of Payment	When Due	To Whom Payment is to be Made
Technology Costs (Hardware)	\$10,000 - \$20,000	Varies	Before Opening	Us
Total (Notes 1, 10, & 11)	\$561,000 - \$2,645,500			

Notes:

1. This table estimates your anticipated initial investment for the period before opening your franchise until about three (3) months after opening. These projected costs represent our best estimates given the current economic environment and conditions. Actual costs may vary.

2. Estimated rent for three (3) 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 and assumes a non-premium market and location within that market. The high estimate assumes monthly rent of \$15,000, and assumes premium market, premium location, substantial footprint, and newer (or new) building.

3. You must purchase furniture, fixtures and equipment ("FF&E"). We estimate your cost will range from \$50,000 to \$400,000 depending on the restaurant design (e.g., traditional vs. non-traditional) and the equipment you decide to purchase (e.g., premium vs. non-premium, new vs. used, etc.). This estimate also includes, for example, the POS system, exterior signage, and exterior seating, among other things. On occasion, we may lease restaurant equipment to you at an agreed upon price, in which case your FFE cost will be significantly lower.

4. This estimate is for a range of cooking and related utensils and supplies.

5. There is no initial training fee for the first individual trained. For each individual trained thereafter, there is a \$5,000 training fee per person. The high estimate of \$15,000 assumes three (3) people are trained, and you have \$5,000 of travel, lodging, and living expenses for the classroom portion of training. Actual costs may be higher if you train additional people and/or in a premium training location. The low estimate of \$0 assumes you only train one person and the trainee lives close enough to the training location so that no travel, food, or lodging expenses need to be incurred.

6. We will spend at least \$5,000 for advertising and marketing your new restaurant. The high estimate of \$5,000 assumes you elect to invest \$5,000 of your own funds to advertise and market your new restaurant. The low estimate of zero assumes you do not incur costs to advertise the opening of your restaurant.

7. Estimated security deposits consist of one month's rent to landlord and security deposits to water, electricity, gas, telephone, and other utilities, if applicable. The low amount assumes rent/security deposit is \$2,500. The high amount assumes rent/security deposit is \$15,000. The estimates assume about \$1,000 of utility security deposits. Actual costs may exceed these estimated amounts, and are dependent on a variety of factors (e.g., location, size, market, risk, etc.). Deposits are normally held for the term of the agreements.

8. You are responsible for obtaining real estate (e.g., lease or purchase) and constructing the necessary improvements thereon for your restaurant. We may require you to use our approved architect(s) or contractor(s). Total costs for improvements (excluding equipment) are typically \$450,000 to \$2,000,000, but can vary widely, even outside this range, and are dependent upon construction costs (labor and material), design of the restaurant, size of the restaurant, timeline for construction, local municipality requirements or regulations, and many other factors. Non-traditional franchise costs are sometimes lower due to use or re-use of an existing facility and/or a smaller restaurant footprint. It is possible that your landlord and/or land owner

contribute to your development costs. The high estimate is for building a brand new restaurant. The low estimate is for converting and existing facility to a Hamburger Stand restaurant.

9. Estimated professional fees if you decide to consult a professional advisor such as a lawyer or accountant regarding the purchase of a franchise from us.

10. The recommended minimum working capital for your restaurant is three months' worth.

11. Amounts on each row are only estimates, and are generally non-refundable. The franchise fee is not refundable except in our sole and absolute discretion. *See* Item 10.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must get our approval for your restaurant location. We mutually agree to the restaurant location when the Franchise Agreement is signed (and state it in the agreement) or you can propose a location for our approval at a later date. If we approve your location at a later date, we will update your Franchise Agreement accordingly. To assist in your site selection, we provide you with our location criteria in our site selection handbook.

You must install and use signs, furniture, furnishings and equipment that we require. We tell you in writing what we require. The required POS system, hardware, and software are described in Item 11. We can and may require you to get additional equipment or replace certain equipment that is obsolete or not functioning to our standards and/or specifications.

You must get food, equipment, and supplies from our approved vendors and suppliers. We will give you the names and addresses of approved vendors/suppliers. We can add or remove approved vendors/suppliers at any time. We, or one of our affiliates, may be an approved supplier for any items we choose to supply. One of our affiliates, Summit Supply Company, which is wholly owned by one of the company's officers, is an approved equipment supplier. Summit Supply Company's total revenue in 2025 was $2,609,197 and its total revenue specifically derived from our franchisee's purchases of equipment, products, and services for 2025 was $1,925,616. If you have a preferred vendor or supplier that is not approved by us, you may be able to work with that supplier if they meet our specifications and we give you written permission. We may require your potential vendor/supplier to give us samples, pay for testing the items you want them to supply, and sign applicable agreements (e.g., license). After review, we will tell you if we approve the proposed vendor/supplier. If we don't approve the proposed source, we will give you a detailed summary of our reasoning. Even if the proposed vendor/source is approved initially, we can revoke any approval. Our menu includes products from the Coca-Cola and Dr. Pepper companies, which are publicly traded. Any of our officers or personnel could own stock in those companies. We may receive monies, rebates, credits, and marketing allowances based on volume purchased by us, our affiliates, and you.

We derive revenue from your service fees, purchases, real property, and equipment we lease to franchisees. We may derive revenue from other items you buy or lease. Our total revenue for 2025 from Hamburger Stand full franchised restaurants was approximately $1,101,219. Of this, approximately 42.4% is from leased real and personal property and approximately 3.7% is from rebates and/or credits from your purchases.

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.

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/Lease	Fr. Agmt. § 3	6, 7, & 11
B. Pre-opening purchase/leases	Fr. Agmt. §§ 3, 7, 10, & 11; Offer to Purchase, Equipment Lease	7 & 8
C. Site development & other pre-opening requirements	Fr. Agmt. §§ 7 & 10; Equipment Lease	6, 7, 8, & 11
D. Initial & on-going training	Fr. Agmt. § 7	6, 7, & 11
E. Opening	Fr. Agmt. §§ 8 & 10	7 & 11
F. Fees	Fr. Agmt. §§ 3, 5, 6, 7, 9, 10, 13(b), (8), 14(c), 18(f), 18(i)-(j), 20; Direct Debit Agmt; Offer to Purchase § II; Guaranty; Prom. Note; Promo. Allowance Assignment; Consent to Transfer § 19; Right to Cure Default (Lender) §§ 3 & 4; Consent to Assignment Agreement (Landlord); Equipment Lease	5, 6, 7, 10, & 17
G. Compliance with Standards & Policies/Operations Manual	Fr. Agmt. §§ 7, 10 & 11	11, 16, & 17
H. Trademarks & Proprietary Information	Fr. Agmt. §§ 10(o), 11, 12, & 16	13 & 14
I. Restrictions on products/services offered	Fr. Agmt. §§ 11 & 12	11 & 16
J. Warranty & Customer Service Requirements	Fr. Agmt. §§ 11 & 12, Equipment Lease § 15	11, 16, & 17
K. Territorial Development & Sales Quotas	Fr. Agmt. § 3	12
L. On-going Product & Service Purchases	Fr. Agmt. § 11	6, 8, & 16
M. Maintenance, Appearance & Remodeling Requirements	Fr. Agmt. §§ 7, 10, 11, 12	6, 7, & 17
N. Insurance	Fr. Agmt. § 17(c); Equipment Lease §§ 12 & 14	6 & 7
O. Advertising	Fr. Agmt. § 9 & 10; Advertising Assoc. Agmt.; Promotional Allowance Assignment Agmt.	6, 7, & 11
P. Indemnification	Fr. Agmt. § 17; Offer to Purchase § XI; Continuing Gty; Consent to Transfer	6, 14, & 17

Obligation	Sections in Agreement	Items in Disclosure Document
	Agmt. § 8; Equipment Lease § 16	
Q. Owner's Participation/Management/Staffing	Fr. Agmt. §§ 2 & 10(q)	11 & 15
R. Records & Reports	Fr. Agmt. §§ 6, 14(a)(3) & 16; Equipment Lease § 2	6 & 11
S. Inspections & Audits	Fr. Agmt. §§ 6, 10(d) & 16; Equipment Lease §§ 6 & 7	1 & 17
T. Transfer	Fr. Agmt. § 13; Consent to Transfer Agmt.; Right to Cure Default and Consent to Assignment Agmt. (Landlord); Offer to Purchase §§ VII & XV; Equipment Lease §§ 21 & 23	6 & 17
U. Renewal	Fr. Agmt. §4(b)	17
V. Post-termination Obligations	Fr. Agmt. §§ 12(d), 14 & 15	17
W. Non-competition Covenants	Fr. Agmt. §§ 12 & 14(a)	17
X. Dispute Resolution	Fr. Agmt. §18(x); Offer to Purchase, § XIII; Gty § 3; Prom. Note §(7)(e)(f)	17

ITEM 10: FINANCING

Summary of Financing Offered (Note 1)

Our affiliate, Galardi Group Franchising & Leasing, LLC ("GGFL"), may, at its sole and absolute discretion, offer financing to financially qualified franchisees to be used toward the construction costs of a new restaurant (the "Construction Financing Program"). Offers of financing are made to franchisees in GGFL's sole discretion on a case-by-case basis, based on your credit worthiness, real estate holdings, your equipment supplier, and experience and other factors taken into account by GGFL.

Typical loans will be up to $200,000 for a traditional restaurant and up to $100,000 for a non-traditional restaurant. As of the issuance date of this Disclosure Document, only $1,000,000 of total funds are available for the Construction Financing Program, which will be awarded on a first come, first served basis to eligible franchisees. No down payment is required for participation in the Construction Financing Program. If selected to participate in the Program, you will be required to repay the financing by making variable monthly payments to GGFL of principal and interest in the amount of 2.5% of net sales of the restaurant until the financing is paid off or the term of the loan expires, whichever occurs first. If the loan is not paid off by the end of the loan term, then the entire unpaid balance of principal and accrued interest will be due and payable at that time. The interest payable will be fixed for the term of the loan at 5% per annum. The loan may be prepaid at any time, in whole or in part, without penalty.

The term of the loan will be determined on a case-by-case basis up to 7 years. The form of Promissory Note that GGFL will use for the Construction Financing Program is attached to this disclosure document as Exhibit F. GGFL does not require a security interest. If you are a partnership, limited liability company, corporation or other business entity, all of your partners, members or shareholders must personally guarantee payment of the Promissory Note. The form of Continuing Guaranty that your partners, members and shareholders must sign for the Construction Financing Program is attached to this disclosure document as Exhibit G. GGFL reserves the right to change the terms offered to borrowers at any time.

If you default on any payment of principal or interest, all payments may, at GGFL's discretion immediately become due. Failure to make the payments required by the Promissory Note may result in termination of your Franchise Agreement, equipment lease, real property lease or sublease, and any other agreement relating to your restaurant. If we pursue collection of the Promissory Note, we have the right to require you to pay our legal fees and expenses. The Promissory Note requires you to waive all rights of presentment for payment, demand, notice of nonpayment or dishonor, protest and notice of protest.

Notes:

1. We have a relationship with a third-party lender. If you are interested in obtaining financing for operations at your restaurant, you can apply for financing directly to this third-party lender. If your loan application is approved and funded by the third-party lender, we guarantee the loan and, in exchange, we receive a fee from the third-party lender, which is a small percentage of your overall loan amount (i.e., three percent (3%) of the loan amount). If you default on the loan, we may be responsible for payment of the loan. Under the terms of our relationship with the third-party lender, we guarantee up to one million dollars of financing in the aggregate (i.e., across all loans).

ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, & TRAINING

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

A. Services We Provide

Before you open, we will:

1. Mutually identify the location of your restaurant. (Fran. Agmt. Sec. 3). Your time to open your restaurant is typically within 6 to 12 months after identifying suitable real estate. Factors that might affect this time are the ability to obtain financing or building permits, zoning and local ordinances, weather conditions, shortages of building materials, delays in obtaining and installing equipment, fixtures and signs, and your ability to act diligently.
2. State the term of your franchise (Fran. Agmt. Sec. 4)
3. If you buy assets of an operating restaurant from us, we'll transfer those assets to you. (Terms of Purchase Offer)
4. Provide you initial training in operating a Hamburger Stand restaurant. (Fran. Agmt. Sec. 7(b))
5. After you sign the franchise agreement and before you open, we will share our confidential operations manual with you, which is approximately 601 pages. (Fran. Agmt. Sec 7(c))

During the operation of your full franchise, we will:

1. Assist with opening your location. (Fran. Agmt. Sec. 8(a))
2. Assist with promotion programs for your location. (Fran. Agmt. Sec 8 (b))
3. Offer online learning and training in Hamburger Stand restaurant operations. (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, marketing, advertising, and any other advice we think will be helpful to you. (Fran. Agmt. Sec. 8(e))

6. Develop and provide techniques and instructions. (Fran. Agmt. Sec. 8(f))
7. Provide guidance on accounting, cost control, and portion control system. (Fran. Agmt. Sec. 8(g))
8. Evaluate suppliers you want to use. (Fran. Agmt. Sec. 11(e))
9. Identify suppliers for inventory, goods, supplies, and equipment to be used in your restaurant.

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

B. Advertising

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. Your association must have officers (e.g., 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.

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. Advertising associations do not include company-owned locations, of which there are none, as a member.

All advertising by you 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 there is no association in your area, you must spend at least 3% of your net sales on your own advertising each month. We require you to pay us 1% of net sales for a national creative fund. We debit this from your account each month. In the past year, approximately 100% of the funds collected were spent with approximately 80% of the funds on advertising; 15% on media placement and approximately 5% on administrative expenses.

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 will make available unaudited financial statements for the national creative fund on your request.

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 not franchisee advertising council that advises us on advertising. Attached as Exhibit O is a list of names and contact information for each franchisee advertising association related to Hamburger Stand.

C. <u>Technology Systems</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 confidential operations 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 operations manual; or otherwise. We require you to buy or use a specific point of sale system ("POS"). You buy this directly from an approved supplier. If you do not buy this equipment, we may lease it to you. The hardware, cost, including order entry work stations, video monitors, receipt printers, back-office computer/printer and cabling, is approximately \$10,000 to \$20,000 but may be more, or less, depending on the number of pieces of equipment you decide to purchase. There will be software costs as well, which can cost \$1,200 to \$2,500. 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, unlimited access to any and all information generated or stored in the POS System. 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. You must participate in the digital programs we require, including third-party delivery of the brands we specify and loyalty programs or applications.

D. <u>Training</u>

We provide portions of initial training and on-going training online. You and your General Manager must complete initial training. Our training includes the required use of our online learning management system, which is required for team member through operator training and includes ongoing education. We require that you and your General Manager be re-certified every five years unless we determine, in our sole and absolute discretion, that re-certification should happen sooner.

a. <u>Initial Training – Operator/General Manager</u>

We provide, and you are required to attend, initial training and on-going training. This must be completed before you open your restaurant. The cost to train the first individual is \$0, and each subsequent trainee is \$5,000.00. Classroom training is at our headquarters in Tustin, California. We have the right to also choose another location. Current training restaurants are located in the Los Angeles Metro Area, Fresno, San Diego, San Jose, California; El Paso, Corpus Christi, and Amarillo, Texas; Phoenix, Arizona; and Albuquerque, New Mexico (the "Training Restaurants"). You pay your own and/or your employee's transportation and living expenses during training. 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 programs approximately 6 to 10 times per year.

Our operator training program is an intense eight-week program that acquaints you with day-to-day requirements of operating your Hamburger Stand restaurant. Our training program is organized and operated by our in-house training team, including:

- David Kreitlow, Vice President – Training. David has extensive training experience, having been with us for approximately 45 years.
- Matthew Steele, Director – Training and Innovation. Matt has over 11 years of training experience in the quick service restaurant space, including over 10 with us.
- Paul Miramontes, Manager – Learning & Development. Paul has approximately 10 years of experience in the quick service restaurant space, including approximately 10 years with us.

This program is designed to effectively prepare you to operate as an independent businessperson. Our training program is divided into three modules (see chart below); consisting of 7 weeks in an approved training restaurant and one week in a classroom environment, which is a total of 8 weeks. An additional 1 week may be spent at a new restaurant opening. You are not compensated by us for your activities during training, even though they may also benefit us or another franchisee of a separate Hamburger Stand restaurant.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Module One - Basic Restaurant Operations	0	160	Tustin, California and the Training Restaurants
Module Two - Guest Service	0	80	Tustin, California and the Training Restaurants
Module Three - Administration/Coaching/Leadership – General Manager/Franchisee Administration	40	40	Tustin, California and the Training Restaurants
Restaurant Opening (required when opening a new restaurant)	0	40	Your Restaurant
Total Training Commitment (Estimated)	40 hours	320 hours	See above

b. <u>On-Going Training</u>

Operator and general manager certifications must be renewed at least every 5 years. In addition, every six months, after you start operating your restaurant, you must attend on-going regional training up to four (4) hours. This may be in-person at a meeting place in your restaurant's marketing area or by other means, such as a web meeting at our discretion. This is to help you further develop your restaurant and management skills. You may attend as many sessions as you wish, but you must attend at least one session per six-month period based on a calendar year. We may offer other online training programs to you or your employees. The cost and subjects will vary.

c. <u>Initial Training – Apprenticeship/Investor Training</u>

Before the opening of your first restaurant, individuals who are <u>not</u> attending the operator training program may at our discretion, be required to attend an "Apprenticeship/Investor Program." This Training consists of 10 days: (a) 5 days of training at a certified training restaurant of our choosing; and (b) 5 days at our Support Center in California or at a venue of our choosing. We will deem such persons' training complete upon the successful passing of the apprenticeship exam and the completion of the "Extended Education" modules within the apprenticeship training program on our training system. This apprenticeship program does not come with a certification to operate a restaurant as a general manager or operator.

d. Replacement Training

If one of your certified managers, who has completed the training program, is no longer actively employed, you must enroll a qualified replacement to complete the general manager training program within thirty (30) days after the former manager's last day of employment. The replacement manager must attend and complete, to our satisfaction, the next regularly scheduled general manager training program. We may, in our sole and absolute discretion, require employees that join your restaurant from other franchised restaurants to successfully complete the training programs again. We reserve the right to require additional managers of your restaurant to attend training programs, and, if we do, you will be responsible for all expenses we incur in providing the training to these additional managers. All training attendees must be over the age of 18.

ITEM 12: TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, outlets we own, or other distribution channels or competitive brands we control, such as Wienerschnitzel and Tastee-Freez, which offers the same kinds of goods and services as Hamburger Stand. The franchise is for a specific location stated in the franchise agreement. You must conduct only the business of the restaurant at that location, and cannot change the location without our consent. We are not required to consent to your request to relocate the franchise.

We won't grant a Hamburger Stand franchise or own or operate a Hamburger Stand restaurant within one half (½) mile from your franchise or one (1) mile on the same street (the street your restaurant is on). These restrictions don't apply to stadiums, shopping malls, hotels, office buildings or other institutional location we determine won't materially compete with you, temporary carts, booths, mobile vehicles or the like, fairs, trade shows, concerts, or similar event. These restrictions also don't apply to sales of Hamburger Stand or Wienerschnitzel branded products in grocery stores, convenience stores, food retail stores, or other channels of distribution. We have the right to co-brand other concepts with the Hamburger Stand or Wienerschnitzel brand. We do not have separate offices or separate training facilities for different brands. We can operate or grant franchises for these other restaurants in your area. There is no restriction on us soliciting or accepting orders from your territory. We or other franchisees 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 the territory you serve. You are not restricted from advertising in any geographic area (other than any restrictions on our approval of your marketing and/or advertising).

We are not required to grant you an additional franchise or approve your purchase and/or sale to another party. We do not grant you a first refusal right to buy other franchises.

ITEM 13: TRADEMARKS

The main trademarks you are licensed to use is the wordmark "Hamburger Stand" logo, shown on the cover of this Disclosure Document and shown below. The registrations are in the US Trademark Office on the Principal Register. All required affidavits were filed for the marks including continued use and renewals. The registered owner is Galardi Group Franchise & Leasing, Inc. and/or its affiliates. We have not registered these marks with the trademark administrator of any state. We have the following registrations on the principal register in the U.S. Patent and Trademark Office:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
	5277295	August 29, 2017

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. 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.

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. We may, however, bring an action for trademark infringement against you or a former franchisee who continues to use our trademarks without authorization. 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 N to this Disclosure Document. We claim copyright ownership in, among other things, advertising we develop and provide, our website (www.hamburgerstand.com), the Wienerschnitzel website (www.wienerschnitzel.com), the Tastee-Freez website (www.tasteefreez.com), our restaurant décor, packaging, and other materials we create. Nothing contained herein constitutes a waiver of our other copyright rights.

We do not 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 and other information we provide you as a trade secret. This includes ingredients, business methods, contents of the operations manual, and other 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. Your 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 a person you appoint, must be designated as general manager and have full operational control of your Hamburger Stand restaurant. We recommend, but do not require, that you operate the Hamburger Stand personally on the premises. You and/or your general manager must complete our training program as further described in Item 11. As further stated in Item 11, you and/or your general manager must have completed our training program within 6 months prior to opening your restaurant and must be renewed at least every 5 years, if not sooner in our discretion.

You, your general 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 end of your the franchise agreement) and you and they must not ever use any of our packaging techniques, processes, food preparation methods, or formulas.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell all the items we designate and you cannot 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 at wholesale) and only at the restaurant location. You cannot have any vending machine, video or pinball game, and coin or token operated machine at the restaurant. Liquor, drugs, and illegal substances are not allowed on the premises. 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 also see Notes 1 through 8 following the tables in this Item 17)

Provision	Section in Agreement	Summary
A. Length of the franchise term	Sec. 4(a)	Length of franchise term is typically 20 years for a traditional location and 10 years for a non-traditional location, and can be negotiated based on your particular circumstances. If you buy an existing Hamburger Stand restaurant, the term may be less, but usually not less than five (5) years.

Provision	Section in Agreement	Summary
B. Renewal or extension of the term	Sec. 4(b)	Provided that you are in compliance with the terms of your agreements with us, you will have the right to renew your franchise for a single ten (10) year term. We typically discuss renewal with you approximately one year before your franchise license expires.
C. Requirements for franchisee to renew or extend	Sec. 4(b)(1-11)	Provided that you are in compliance with the terms of your agreements with us, we may require you to make corrections, additions and upgrades to the restaurant, which could be significant. We may require you to sign an agreement with materially different terms and conditions than the agreement it replaces or extends, which will include a general release of claims. You will pay a franchise fee if you decide to renew.
D. Termination by franchisee	Sec. 5(b)	You may not terminate your agreements with us without our consent.
E. Termination by franchisor without cause	Sec. 3(f)	We do not have the right to terminate without cause as outlined in the Franchise Agreement.
F. Termination by franchisor with cause	Sec. 14(a)	We can terminate if you commit a default and do not cure it within the timeframe specified in your agreements with us.
G. "Cause" defined – curable defaults	Sec. 14(a)(1-17)	As outlined in your franchise agreement, defaults include: financial (e.g., bankruptcy, insolvency, appointment of receiver, assignment for benefit of creditors, unsatisfied judgment, levy or foreclosure against you; failure to pay vendors or us); failure to comply with the terms (e.g., failure to maintain our standards, failure to make routine repairs or alterations, failure to maintain insurance, repeated breach, violation of law or regulation, including health, safety or sanitation laws, loss of real estate).
H. "Cause" defined – non-curable defaults	Sec. 14	Your franchise agreement does not specify defaults that are not curable, but some defaults may not be curable by their very nature (e.g., repeated breach, ongoing fraud, etc.),
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 (including costs for real estate that you may have caused us to incur); sell us supplies & all insignia bearing our trade name or marks we choose; return all materials loaned to you; and abide by all non-compete provisions.
J. Assignment of contract by franchisor	Sec. 18(t)	We can assign the franchise and related agreements.
K. "Transfer" by franchisee – defined	Sec. 13	You must get our written approval before you change ownership, sell, assign, transfer or encumber the agreement or any right or interest in it, even by operation of law.

Provision	Section in Agreement	Summary
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.
M. Conditions for franchisor approval of transfer	Sec. 13	In order to approve a transfer to a different franchisee, we may require, among other things, (a) payment of a transfer fee; (b) payment of a resale evaluation holdback fee; (c) a copy of the proposed transfer agreement; (d) appropriate operational and financial approvals of the proposed transferee; (e) execution of a general release in our favor; (f) the transferee's execution of all required documents; and (g) a personal guaranty from the transferee. You may be required to subordinate your right to receive sale proceeds to our rights against you.
N. Franchisor's right of first refusal to acquire franchisee's business	Sec. 13(b)	You must provide any written offer to purchase your Hamburger Stand restaurant to us together with detailed information on the proposed transferee's experience and qualifications, their financial situation, and other information we may require. We will notify you within 30 days after receiving all the pertinent information, in our sole and absolute discretion, if we will exercise our right of first refusal.
O. Franchisor's option to purchase franchisee's business	None	You grant us the option to purchase your supplies & all insignia with our trade name or marks at cost or fair market value at time of termination, whichever is lower.
P. Death or disability of franchisee	Sec. 13(e)	The person inheriting your franchise must satisfy our then current requirements and be approved by us.
Q. Non-competition covenants during the term of the franchise	Sec. 12(d)	You must not compete with us or another franchisee per the terms of the non-compete provisions.
R. Non-competition covenants after the franchise is terminated or expires	Sec. 12(d)	You must not compete with us for a period of two (2) years after termination of agreement per the terms of the non-compete provisions.
S. Modification of the agreement	13(d); 7(h)	The agreements between us may only be modified by mutual written agreement between us. We can, however, modify the operations manual at any time in our discretion, which will not constitute a modification of your franchise agreement.
T. Integration/merger clause	Sec. 18(w)	Subject to law, your written agreements with us are the only binding agreements between us. Nothing in franchise agreement is intended to disclaim representations in this FDD.
U. Dispute resolution by negotiation, arbitration and mediation	Sec. 18(x)	We require you to negotiate, mediate, and arbitrate disputes with us.

Provision	Section in Agreement	Summary
V. Choice of forum	Sec. 18(o)	Subject to law, legal actions must be brought in Orange County, California.
W. Choice of law	Sec. 18(p)	Subject to law, California law applies to disputes with us.

ITEM 18: PUBLIC FIGURES

We do not use any public figure to promote our brand at this time, but that may change and we reserve our right to do so.

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 or an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Galardi Group Legal Department, 1775 Flight Way, Suite 125, Tustin, CA 92782, (949) 892-2684, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS & FRANCHISEE INFORMATION

Table No. 1 – Full Franchise Summary for Years 2023-25

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Full Franchise	2023	9	9	0
	2024	9	8	-1
	2025	8	8	0
Total Outlets	2023	9	9	0
	2024	9	8	-1
	2025	8	8	0

Table No. 2 - Systemwide Outlet Summary for Years 2023-25

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Full Franchise	2023	9	9	0
	2024	9	8	-1
	2025	8	8	0

Limited Franchise	2023	4	4	0
	2024	4	4	0
	2025	4	4	0
Total Outlets	2023	13	13	0
	2024	13	12	-1
	2025	12	12	0

Table No. 3 - Transfers from Full Franchisees to New Owners (Other than the Franchisor) for Years 2023-25

State	Year	Number of Transfers
Arizona	2023	0
	2023	0
	2025	0
California	2023	0
	2024	0
	2025	0
Colorado	2023	0
	2024	0
	2025	0
Wyoming	2023	0
	2024	1
	2025	0
Total	2023	0
	2024	1
	2025	0

Table No. 4 - Status of Full Franchise Outlets for Years 2023-25

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	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
California	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	1	1
	2025	1	0	0	0	0	0	1
Colorado	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Wyoming	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Total	2023	9	0	0	0	0	0	9
	2024	9	0	0	0	0	1	8
	2025	8	0	0	0	0	0	8

Table No. 5 - Status of All Franchise Outlets for Years 2023-25

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	2023 2024 2025	4 4 4	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	4 4 4
California	2023 2024 2025	2 2 1	0 0 0	0 0 0	0 0 0	0 0 0	0 1 0	2 1 1
Colorado	2023 2024 2025	6 6 6	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	6 6 6
Wyoming	2023 2024 2025	1 1 1	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	1 1 1
Total	2023 2024 2025	13 13 12	0 0 0	0 0 0	0 0 0	0 0 0	0 1 0	13 12 12

Attached as Exhibit O is a list of names, addresses and phone numbers of Hamburger Stand franchisees and 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. 6 - Status of Company Owned Outlets for Years 2023-25

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
Totals	2023 2024 2025	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0

Table No. 7 – Projected Full Franchise Openings as of December 31, 2025

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	0	0	0
Total	0	0	0

Table No. 8 – Projected Systemwide Openings as of December 31, 2025

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	0	0	0
Total	0	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.

ITEM 21: FINANCIAL STATEMENTS

Attached as Exhibit A are the audited financial statements of GGFC for the last three fiscal years ending December 31, 2025, December 31, 2024 and December 31, 2023.

ITEM 22: CONTRACTS

We've attached the following agreements as Exhibits:

B Franchise Agreement

C Offer to Purchase

D Sublease

E Promissory Note

F Equipment Lease

G Guaranty

H Advertising Association Agreement

I Promotional Allowance Assignment Agreement

J Consent to Transfer Agreement

K Franchisor's Right to Cure Default (Lender)

L Franchisor's Right to Cure Default & Consent to Assignment Agreement (Landlord)

M Direct Debit Agreement

T SBA Addendum

U Technology Agreement

ITEM 23: RECEIPTS

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

EXHIBIT A

FINANCIAL STATEMENTS

Galardi Group Franchise Corp.
(A Majority-Owned Subsidiary of Galardi Group, Inc.)

Financial Statements

December 31, 2025 and 2024

Table of Contents
December 31, 2025 and 2024

Independent Auditors' Report

To the Board of Directors of
Galardi Group Franchise Corp.

Opinion

We have audited the financial statements of Galardi Group Franchise Corp. (the Company), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations and accumulated deficit, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts of disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audits.

Baker Tilly US, LLP

Los Angeles, California
April 2, 2026

Galardi Group Franchise Corp.
(A Majority-Owned Subsidiary of Galardi Group, Inc.)

Balance Sheets
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash	$ 5,062,447	$ 7,286,898
Income taxes receivable	49,994	19,994
Related party note receivable	1,000,000	-
Total current assets	6,112,441	7,306,892
Noncurrent Assets		
Due from affiliates and parent	609,608	141,245
Total noncurrent assets	609,608	141,245
Total assets	$ 6,722,049	$ 7,448,137
Liabilities and Stockholders' Equity		
Current Liabilities		
Due to affiliates and parent	$ -	$ 207,071
Accrued expenses	7,007	-
Current portion of deferred franchise fees	231,000	251,600
Total current liabilities	238,007	458,671
Long-Term Liabilities		
Deferred franchise fees, net of current portion	1,144,072	908,931
Total liabilities	1,382,079	1,367,602
Stockholders' Equity		
Common stock, no par value, 1,000 shares authorized, issued, and outstanding	-	-
Additional paid-in capital	6,150,000	6,650,000
Accumulated deficit	(810,030)	(569,465)
Total stockholders' equity	5,339,970	6,080,535
Total liabilities and stockholders' equity	$ 6,722,049	$ 7,448,137

See notes to financial statements

Galardi Group Franchise Corp.
(A Majority-Owned Subsidiary of Galardi Group, Inc.)

Statements of Operations and Accumulated Deficit
Years Ended December 31, 2025 and 2024

	2025	2024
Revenues		
Initial franchise fees	$ 154,400	$ 347,685
Franchise extension fees	377,651	224,556
Other income	3,654	6,092
Total revenues	535,705	578,333
Cost and Expenses	841,020	781,983
Interest Income	65,550	66,558
Loss before income tax expense	(239,765)	(137,092)
Income Tax Expense	800	800
Net loss	(240,565)	(137,892)
Accumulated Deficit, Beginning	(569,465)	(431,573)
Accumulated Deficit, Ending	$ (810,030)	$ (569,465)

See notes to financial statements

Galardi Group Franchise Corp.
(A Majority-Owned Subsidiary of Galardi Group, Inc.)

Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Net loss	$ (240,565)	$ (137,892)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Changes in operating assets and liabilities:		
Income taxes receivable	(30,000)	-
Prepaid expenses	-	2,933
Due from affiliates and parent	(468,363)	373,651
Due to affiliates and parent	(207,071)	-
Accrued expenses	7,007	-
Deferred franchise fees	214,541	(172,133)
Net cash (used in) provided by operating activities	(724,451)	66,559
Cash Flows From Investing Activities		
Issuance of note receivable from related party	(6,000,000)	(6,500,000)
Repayment of note receivable from related party	5,000,000	6,500,000
Net cash used in investing activities	(1,000,000)	-
Cash Flows From Financing Activities		
Distributions	(500,000)	-
Net cash used in financing activities	(500,000)	-
Net (decrease) increase in cash	(2,224,451)	66,559
Cash, Beginning	7,286,898	7,220,339
Cash, Ending	$ 5,062,447	$ 7,286,898

See notes to financial statements

1. Organization and Business

Galardi Group Franchise Corp. (the Company) was incorporated as Wienerschnitzel Franchise Corp. on August 9, 1982 and was formerly a wholly owned subsidiary of Galardi Group, Inc. (the Parent). Currently, the Company is 75% owned by the Parent and the remaining 25% is owned by three related parties. The Company sells franchises for the operation of retail establishments known as Wienerschnitzel and Hamburger Stand restaurants.

Galardi Group Franchise & Leasing, LLC (the Affiliate) is a wholly owned subsidiary of the Parent which transacts with the Company as outlined in Notes 4, 5 and 8.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Company believes this information includes all adjustments, consisting of normal recurring accruals, necessary to fairly present the financial condition as of December 31, 2025 and 2024. References to Accounting Standards Codification (ASC) and Accounting Standards Update (ASU) included hereinafter refers to the Accounting Standards Codification and Accounting Standards Update established by the Financial Accounting Standards Board (FASB) as the source of authoritative U.S. GAAP.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Estimates are used for but not limited to deferred income taxes. Actual results could differ from such estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2025 and 2024.

Revenue Recognition

The Company records revenue under ASC No. Topic 606, *Revenue From Contracts With Customers (Topic 606)*, which requires revenue to be recorded as the transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled in exchange for those goods or services. The Company has selected the private company alternative under ASU No. 2021-02 for pre-opening services as a single performance obligation. Based on this guidance, the Company recognizes initial franchise fees at the opening of the store location.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes resulting from temporary differences. Such temporary differences result from differences in the carrying value of assets and liabilities for tax and financial reporting purposes.

Temporary differences arise principally from the use of the allowance method of bad debt recognition for financial reporting purposes and the direct write-off method for income tax purposes; differences in the collection of deferred franchise fees and method of recognition under generally accepted accounting principles; differences in depreciation methods used for book and tax purposes; capitalization of certain handling, storage and administrative expenses for income tax purposes only; differences in required methods for reporting pension expense; timing of deductions of contracts payable to former officers; and recognition of an allowance for obsolete inventory for financial reporting purposes only. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Concentrations of Credit Risk

The Company maintains its cash and cash equivalents in one bank deposit account which, at times, may exceed federally insured limits. The Company has not experienced any losses in such account and does not believe it is exposed to any significant credit risk from cash and cash equivalents.

The Company's exposure to losses on receivables is principally dependent on the Affiliate's financial condition.

Reclassifications

Certain prior-period amounts have been reclassified to conform to the current-period presentation. These reclassifications had no effect on previously reported net loss, total assets, total liabilities, or stockholders' equity.

3. Deferred Franchise Fees

The majority of the Company's franchise agreements contain consideration terms for fees to be paid before the franchise is sold and operational. The fees are reflected as deferred franchise fees on the balance sheets until recognized. Upon receipt of an initial franchise fees from a franchisee, the Company recognizes it as deferred franchise fees in the amount of the payment for its performance obligation to provide franchise rights in the future. Deferred franchise fees at December 31, 2025 and 2024 were $1,375,072 and $1,160,531, respectively.

4. Due To/From Affiliates and Parent

Receivables from affiliated entities are mainly comprised of franchise fees and refundable deposits collected by the affiliates on behalf of the Company, net of related allocated expenses and franchise licenses made by the affiliates on behalf of the Company. As of December 31, 2024, total due from affiliates and the Parent was $141,245 and total payable to affiliates was $207,071. As of December 31, 2025, the total due from affiliates and the Parent was $609,608.

5. Related-Party Transactions

In January 2024, the Company issued a note receivable to related-party entity, Galardi Group Franchise and Leasing, Inc. in the amount of $6,500,000. The note accrued interest at a rate of 1% per annum and was payable in full on December 31, 2024. Total principal and accrued interest was repaid to the Company in December 2024.

In January 2025, the Company issued a note receivable to related-party entity, Galardi Group Franchise and Leasing, Inc. in the amount of $6,000,000. The note accrued interest at a rate of 1% per annum and was payable in full on December 31, 2025. Principal of $5,000,000 and related accrued interest was repaid in December 2025. The Company entered into an amendment agreement for the remaining $1,000,000 in principal which accrues interest at a rate of 1% per annum and is due in full on December 31, 2026.

6. Contract Balances

The beginning and ending contract balances were as follows as of December 31:

	December 31, 2025	December 31, 2024	December 31, 2023
Deferred franchise fees	$ 1,375,072	$ 1,160,531	$ 1,332,664

7. Income Taxes

The provision for the years ended December 31 consists of the following:

	2025	2024
Current:		
Federal	$ -	$ -
State	800	800
	800	800
Deferred:		
Federal	-	-
State	-	-
	-	-
Total	$ 800	$ 800

The effective tax rate differs from the combined federal and state tax rates primarily due to permanent differences, foreign income tax and remeasurement of deferred tax assets.

The tax effects of temporary differences that give rise to the deferred tax assets at December 31, 2025 and 2024 are presented as follows:

	2025	2024
Deferred tax assets:		
Deferred revenue	$ 410,321	$ 346,302
Net operating losses	179,370	170,923
State tax	(41,225)	(36,727)
	548,466	480,498
Valuation allowance	(548,466)	(480,498)
Total deferred tax assets	$ -	$ -

The Company establishes a valuation allowance when it is more likely than not that the Company's recorded net deferred tax asset will not be realized. In determining whether a valuation allowance is required, the Company must take into account all positive and negative evidence with regard to the utilization of deferred tax assets. As of December 31, 2025 and 2024, valuation allowance for deferred tax assets totaled $548,466 and $480,498, respectively.

As of December 31, 2025, the Company had net operating loss carryforwards for federal and state income tax purposes of approximately $494,368 for Federal and $854,667 for California. The utilization of net operating loss carryforwards may be limited under the provisions of Internal Code Section 382 and similar state provisions due to a change in ownership.

The Company has not recognized any liability for unrecognized tax benefits. The Company expects any resolution of unrecognized tax benefits, if created, would occur while the full valuation allowance of deferred tax assets is maintained; therefore, the Company does not expect to have any unrecognized tax benefits that, if recognized, would affect the effective tax rate.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion of all the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax assets, projected future taxable income, and tax planning strategies in making this assessment.

8. Stockholders' Equity

During the year ended December 31, 2025 and 2024, the Company paid distributions totaling $500,000 and $0, respectively.

9. Commitments and Contingencies

Affiliate Debt Guaranteed by the Company

The franchise agreements (generally 20 years) issued by the Company require the Company to make available to a purchaser of a franchise, initial training in the operational aspects of Wienerschnitzel or Hamburger Stand Restaurants, which is provided by the Affiliate. In addition, the Affiliate provides continued training, marketing, testing and accounting services for fees paid by the purchaser of a franchise to the Affiliate. The Company guarantees the full performance of these services by the Affiliate. Costs associated with these services relating to initial training are billed to the Company by the Affiliate as allocated expenses, however, the services supplied by the Affiliate may not necessarily have been provided at terms available from unrelated entities. Therefore, the accompanying financial statements of the Company may not necessarily be indicative of the conditions that would have existed if the Company had operated as an independent entity since the Company and its Parent and Affiliate have cross guarantees on the respective affiliate's financial obligations.

The long-term debt of the Affiliate in the total amount of $9,259,238 and $5,489,740, respectively, as of December 31, 2025 and 2024 has been guaranteed by the Company and the Parent.

Litigation

Periodically, the Company is involved in litigation in the normal course of business. The Company believes that the result of any potential litigation will not have a material adverse effect on the Company's financial condition.

10. Subsequent Events

The Company has performed an evaluation of subsequent events through April 2, 2026, which is the date the financial statements were available for issuance.

In January, the Company disbursed funds via a promissory note to an affiliate entity. The principal amount of $5,000,000 was issued with a 1% annual interest rate. The note is due on December 31, 2026.

Galardi Group Franchise Corp.
(A Majority-Owned Subsidiary of Galardi Group, Inc.)

Financial Statements

December 31, 2024 and 2023

Independent Auditors' Report

To the Board of Directors of
Galardi Group Franchise Corp.

Opinion

We have audited the financial statements of Galardi Group Franchise Corp. (the Company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and accumulated deficit, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In preforming an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

Los Angeles, California
April 2, 2025

Galardi Group Franchise Corp.
(A Majority-Owned Subsidiary of Galardi Group)

Balance Sheets
December 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	$ 7,286,898	$ 7,220,339
Income taxes receivable	19,994	19,994
Prepaid expenses	-	2,933
Total current assets	7,306,892	7,243,266
Noncurrent Assets		
Due from affiliates and parent, net	-	307,825
Total noncurrent assets	-	307,825
Total assets	$ 7,306,892	$ 7,551,091
Liabilities and Stockholders' Equity		
Current Liabilities		
Due to affiliates and parent, net	$ 65,826	$ -
Current portion of deferred franchise fees	251,600	381,400
Total current liabilities	317,426	381,400
Long-Term Liabilities		
Deferred franchise fees, net of current portion	908,931	951,264
Total liabilities	1,226,357	1,332,664
Stockholders' Equity		
Common stock, no par value, 1,000 shares authorized, issued, and outstanding	-	-
Additional paid-in capital	6,650,000	6,650,000
Accumulated deficit	(569,465)	(431,573)
Total stockholders' equity	6,080,535	6,218,427
Total liabilities and stockholders' equity	$ 7,306,892	$ 7,551,091

See notes to financial statements

Galardi Group Franchise Corp.
(A Majority-Owned Subsidiary of Galardi Group)

Statements of Operations and Accumulated Deficit
Years Ended December 31, 2024 and 2023

	2024	2023
Revenues		
Initial franchise fees	$ 347,685	$ 48,000
Franchise extension fees	224,556	134,133
Other income	6,092	3,655
Total revenues	578,333	185,788
Cost and Expenses	781,983	524,244
Interest Income	66,558	6,871
Loss before income tax expense	(137,092)	(331,585)
Income Tax Expense	800	633,821
Net loss	(137,892)	(965,406)
(Accumulated Deficit) Retained Earnings, Beginning	(431,573)	533,833
Accumulated Deficit, Ending	$ (569,465)	$ (431,573)

See notes to financial statements

Galardi Group Franchise Corp.
(A Majority-Owned Subsidiary of Galardi Group)

Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Net loss	$ (137,892)	$ (965,406)
Adjustments to reconcile net loss to net cash used in operating activities:		
Deferred income tax expense	-	634,143
Changes in operating assets and liabilities:		
Prepaid expenses	2,933	(2,933)
Income taxes receivable	-	(19,994)
Accrued expense	-	(14,828)
Deferred franchise fees	(172,133)	174,025
Net cash used in operating activities	(307,092)	(194,993)
Cash Flows From Investing Activities		
Due to/from affiliates and parent, net	373,651	187,963
Issuance of note payable to related party	(6,500,000)	-
Repayment of note payable to related party	6,500,000	-
Net cash provided by investing activities	373,651	187,963
Cash Flows From Financing Activities		
Contributions	-	6,500,000
Net cash provided by financing activities	-	6,500,000
Net increase in cash and cash equivalents	66,559	6,492,970
Cash and Cash Equivalents, Beginning	7,220,339	727,369
Cash and Cash Equivalents, Ending	$ 7,286,898	$ 7,220,339

See notes to financial statements

1. Organization and Business

Galardi Group Franchise Corp. (the Company) was incorporated as Wienerschnitzel Franchise Corp. on August 9, 1982 and was formerly a wholly owned subsidiary of Galardi Group, Inc. (the Parent). Currently, the Company is 75% owned by the Parent and the remaining 25% is owned by three related parties. The Company sells franchises for the operation of retail establishments known as Wienerschnitzel and Hamburger Stand restaurants.

Galardi Group Franchise & Leasing, LLC (the Affiliate) is a wholly owned subsidiary of the Parent which transacts with the Company as outlined in Notes 4, 5 and 8.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Company believes this information includes all adjustments, consisting of normal recurring accruals, necessary to fairly present the financial condition as of December 31, 2024 and 2023. References to Accounting Standards Codification (ASC) and Accounting Standards Update (ASU) included hereinafter refers to the Accounting Standards Codification and Accounting Standards Update established by the Financial Accounting Standards Board (FASB) as the source of authoritative U.S. GAAP.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Estimates are used for but not limited to deferred income taxes. Actual results could differ from such estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2024 and 2023.

Revenue Recognition

The Company records revenue under ASC No. Topic 606, *Revenue From Contracts With Customers (Topic 606)*, which requires revenue to be recorded as the transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled in exchange for those goods or services. The Company has selected the private company alternative under ASU No. 2021-02 for pre-opening services as a single performance obligation. Based on this guidance, the Company recognizes initial franchise fees at the opening of the store location.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes resulting from temporary differences. Such temporary differences result from differences in the carrying value of assets and liabilities for tax and financial reporting purposes.

Temporary differences arise principally from the use of the allowance method of bad debt recognition for financial reporting purposes and the direct write-off method for income tax purposes; differences in the collection of deferred franchise fees and method of recognition under generally accepted accounting principles; differences in depreciation methods used for book and tax purposes; capitalization of certain handling, storage and administrative expenses for income tax purposes only; differences in required methods for reporting pension expense; timing of deductions of contracts payable to former officers; and recognition of an allowance for obsolete inventory for financial reporting purposes only. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Concentrations of Credit Risk

The Company maintains its cash and cash equivalents in one bank deposit account which, at times, may exceed federally insured limits. The Company has not experienced any losses in such account and does not believe it is exposed to any significant credit risk from cash and cash equivalents.

The Company's exposure to losses on receivables is principally dependent on the Affiliate's financial condition.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses*. This guidance requires immediate recognition of management's estimates of current expected credit losses. Under the previous model, losses were recognized only as they were incurred, which FASB noted delayed recognition of expected losses that might not yet have met the threshold of being probable. The ASU also broadens the information that an entity must consider in developing its expected credit loss estimated for all assets. The new model applies to all financial instruments that are not accounted for at fair value through net income. This update is effective for financial statements issued for annual periods beginning after December 15, 2022 including interim periods within those fiscal years. The implementation of this ASU has no impact on the financial statements for the years then ended.

In January 2021, the FASB issued ASU No. 2021-02, *Franchisors—Revenue From Contracts With Customers (Subtopic 952-606): Practical Expedient*. The amendments in ASU No. 2021-02 provide a practical expedient related to FASB ASC No. 606, *Revenue From Contracts With Customers*, that permits franchisors that are not public business entities (PBEs) to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the ASU. Additionally, amendments in ASU No. 2021-02 provide an accounting policy election to recognize the pre-opening services as a single performance obligation. If an entity already has adopted FASB ASC No. 606, the amendments in ASU No. 2021-02 are effective in interim and annual periods beginning after December 15, 2020. The Company has elected to adopt the ASU effective January 1, 2023 using the full retrospective method, resulting in a recasting of the years presented in these financial statements for all contracts in place as of the date of the adoption.

The deferred franchise fee revenues presented on the accompanying balance sheets are comprised of unamortized upfront fees received from franchisees. A summary of changes to the balance sheets during for the year ended December 31, 2023, is as follows:

Deferred revenue, as previously stated	$	2,874,536
Subtopic 952-606 adjustment		(1,541,872)
Deferred revenue, adjusted	$	1,332,664

Changes in franchise fees was $146,422 for the year ended December 31, 2023.

3. Deferred Franchise Fees

The majority of the Company's franchise agreements contain consideration terms for fees to be paid before the franchise is sold and operational. The fees are reflected as deferred franchise fees on the balance sheets until recognized. Upon receipt of an initial franchise fees from a franchisee, the Company recognizes it as deferred franchise frees in the amount of the payment for its performance obligation to provide franchise rights in the future. Deferred franchise fees at December 31, 2024 and 2023 were $1,160,531 and $1,332,664, respectively.

4. Due To/From Affiliates and Parent

Receivable from Affiliate is mainly comprised of franchise fees and refundable deposits collected by the Affiliate on behalf of the Company, net of related allocated expenses and franchise licenses made by the Affiliate on behalf of the Company. During the years ended December 31, 2024 and 2023, fees and deposits received by the Affiliate on behalf of the Company, net of refunds, amounted to $405,487 and $352,577, respectively. During the years ended December 31, 2024 and 2023, allocated expenses charged by the Affiliate amounted to $771,125 and $509,259, respectively, and other payments made by the Affiliate on behalf of the Company amounted to $8,013 and $0, respectively. As of December 31, 2023, the net receivable from Affiliate and due from Parent amounted to $254,080 and $53,745, respectively. As of December 31, 2024, the net payable to Affiliate and due from Parent was $207,071 and $141,245.

5. Related-Party Transactions

On December 28, 2023, the Company received an equity contribution of $6.5 million from the Affiliate on behalf of the Parent.

In January 2024, the Company issued a note receivable to related-party entity, Galardi Group Franchise and Leasing, Inc. in the amount of $6,500,000. The note accrues interest at a rate of 1% per annum and was payable in full on December 31, 2024. Total principal and accrued interest was repaid to the Company in December 2024.

6. Contract Balances

The beginning and ending contract balances were as follows as of December 31:

	December 31, 2024	December 31, 2023	December 31, 2022
Deferred franchise fees	$ 1,160,531	$ 1,332,664	$ 1,158,639
Total	$ 1,160,531	$ 1,332,664	$ 1,158,639

7. Income Taxes

The provision for the years ended December 31 consists of the following:

	2024	2023
Current:		
Federal	$ -	$ -
State	800	800
	800	800
Deferred:		
Federal	-	408,635
State	-	224,386
	-	633,021
Total	$ 800	$ 633,821

The effective tax rate differs from the combined federal and state tax rates primarily due to permanent differences, foreign income tax and remeasurement of deferred tax assets.

The tax effects of temporary differences that give rise to the deferred tax assets at December 31, 2024 and 2023 are presented as follows:

	2024	2023
Deferred tax assets:		
Deferred revenue	$ 346,302	$ 397,667
Net operating losses	170,923	85,602
State tax	(36,727)	(34,625)
	480,498	448,644
Valuation allowance	(480,498)	(448,644)
Total deferred tax assets	$ -	$ -

The Company establishes a valuation allowance when it is more likely than not that the Company's recorded net deferred tax asset will not be realized. In determining whether a valuation allowance is required, the Company must take into account all positive and negative evidence with regard to the utilization of deferred tax assets. As of December 31, 2024 and 2023, valuation allowance for deferred tax assets totaled $480,498 and $448,644, respectively.

As of December 31, 2024, the Company had net operating loss carryforwards for federal and state income tax purposes of approximately $465,824 for Federal and $826,923 for California. The utilization of net operating loss carryforwards may be limited under the provisions of Internal Code Section 382 and similar state provisions due to a change in ownership.

The Company has not recognized any liability for unrecognized tax benefits. The Company expects any resolution of unrecognized tax benefits, if created, would occur while the full valuation allowance of deferred tax assets is maintained; therefore, the Company does not expect to have any unrecognized tax benefits that, if recognized, would affect the effective tax rate.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion of all the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax assets, projected future taxable income, and tax planning strategies in making this assessment.

8. Commitments and Contingencies

Affiliate Debt Guaranteed by the Company

The franchise agreements (generally 20 years) issued by the Company require the Company to make available to a purchaser of a franchise, initial training in the operational aspects of Wienerschnitzel or Hamburger Stand Restaurants, which is provided by the Affiliate. In addition, the Affiliate provides continued training, marketing, testing and accounting services for fees paid by the purchaser of a franchise to the Affiliate. The Company guarantees the full performance of these services by the Affiliate. Costs associated with these services relating to initial training are billed to the Company by the Affiliate as allocated expenses, however, the services supplied by the Affiliate may not necessarily have been provided at terms available from unrelated entities. Therefore, the accompanying financial statements of the Company may not necessarily be indicative of the conditions that would have existed if the Company had operated as an independent entity since the Company and its Parent and Affiliate have cross guarantees on the respective affiliate's financial obligations.

The long-term debt of the Affiliate in the total amount of $5,489,740 and $4,056,317, respectively, as of December 31, 2024 and 2023 has been guaranteed by the Company and the Parent.

Litigation

Periodically, the Company is involved in litigation in the normal course of business. The Company believes that the result of any potential litigation will not have a material adverse effect on the Company's financial condition.

9. Subsequent Events

The Company has performed an evaluation of subsequent events through April 2, 2025, which is the date the financial statements were available for issuance.

In February 2025, the Company disbursed funds via a promissory note to the Affiliate. The principal amount of $6.0 million was issued with a 1% annual interest rate. The note is due on December 31, 2025.

In February 2025, the Company paid $500,000 in distributions to its Parent.

Galardi Group Franchise Corp.
(A Majority-Owned Subsidiary of
Galardi Group, Inc.)

Financial Statements

December 31, 2023 and 2022

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December 31, 2023 and 2022

Independent Auditors' Report

To the Board of Directors of
Galardi Group Franchise Corp.

Opinion

We have audited the financial statements of Galardi Group Franchise Corp. (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and retained earnings (accumulated deficit), and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In preforming an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error and design and preform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts of disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

Los Angeles, California
March 18, 2024

Galardi Group Franchise Corp.
(A Majority-Owned Subsidiary of Galardi Group)

Balance Sheets
December 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 7,220,339	$ 727,369
Income taxes receivable	19,994	-
Prepaid expenses	2,933	-
Total current assets	7,243,266	727,369
Noncurrent Assets		
Due from affiliates and parent	307,825	495,788
Deferred income taxes	-	634,143
Total noncurrent assets	307,825	1,129,931
Total assets	$ 7,551,091	$ 1,857,300
Liabilities and Stockholders' Equity		
Current Liabilities		
Accrued expenses	$ -	$ 14,828
Current portion of deferred franchise fees	381,400	88,000
Total current liabilities	381,400	102,828
Long-Term Liabilities		
Deferred franchise fees, net of current portion	951,264	1,070,639
Total liabilities	1,332,664	1,173,467
Stockholders' Equity		
Common stock, no par value, 1,000 shares authorized, issued, and outstanding	-	-
Additional paid-in capital	6,650,000	150,000
(Accumulated deficit) Retained earnings	(431,573)	533,833
Total stockholders' equity	6,218,427	683,833
Total liabilities and stockholders' equity	$ 7,551,091	$ 1,857,300

See notes to financial statements

Galardi Group Franchise Corp.
(A Majority-Owned Subsidiary of Galardi Group)

Statements of Operations and Retained Earnings (Accumulated Deficit)
Years Ended December 31, 2023 and 2022

	2023	2022
Revenues		
Initial franchise fees	$ 48,000	$ 16,000
Franchise extension fees	134,133	452,397
Other income	3,655	9,747
Total revenues	185,788	478,144
Cost and Expenses	524,244	494,985
Interest Income	6,871	3,391
Loss before income tax expense (benefit)	(331,585)	(13,450)
Income Tax Expense (Benefit)	633,821	(62,515)
Net (loss) income	(965,406)	49,065
Retained Earnings, Beginning	533,833	484,768
(Accumulated Deficit) Retained Earnings, Ending	$ (431,573)	$ 533,833

See notes to financial statements

Galardi Group Franchise Corp.
(A Majority-Owned Subsidiary of Galardi Group)

Statements of Cash Flows
Years Ended December 31, 2023, 2022 and 2021

	2023	2022
Cash Flows From Operating Activities		
Net (loss) income	$ (965,406)	$ 49,065
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Deferred income tax expense (benefit)	634,143	(78,143)
Changes in operating assets and liabilities:		
Prepaid expenses	(2,933)	-
Income taxes receivable	(19,994)	-
Accrued expense	(14,828)	14,828
Deferred franchise fees	174,025	94,923
Net cash (used in) provided by operating activities	(194,993)	80,673
Cash Flows From Investing Activities		
Due from Affiliates and Parent	187,963	(77,282)
Net cash provided by (used in) investing activities	187,963	(77,282)
Cash Flows From Financing Activities		
Contributions	6,500,000	-
Net cash provided by financing activities	381,400	-
Increase (decrease) in cash and cash equivalents	6,492,970	3,391
Cash and Cash Equivalents, Beginning	727,369	723,978
Cash and Cash Equivalents, Ending	$ 1,101,739	$ 727,369
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year:		
Income taxes	$ -	$ 800

See notes to financial statements

1. Organization and Business

Galardi Group Franchise Corp. (the Company) was incorporated as Wienerschnitzel Franchise Corp. on August 9, 1982 and was formerly a wholly owned subsidiary of Galardi Group, Inc. (the Parent). Currently, the Company is 75% owned by the Parent and the remaining 25% is owned by three related parties. The Company sells franchises for the operation of retail establishments known as Wienerschnitzel and Hamburger Stand restaurants.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Company believes this information includes all adjustments, consisting of normal recurring accruals, necessary to fairly present the financial condition as of December 31, 2023 and 2022. References to Accounting Standards Codification (ASC) and Accounting Standards Update (ASU) included hereinafter refers to the Accounting Standards Codification and Accounting Standards Update established by the Financial Accounting Standards Board as the source of authoritative U.S. GAAP.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Estimates are used for, but not limited to deferred income taxes. Actual results could differ from such estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2023 and 2022.

Revenue Recognition

The Company records revenue under ASC No. Topic 606, *Revenue From Contracts With Customers (Topic 606)*, which requires revenue to be recorded as the transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled in exchange for those goods or services. The Company has selected the private company alternative under ASU No. 2021-02 for pre-opening services as a single performance obligation. Based on this guidance, the Company recognizes initial franchise fees at the opening of the store location.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes resulting from temporary differences. Such temporary differences result from differences in the carrying value of assets and liabilities for tax and financial reporting purposes.

Temporary differences arise principally from the use of the allowance method of bad debt recognition for financial reporting purposes and the direct write-off method for income tax purposes; differences in depreciation methods used for book and tax purposes; capitalization of certain handling, storage and administrative expenses for income tax purposes only; differences in required methods for reporting pension expense; timing of deductions of contracts payable to former officers; and recognition of an allowance for obsolete inventory for financial reporting purposes only. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Concentrations of Credit Risk

The Company maintains its cash and cash equivalents in one bank deposit account which, at times, may exceed federally insured limits. The Company has not experienced any losses in such account and does not believe it is exposed to any significant credit risk from cash and cash equivalents.

The Company's exposure to losses on receivables is principally dependent on the Affiliate's financial condition.

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses*. This guidance requires immediate recognition of management's estimates of current expected credit losses. Under the previous model, losses were recognized only as they were incurred, which FASB noted delayed recognition of expected losses that might not yet have met the threshold of being probable. The ASU also broadens the information that an entity must consider in developing its expected credit loss estimated for all assets. The new model applies to all financial instruments that are not accounted for at fair value through net income. This update is effective for financial statements issued for annual periods beginning after December 15, 2022 including interim periods within those fiscal years. The implementation of this ASU has no impact on the financial statements for the years then ended.

In January 2021, the FASB issued ASU No. 2021-02, *Franchisors - Revenue From Contracts With Customers (Subtopic 952-606): Practical Expedient*. The amendments in ASU No. 2021-02 provide a practical expedient related to FASB ASC No. 606, *Revenue From Contracts With Customers*, that permits franchisors that are not public business entities (PBEs) to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the ASU. Additionally, amendments in ASU No. 2021-02 provide an accounting policy election to recognize the pre-opening services as a single performance obligation. If an entity already has adopted FASB ASC No. 606, the amendments in ASU No. 2021-02 are effective in interim and annual periods beginning after December 15, 2020. The Company has elected to adopt the ASU effective January 1, 2023 using the full retrospective method, resulting in a recasting of the years presented in these financial statements for all contracts in place as of the date of the adoption.

The deferred franchise fee revenues presented on the accompanying balance sheets are comprised of unamortized upfront fees received from franchisees. A summary of changes to the balance sheets during for the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
Deferred revenue, as previously stated	$ 2,874,536	$ 2,846,834
Subtopic 952-606 adjustment	(1,541,872)	(1,688,195)
Deferred revenue, adjusted	$ 1,332,664	$ 1,158,639

Changes in franchise fees were $146,422 and $13,367 for the years ended December 31, 2023 and 2022, respectively.

3. Deferred Franchise Fees

The majority of the Company's franchise agreements contain consideration terms for fees to be paid before the franchise is sold and operational. The fees are reflected as deferred franchise fees on the balance sheets until recognized. Upon receipt of an initial franchise fees from a franchisee, the Company recognizes it as deferred franchise frees in the amount of the payment for its performance obligation to provide franchise rights in the future. Deferred franchise fees at December 31, 2023 and 2022 were $1,332,664 and $1,158,639, respectively.

4. Due From Affiliates and Parent

Receivable from Affiliate is mainly comprised of franchise fees and refundable deposits collected by the Affiliate on behalf of the Company, net of related allocated expenses and franchise licenses made by the Affiliate on behalf of the Company. During the years ended December 31, 2023, and 2022, fees and deposits received by the Affiliate on behalf of the Company, net of refunds, amounted to $352,577, and $563,246, respectively. During the years ended December 31, 2023 and 2022, allocated expenses charged by the Affiliate amounted to $509,259 and $484,665, respectively, and other payments made by the Affiliate on behalf of the Company amounted to $0 and $650, respectively. As of December 31, 2023 and 2022, the net receivable from Affiliate amounted to $254,080 and $442,043, respectively. The remaining balance is composed of a net receivable of $53,745 and $53,745 due from the Parent and other related parties.

5. Related Party Transactions

In December 2002, Galardi Group Franchise and Leasing, LLC (the Affiliate), also a subsidiary of the Parent, was formed for the purpose of conducting all fast-food restaurant-related business, subsequent to the initial sales of the franchises to franchisees by the Company.

On December 28, 2023, the Company received an equity contribution of $6.5 million from Galardi Group Franchise and Leasing, LLC on behalf of the parent company, Galardi Group, Inc.

6. Income Taxes

The provision (benefit) for the years ended December 31 consists of the following:

	2023	2022
Current:		
Federal	$ -	$ 14,828
State	800	800
	800	15,628
Deferred:		
Federal	408,635	(57,757)
State	224,386	(20,386)
	633,021	(78,143)
Total	$ 633,821	$ (62,515)

The effective tax rate differs from the combined federal and state tax rates primarily due to permanent differences, foreign income tax and remeasurement of deferred tax assets.

The tax effects of temporary differences that give rise to the deferred tax assets at December 31, 2023 are presented as follows:

	2023	2022
Deferred tax assets:	$ 397,667	$ 648,963
Deferred revenue	85,602	32,133
Net operating losses	(34,625)	(46,953)
State tax		
	448,644	634,143
Valuation Allowance	448,644	-
Total deferred tax assets	$ -	$ 634,143

The Company establishes a valuation allowance when it is more likely than not that the Company's recorded net deferred tax asset will not be realized. In determining whether a valuation allowance is required, the Company must take into account all positive and negative evidence with regard to the utilization of deferred tax assets. As of December 31, 2023, valuation allowance for deferred tax assets totaled $448,644.

As of December 31, 2023, the Company had net operating loss carryforwards for federal and state income tax purposes of approximately $179,658 for Federal and $541,557 for California. The utilization of net operating loss carryforwards may be limited under the provisions of Internal Code Section 382 and similar state provisions due to a change in ownership.

The Company has not recognized any liability for unrecognized tax benefits. The Company expects any resolution of unrecognized tax benefits, if created, would occur while the full valuation allowance of deferred tax assets is maintained; therefore, the Company does not expect to have any unrecognized tax benefits that, if recognized, would affect the effective tax rate.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion of all the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax assets, projected future taxable income, and tax planning strategies in making this assessment.

7. Commitments and Contingencies

Affiliate Debt Guaranteed by the Company

The franchise agreements (generally 20 years) issued by the Company require the Company to make available to a purchaser of a franchise, initial training in the operational aspects of Wienerschnitzel or Hamburger Stand Restaurants, which is provided by the Affiliate. In addition, the Affiliate provides continued training, marketing, testing and accounting services for fees paid by the purchaser of a franchise to the Affiliate. The Company guarantees the full performance of these services by the Affiliate. Costs associated with these services relating to initial training are billed to the Company by the Affiliate as allocated expenses, however, the services supplied by the Affiliate may not necessarily have been provided at terms available from unrelated entities. Therefore, the accompanying financial statements of the Company may not necessarily be indicative of the conditions that would have existed if the Company had operated as an independent entity since the Company and its Parent and Affiliate have cross guarantees on the respective affiliate's financial obligations.

The long-term debt of the Affiliate in the total amount of $4,056,317 and $5,470,821, respectively, as of December 31, 2023 and 2022 has been guaranteed by the Company and the Parent.

Litigation

Periodically, the Company is involved in litigation in the normal course of business. The Company believes that the result of any potential litigation will not have a material adverse effect on the Company's financial condition.

8. Subsequent Events

The Company has performed an evaluation of subsequent events through March 18, 2024, which is the date the financial statements were available for issuance.

On January 3, 2024, the Company disbursed funds via a promissory note to Galardi Group Franchise and Leasing, Inc., a related party. The principal amount of $6.5 million was issued with a 1% annual interest rate. The note is due on December 31, 2024.

EXHIBIT B

FRANCHISE AGREEMENT

GALARDI GROUP FRANCHISE CORP.,
GALARDI GROUP FRANCHISE & LEASING, LLC

AND

____

FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

This Franchise Agreement is made and entered into on __________, 202__, 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 service ("Hamburger Stand Restaurants"), identified by the distinctive Hamburger Stand trademark(s) and using other trademarks specified by Franchisor (the "Trademarks"). Service LLC provides services to franchisees 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 LICENSE

Subject to the terms and conditions in this Agreement, Franchisor grants Franchisee a license to use the Trademarks and the Hamburger Stand System only to operate a Hamburger Stand Restaurant at the location identified in Section 3 (below).

2. MANAGEMENT AND OWNERSHIP

Franchisee makes the following statements, each of which is a representation, warranty and promise by Franchisee, to Franchisor and Service LLC:

(a) Franchisee has accurately described Franchisee's business organization to Franchisor and Service LLC.

(b) Franchisee has the ability and sufficient financial resources, and is willing and committed, to fully perform all 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:

Name	Percentage of Ownership
________________________________	________________________________
________________________________	________________________________
________________________________	________________________________

(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, successful completion of the training outlined in Section 7(b) is required by either (i) Franchisee (if Franchisee is an individual) or the equity owner of at least fifty-one percent (51%) of Franchisee (if Franchisee is an entity); or (ii) or Franchisee's general manager.

(f) ________________________ is designated as the initial Certified General Manager who shall have full operational control of, and does and shall actively work in, the Hamburger Stand Restaurant unless and until a successor General Manager is approved by Service LLC. Franchisee must have a Certified General Manager or Certified Shift Manager on-site during all operating hours.

(g) Franchisor and Service LLC shall have the right to require any one or more of the individuals identified in Section 2(c), and spouses, as Franchisor or Service LLC elects, to execute from time to time, a guaranty of Franchisee's performance, and of other matters, in favor of Franchisor and Service LLC. Franchisee shall obtain and deliver such guaranty when requested by Franchisor or 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"). The Licensed Premises may be identified later (i.e., after execution of this Agreement), but only after written approval by Franchisor and/or Service LLC. Such written approval shall be incorporated, by reference, into this Agreement.

(b) Franchisor and/or Service LLC 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) Notwithstanding Section 3(b), Franchisor and/or Service LLC may itself, or through a parent, subsidiary, affiliate, licensee, or joint venture, 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(s) is/are: at an amusement park, stadium, airport, rail or bus terminal, school, mall, hotel, office building, office park, public park, theater, military base, business campus, store, hospital or health care facility, swap meet or other institutional location or location that restricts entry or admission, that Franchisor and/or Service LLC believes will likely not materially compete on an ongoing basis with the pre-existing business at the Licensed Premises; or a cart, booth, vehicle or the like, at a fair, trade show, concert, community gathering 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 or Wienerschnitzel branded products in grocery stores, convenience stores, food retail stores, delivery, or by other means, channels or other forms of distribution, do not violate the exclusivity in Section 3(b). Section 3(b) does not grant marketing exclusivity. Franchisor and/or Service LLC, and any franchisees or others acting with Franchisor's or Service LLC's authorization, may advertise restaurants, products, services and the Hamburger Stand or Wienerschnitzel brand anywhere, regardless of location and may solicit or accept orders even in the area described in Section 3(b). Franchisor and Service LLC and others may make sales via Internet and other distribution channels. Franchisor and/or Service LLC may establish and/or grant franchises for or other arrangements to establish Hamburger Stand or Wienerschnitzel and/or other restaurants anywhere outside the area in Section 3(b). Franchisor and Service LLC reserve the right to co-brand other concepts with the Hamburger Stand and/or Wienerschnitzel System, and require Franchisee to participate in the co-branded concept.

(d) Prior to acquisition by lease or purchase of any location, Franchisee shall submit a copy of the lease (if applicable), a description of the proposed location to Franchisor and/or Service LLC, and if required by

Franchisor and/or Service LLC, a landlord's letter of intent or other evidence satisfactory to Franchisor and/or Service LLC that confirms Franchisee's favorable prospects for obtaining the proposed location. Franchisor and/or Service LLC shall use its best efforts to notify Franchisee within thirty (30) days after receiving Franchisee's proposal and all needed information, whether Franchisor or Service LLC consent to or withholds consent to the proposed location. Any location must comply with Franchisor and/or Service LLC's requirements stated in the Franchisor and/or Service LLC's confidential operations manual ("Operations Manual").

(e) Franchisor's and/or Service LLC's approval or suggestion or identification of a possible location is not a warranty or assurance of viability, profitability, or suitability. Nothing in this Agreement, and no action by Franchisor or Service LLC, shall be interpreted as an indication or assurance of any level of revenues, sales or other measure of business or performance for the location nor shall any recommendation or consent by Franchisor be deemed a representation that a site is available for use as a franchised restaurant. Franchisee must make and rely upon Franchisee's own assessment and sole judgment. The Licensed Premises or the Hamburger Stand restaurant cannot be relocated without Franchisor or Service LLC's prior written consent, which shall be requested, in writing, in substantially the same form as outlined in this Section 3.

(f) Franchisor and/or Service LLC, and only Franchisor and/or Service LLC, may terminate this Franchise Agreement if Franchisee has not obtained and provided Franchisor and/or Service LLC with proof of real estate rights to develop a Hamburger Stand restaurant at the Licensed Premises, as approved by Franchisor and/or Service LLC, within twelve (12) months of entering into this Franchise Agreement. If Franchisor and/or Service LLC terminates pursuant to this section, Franchisor and/or Service LLC shall have no obligation to return any of the franchise fee.

(g) Franchisee shall, as soon as is reasonably achievable, after receiving Franchisor and Service LLC's consent to the proposed location, and obtaining possession of the location for the Hamburger Stand Restaurant:

(i) engage an architect and a general contractor from Franchisor's and/or Service LLC's approved vendor list;
(ii) cause to be prepared and submit for Franchisor's and/or Service LLC's consent a site survey and any proposed modifications to Franchisor's and Service LLC's basic architectural plans and specifications for the development of a Hamburger Stand Restaurant at the location, provided that Franchisor and Service LLC shall have the right to require that proposed modifications be limited to those necessary to comply with zoning, ordinances, building codes and permit requirements;
(iii) obtain all required zoning changes, building, utility, health, sanitation, sign and any other required permits and licenses;
(iv) purchase or lease approved new equipment, fixtures, furniture and signs from an approved vendor of Franchisor and/or Service LLC as provided herein;
(v) complete the construction and/or remodeling and installation of equipment, fixtures, furniture and signage and decorating of the Restaurant in full and strict compliance with plans and specifications consented to in writing by Franchisor and/or Service LLC and all applicable zoning, ordinances, building codes and permit requirements;
(vi) obtain all customary contractors' statements and partial and final waivers of liens for construction, remodeling, decorating and installation services;
(vii) obtain all insurance required by this Agreement; and
complete development of and have the Licensed Premises ready to open and start conducting its business according to all provisions of this Agreement.

(h) Franchisee shall operate the Hamburger Stand Restaurant only at the Licensed Premises. If, without fault of Franchisee, the lease for the Licensed Premises ends or the Licensed Premises are rendered unusable or destroyed or condemned, Franchisor or Service LLC may consent, in writing, to relocation of the Licensed Premises to a location acceptable to Franchisor and Service LLC. Any relocation shall be at Franchisee's sole expense and Franchisor and/or Service LLC shall have the right to charge Franchisee a relocation fee in the amount of ten thousand dollars ($10,000), to compensate Franchisor and/or Service LLC for costs incurred by Franchisor and/or Service LLC in relation to the relocation. Relocation shall be subject to obtaining Franchisor or Service LLC's consent as to the location and lease, as provided in this Section 3.

(i) If Franchisor or Service LLC pays for or obtains any licenses or permits for or on behalf of Franchisee prior to the end of the first twelve (12) months that the Licensed Premises are open for business, then Franchisee shall reimburse all those expenses and costs incurred to obtain those licenses or permits. This Section does not imply any obligation of Franchisor or Service LLC to seek, obtain, or pay for any license or permit.

(j) Franchisee shall only engage in, participate, and permit offsite delivery programs that are expressly authorized by Franchisor or Service LLC. Franchisor or Service LLC may authorize and/or develop standards and procedures concerning delivery of products ("Delivery Program") using the Hamburger Stand, Wienerschnitzel or other trademarks. Delivery Program includes but is not limited to offsite delivery conducted by Franchisee or by third party delivery companies or other form of offsite delivery. The Delivery Program could refer to delivery conducted by Franchisee, or by one or more Franchisor or Service LLC-approved third party delivery service(s) or be through a Hamburger Stand brand, Wienerschnitzel brand or other trademark program. Franchisee's offsite delivery program shall be in full compliance with the standards and procedures in the Delivery Program. Franchisor or Service LLC shall have the right to make participation in the Delivery Program mandatory. If mandatory, Franchisee shall participate in the Delivery Program in accordance with the standards and procedures of the Delivery Program.

4. TERM AND RENEWAL

(a) The term of this Agreement starts on _______________, 20___ and ends at the close of business on the ___________________ anniversary of that date.

(b) Subject to the terms and conditions of this Agreement, Franchisee shall have the right to renew this franchise for one (1) additional successive term of ten (10) years (or less term if Franchisee leases the Licensed Premises from Franchisor or Service LLC, or a related entity, whose control of the Licensed Premises is a period less than ten (10) years) at the current rate at the time of the renewal, but the right to renew is conditioned on all the following conditions for renewal having been fulfilled by Franchisee:

1. Franchisee has complied with this Agreement during the entire term.

2. At the time of giving notice of renewal, Franchisee is not in default under any terms of this Agreement.

3. Franchisee has not been in material default under any provisions of this Agreement at any time during the term of this Agreement.

4. Franchisee maintains possession of the Licensed Premises and, before expiration of the term, has brought the Licensed Premises into full compliance with the specifications and standards then applicable for new or renewing Hamburger Stand franchised restaurants and proves to Franchisor's and/or Service LLC's sole satisfaction that Franchisee has the right to remain in possession of the Licensed Premises for the duration of any renewal term.

5. Franchisee has given written notice to Franchisor and Service, LLC of desire to renew as stated below.

6. Franchisee satisfied all monetary obligations owed by Franchisee to Franchisor and Service LLC and timely met these obligations throughout the term of the Agreement.

7. Franchisee executes Franchisor's then-current form of Franchise Agreement (with any modifications Franchisor specifies to reflect that the Franchise Agreement relates to the grant of a renewal franchise), which Franchise Agreement shall supersede this Agreement, and the terms of which may materially differ from this Agreement including, without limitation, different fees, fees at different rates and other terms materially different from this Agreement.

8. Franchisee complied with Franchisor and Service LLC's then-current qualifications and training requirements.

9. Franchisee executed a general release, in a form prescribed by Franchisor or Service LLC, of any and all claims against Franchisor, Service LLC, and any related entities, and their respective directors, officers, agents, shareholders and employees.

10. Any additional reasonable conditions that Franchisor or Service LLC deem relevant in the circumstances, which may be outlined in Franchisor and/or Service LLC's offer to renew.

11. Franchisee has paid to Franchisor the franchise renewal fee applicable to said renewal.

(c) If Franchisee wants to renew this franchise, then the following steps shall be taken:

1. Franchisee shall give Franchisor and Service LLC written notice of its desire to renew at least six (6) months, but not more than nine (9) months, prior to expiration of the then-current term of this Agreement, accompanied by the payment referenced in Section 4(b)(11).

2. Within sixty (60) days after receipt of timely notice of Franchisee's desire to renew, Franchisor or Service LLC shall furnish Franchisee with written notice of the reasons, if known at that time, that could cause Franchisor not to grant a renewal to Franchisee, including, but not limited to, deficiencies that require correction and a schedule for curing such deficiencies;

3. Franchisor's and Service LLC's shall also provide Franchisee with the then-current requirements relating to image, appearance, decor, furnishing, equipping and stocking of Hamburger Stand franchised restaurants and a schedule for effecting upgrades or modifications to bring the franchised restaurant into compliance, as conditions of renewal; and

4. Franchisee's compliance with such requirements and continued compliance with all provisions of this Agreement is a material condition of any renewal.

(d) If applicable law requires giving notice of expiration or non-renewal a specified time before expiration of this Agreement and such notice has not been given, the term shall extend on a month-to-month basis per the same terms as this Agreement and the required time passes before expiration or non-renewal becomes effective (provided that Franchisee objects, in writing, within five (5) days that Franchise and/or Service LLC provides such notice).

5. FRANCHISE FEE

(a) Franchisee shall pay to Franchisor a franchise fee of __________________________ dollars ($____________________). Between Franchisor and Franchisee, and regardless of Franchisor bookkeeping/accounting procedures, this amount is fully earned by Franchisor upon payment by Franchisee. It is not refundable, except in our sole and absolute discretion.

6. SERVICE FEE

(a) Franchisee shall pay Service LLC on or before the seventh (7th) day of each month a service fee. Notwithstanding the foregoing, Service LLC reserves the right to require payment of the service fee at a different interval, including, daily, weekly, or bi-weekly. 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, originating from or connected to the Licensed Premises, whether received in cash, electronic or other form of currency, insurance proceeds, services in kind, barter and/or exchange, on credit (whether or not payment is received therefore) or otherwise, but does not include sales taxes separately shown on the customer receipt, collected and actually paid to the taxing authority, uncollected cash register overrings, 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. Barter and/or exchange and other forms of currency paid to or received by Franchisee shall, in determining Net Sales, be valued at the full, retail value of the currency and/or goods and/or services furnished by or provided to Franchisee, whichever is higher in each instance. Revenue associated with any offsite delivery shall be included in Net Sales without deduction for cost or charge associated with delivery.

(c) Franchisee shall record in writing all Sales and details sufficient to ascertain Net Sales. Franchisee shall verbally provide Service LLC, or on before the first (1^{st}) day of each month, the prior month's Net Sales, or if Service LLC informs Franchisee, Franchisee shall provide Service, LLC, in writing on or before the seventh (7^{th}) day of each month, the prior month's 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 forms, at times and in the manner Service LLC requests. Franchisee consents to Service LLC having access to all sales and other data in real time, or on demand, generated from any system used in Franchisee's Hamburger Stand 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(g). 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) Upon request, and if readily available, Franchisor shall provide Franchisee with designs, drawings, and specifications for construction of a model, prototype Hamburger Stand Restaurant building at the Licensed

Premises. Franchisor makes no representation regarding the suitability or fitness of the model, prototype Hamburger Stand Restaurant for the Licensed Premises and Franchisee shall be responsible for the cost of any modifications to design, drawings, and specifications. If Franchisee chooses to convert an existing building or build an in-line restaurant, Franchisee shall be responsible for the cost and expense of designs, drawings and specifications of such restaurant.

(b) Franchisor or Service LLC shall provide to representatives of Franchisee, either equity owners or general managers, initial training in aspects of a Hamburger Stand Restaurant to one, and only one, trainee at no cost (each additional trainee shall be at a cost of $5,000) ("Operator-in-Training Program"). The representative of Franchisee who receives the training shall be at least eighteen (18) years old and successfully complete the initial training at a time and location specified by Franchisor between thirty (30) and one hundred eighty (180) days before Franchisee starts operating the Hamburger Stand Restaurant. Franchisor and Service LLC reserves the right to deliver portions of the initial training by means such as online instruction or review of videos or other manner of delivery that Franchisor determines.

(c) If one of Franchisee's Certified General Managers, whom has completed the General Manager Training Program, ceases active employment, Franchisee must enroll a qualified replacement to complete the General Manager Training Program within thirty (30) days after the former manager's last day of employment. The replacement manager must attend and complete, to our satisfaction, the next regularly scheduled General Manager Training Program. Service LLC may require employees that you employ at your Restaurant to successfully complete the Management Training Program even if such employee was previously certified. Service LLC reserves the right to require additional Managers of Franchisee's Restaurant to attend the Management Training Program. In that case, Franchisee will be responsible for all expenses Service LLC incurs in providing the training to these additional Managers.

(d) Individuals who are equity owners in Franchise, who are <u>not</u> attending the Operator-in-Training Program may, at Service LLC's sole and absolute discretion, be required to attend an "Apprenticeship Program." The Apprenticeship Program consists of an abbreviated training program (e.g., five (5) training days at a Certified Training Restaurant of Service LLC's choosing and five (5) training days at Service LLC's Support Center in California or at a venue of Service LLC's choosing). Completion of this training requires successful passing of the Apprenticeship Exam and the completion of the "Extended Education" modules within the Apprenticeship Training Program on Service LLC's "EDU" system. This Apprenticeship Program does not come with a certification to operate a restaurant as a General Manager or Operator.

(e) Franchisor or Service LLC has the right to require any or all of Franchisee's Certified General Managers, Certified Managers, persons in equivalent or similar positions, and/or persons designated by Service LLC to complete a re-certification exam as often as deemed necessary by Service LLC. Franchisee, or an approved representative, may also be required to attend ongoing education programs at a *de minimis* cost.

(f) At any time during training, if, in Franchisor's or Service LLC's sole and absolute discretion, Franchisor or Service LLC determines that Franchisee or person affiliated with Franchisee is unable, or comes to doubt Franchisee's or the person affiliated with Franchisee's ability to satisfactorily complete any part of training, Franchisor and Service LLC shall have the right to: (i) require Franchisee to attend additional training to demonstrate its ability to operate the Hamburger Stand Restaurant to Franchisor's and/or Service LLC's satisfaction, at Franchisee's expense; (ii) require Franchisee to complete the training program subject to Franchisor's and Service LLC's then-current training requirements; or (iii) terminate this Agreement immediately on written notice to Franchisee. If Franchisor or Service LLC elects to terminate this Agreement pursuant to this Section, Franchisor and Service LLC will have no obligation to return any of the franchise fee.

(g) Franchisor and/or Service LLC reserve the right to require Franchisee and personnel of Franchisee, regardless of previous training and experience, to attend and successfully complete new or refresher training programs or seminars at a location designated by Franchisor or Service LLC. All expenses of Franchisee and its personnel in attending such program including, without limitation, travel, lodging, meals and salaries, shall be the sole responsibility of Franchisee.

(h) Franchisor and/or Service LLC shall provide Franchisee a copy of or electronic or other form of access to a copy of Franchisor's and Service LLC's Operations Manual. Franchisor or Service LLC reserves the right to supplement and update the Operations Manual. Franchisee shall place all supplements and updates in the Operations Manual and maintain the Operations Manual in its most current form. This Agreement's references to the Operations Manual mean whatever at the time is the most recently updated and supplemented version of the Operations Manual. The Operations Manual is and shall at all times remain the property solely of Franchisor and Service LLC and any copy of all or portions of the Operations Manual in Franchisee's possession shall promptly be returned to Franchisor or Service LLC on the expiration or other termination of this Agreement. At no time shall Franchisee or its personnel make any copy or reproductions of all or part of the Operations Manual. The Operations Manual is of substantial value to Franchisor and Service LLC and other franchisees. It describes the Hamburger Stand System that establishes and maintains a common identity. Franchisee agrees and acknowledges that full compliance with the mandatory portions of the Operations Manual are essential to preserve, maintain and enhance the reputation, trade demand, and goodwill of the Hamburger Stand System and the Trademarks and that failure of Franchisee to operate the Hamburger Stand Restaurant in accordance with the Operations Manual can cause damage to the Franchisor, Service LLC, and other franchisees with the Hamburger Stand System, as well as to Franchisee. Notwithstanding the foregoing, and consistent with the goals of the Hamburger Stand System, Franchisee shall be responsible for the day-to-day operation of the Hamburger Stand Restaurant

(i) The Operations Manual comprises proprietary information of Franchisor and Service LLC. Franchisee agrees to maintain the confidentiality of the Operations Manual both during the term of this Agreement and after its expiration or termination. In any dispute as to contents of the Operations Manual, the terms of any master copy of the Operations Manual maintained by Franchisor and Service LLC shall be controlling. Any provisions of the Operations Manual that may address human resource issues such as employee staffing, scheduling, hiring, discipline and other policies related to Franchisee's employees are not required and are only suggestions. Franchisee must make all determination in its sole discretion with respect to its personnel with the guidance of its own independent advisors.

8. SERVICES BY SERVICE LLC

(a) Service LLC shall assist Franchisee at the initial opening of the Hamburger Stand Restaurant in the manner and for a period of time that Service LLC determines, including, in Service LLC's discretion, promotion programs.

(b) Service LLC shall evaluate and test food and beverage items and operational methods for possible use in Hamburger Stand Restaurants, as Service LLC deems appropriate.

(c) Service LLC shall have the right to charge Franchisee a technology fee of up to $3,600 per year for such technology and support thereof. Furthermore, Service LLC may require that Franchisee purchase and/or implement technological hardware and/or software programs at the Hamburger Stand Restaurant at the Franchisee's cost.

(d) 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.

(e) 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.

(f) Service LLC may require that Franchisee implement a standardized accounting, cost control, and portion control system.

(g) 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) 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, subject matter, theme, timing and placement.

(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 Service LLC 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 Service LLC's Promotional Allowance Assignment assigning and conveying to Service LLC 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 and/or Service LLC, that included the Licensed Premises. Franchisor or Service LLC 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 or Service LLC-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 the structure, terms and other aspects of that Advertising Association. If Franchisee and the other franchisee(s) cannot reach agreement on terms for forming or other aspect(s) of 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.

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

(f) If Franchisee is not a member of an Advertising Association, Franchisee shall spend at least three percent (3%) of Net Sales for local advertising each month and shall be required to provide Service LLC with a marketing plan and receipts demonstrating that three percent (3%) of Net Sales was spent on advertising.

(g) Franchisee shall pay an additional one percent (1%) of Net Sales to Service LLC for the national creative fund, and the management thereof. 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(e) above.

(h) Service LLC and the WMF may allocate up to twenty percent (20%) of the WMF and the national creative fund for management and/or administration of its national and/or regional advertising efforts.

(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 or Wienerschnitzel products; and does not include those of the foregoing, or other, media and activities, that Service, LLC notifies Franchisee are not approved.

(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 or Wienerschnitzel brand. Unless Franchisee obtains prior written consent from Franchisor or Service LLC, as applicable, which may be withheld in Franchisor's or Service LLC'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 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 not communicate with media in response to a brand incident or crisis, but shall direct all such inquiries to Franchisor to communicate directly with the media on behalf of the brand.

(l) Notwithstanding anything to the contrary in this Article 9, Service LLC may modify the structure and means of Franchisee's advertising obligations at any time upon sixty (60) days prior written notice to Franchisee.

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. The appearance, layout, supplies utilized, services offered, restaurant premises, and other elements of trade dress in the operation of the Hamburger Stand Restaurant are important to Franchisor and Service LLC and the Hamburger Stand System and intrinsically associated with and integral to the Hamburger Stand brand. Franchisee acknowledges that Franchisee's compliance with this Section 10 is necessary to maintain the high standards and reputation.

(b) Franchisee shall at all times continuously operate the Restaurant, following the Hamburger Stand System and Operations Manual, and always exert Franchisee's best efforts to promote and increase the sales and services of the Restaurant.

(c) Franchisee shall operate the Hamburger Stand Restaurant at all times in compliance with the mandatory portions of this Agreement and the Operations Manual, as revised from time to time. Franchisee shall not be required to follow the non-mandatory portions of this Agreement and the Operations Manual, including without limitation, provisions that may concern Franchisee's employees and their hiring, promotion, demotion, discipline, termination, scheduling, rate of pay, benefits, work assignments, response to grievances and complaints or working conditions.

(d) 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/their 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.

(e) 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 and operate only at retail and not wholesale. Franchisee shall not sell to a third party for resale or catering. Franchisee shall not sell from any location other than the Licensed Premises, without written consent from Service LLC.

(f) 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 the Operations Manual, 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. Any modifications are deemed to occur pursuant to Service LLC's rights in this Agreement and are not modifications of this Agreement.

(g) 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, including those outlined in the Manual.

(h) Franchisor and Service LLC, on one hand, and Franchisee, on the other hand, are independent of each other and do not have an employer and employee relationship. The parties acknowledge that Franchisee is the sole and independent owner of its business, shall be in full control thereof, and shall conduct such business solely in accordance with Franchisee's own judgment and discretion, subject only to the provisions of this Agreement. Franchisee shall conspicuously identify Franchisee as the independent owner of the business. No party shall be obligated by, or have any liability for, any agreements, representations or warranties made by the other nor shall Franchisor or Service LLC be liable for any damages to any person or property, directly or indirectly, arising out of the operation of Franchisee's business, whether caused by Franchisee's negligent or willful action or failure to act. A party shall have no liability for any sale, use, excise, income, property or other tax levied upon the business conducted by any other party or in connection with the services performed or business conducted by it or any expenses incurred by it. If despite the parties' intent and belief that they are independent contractors, any government agency or court deems in a final decision (not appealed or not successfully appealed) that Franchisor or Service LLC is a joint employer with Franchisee of individuals hired by Franchisee, then Franchisee shall reimburse Franchisor and Service LLC (as applicable) for any expenses either or both incur or may incur based on that agency or court decision, including but not limited to wages, salaries, taxes and other payroll-related costs and expenses and any other costs and expenses, that Franchisee would have incurred if Franchisee were the sole employer of its employees.

(i) Franchisee shall operate in full compliance with all applicable laws, ordinances, regulations and orders, including, without limitation, laws, ordinances, regulations and orders relating to the sale of food and beverages, occupational hazards and health, worker's compensation insurance, unemployment insurance, labor laws and overtime requirements and withholding and payment of federal and state income taxes and social security taxes, trade name and advertising restrictions, building codes and handicap access. Franchisee shall operate the Hamburger Stand Restaurant in a safe and secure manner that optimizes public health and safety. Franchisee is solely responsible for determining and addressing all safety concerns related to the condition of the

Licensed Premises, the operation of any vehicles in connection with the Hamburger Stand Restaurant and otherwise.

(j) Service LLC shall specify the food and menus on the Licensed Premises, including, but not limited to, the form, size, color and content. 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.

(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, inside and outside decorations, signs and equipment as Service LLC requires from time to time of all or substantially all Hamburger Stand franchisees, or if Service LLC elects, of substantially all Hamburger Stand franchisees in the area where the Restaurant is located, including plans and standards of quality, quantity, design, size, and color. Service LLC shall have the right to change such plans, specifications, standards, equipment, decorations, size, colors, and designs 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 notice from Service LLC. If Service LLC, in its sole, subjective judgment, determines that new or additional equipment may provide new or improved services, value to customers, or elevates the brand 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) Service LLC shall have the right to require Franchisee to remodel, refurbish, refurnish, modernize, upgrade and/or enhance the image of the Licensed Premises from time to time. Notwithstanding this right, and at a minimum, Franchisee shall remodel the Licensed Premises at least every ten (10) years. If the term of this Agreement is at least twenty (20) or more years, then at 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. All remodeling, refurbishing, refurnishing, modernization, upgrades, enhancements, and redecoration must be according to standards and specifications prescribed by Service LLC from time to time and with the prior written consent of Service LLC. 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 acknowledges that remodel, modernization, redecoration and maintenance of the Licensed Premises and minor and/or major modification or replacement of working equipment may be required from time to time and may require significant expenditures. Notwithstanding anything to the contrary in this Section, Service LLC recommends, and may require, that Franchisee set aside at least five thousand dollars ($5,000) per year during the franchise term for future restaurant remodel and refurbishment. If so required, Service LLC would have the right to specify the location of the savings account and to confirm that such amount is being set aside. No funds under this subsection (n) will be paid to Service LLC.

(o) Franchisee shall assure that no signs at the Licensed Premises display any trademark or trade name other than Hamburger Stand, or other trade names owned by or consented to by Franchisor and/or Service LLC, and Franchisee shall assure that the location, 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.

(p) Franchisee shall not place, employ, use or allow any vending machine, amusement device, video game, pinball machine, coin or token operated machine or computer game equipment, internet connected equipment, robotic equipment or device on or at the Licensed Premises whether for customer entertainment, customer service, or operational purposes, unless Service LLC designated or authorized or consented to the use thereof. This provision does not restrict customers from themselves using their own personal devices like cell phones, tablets and laptops.

(q) Franchisee shall open the Licensed Premises for business during at least the hours and days Service LLC specifies, which may be as many as twenty-four (24) hours per day, and as many as three hundred and sixty six (366) days per year. Franchisee shall curtail and/or limit operations and activities and/or close when required by law or government order, and when specified by Franchisor or Service LLC at the direction, requirement, recommendation or request of government or public health authorities or others whom Franchisor or Service LLC recognize as community leaders. Franchisee acknowledges and agrees that the hours and scope of operation are integral to the value of the Hamburger Stand System and the Trademarks, and any failure by Franchisee to operate during the designated hours of operation or otherwise comply with this section is detrimental to the Hamburger Stand System and the Trademarks. Franchisee acknowledges and agrees that the day-to-day operational decisions relating to the opening and closing procedures of the Hamburger Stand Restaurant, including security, staffing, and other similar matters, are its sole responsibility.

(r) Franchisee shall participate in the implementation, use, updating and modification of any computer network, intranet system or extranet system or other technology implemented or designated by Service LLC and shall do so in compliance with standards, protocols, and restrictions Service LLC specifies. This could include, but is not limited to, use of certain hardware or software programs, purchase and implementation of various technology, participation in third-party delivery programs, participation to submit reports, receive updates to Operations Manual, or for other communications, methods of providing and/or delivering foods, products and service to customers and methods of receiving foods, products and services from suppliers and service providers.

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

(t) 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 may 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 that 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.

(u) Franchisee acknowledges and agrees that Franchisee alone shall exercise day-to-day control over all operations, activities and elements of the Hamburger Stand Restaurant, including over Franchisee's employees, and that under no circumstance shall Franchisor or Service LLC do so or be deemed to do so. Franchisee acknowledges and agrees that the various requirements, restrictions, prohibitions, specifications and procedures of the Hamburger Stand System with which Franchisee must comply under this Agreement, the Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor or Service

LLC controls any aspect or element of the day-to-day operations of the Hamburger Stand Restaurant, but are only standards to which Franchisee must adhere when exercising Franchisee's control over the day-to-day operations of the Hamburger Stand Restaurant consistent with the policies of Franchisor and Service LLC.

(v) Subject to law, Service LLC may establish and revise fixed, minimum or maximum, standard and/or promotion prices to be charged for food and other products and services offered by the Hamburger Stand Restaurant and other policies relating to pricing, discounting, promotional pricing, advertising of prices and other price-related matters. This may include but is not limited to restricting or prohibiting discounting, limitations or prohibitions of certain kinds of advertising and other pricing-related restrictions. Franchisee shall be obligated to abide by pricing and related specifications established by Service LLC when not prohibited by law. Franchisee shall have the right to determine menu prices for the Hamburger Stand Restaurant unless Service LLC specifies otherwise. Service LLC may require that Service LLC implement any changes to menu prices at the Hamburger Stand Restaurant, and only Service LLC, after Franchisee notifies Service LLC in writing, and Service LLC shall have a reasonable period to implement such pricing changes.

(w) Franchisee shall enroll and participate in any gift card and/or loyalty and/or other marketing program(s) designated and/or revised by Service LLC from time to time, set up and maintain all necessary accounts in connection therewith, and use point-of-sale and other equipment specified by Service LLC, all in accordance with the Manual. Service LLC has no obligation to establish, participate in or maintain any such program.

(x) Franchisee shall participate in all promotion and marketing programs established by Service LLC and shall update menus and promotion materials as mandated by Service LLC from time to time. Franchisee shall cooperate and when required by Service LLC, participate in additional programs which may be established and designated by Service LLC from time to time, including coupons, smartphone, tablet and other mobile device applications, rewards and other programs seeking to benefit the Hamburger Stand System, and comply with Service LLC's rules and regulations established by Service LLC from time to time. Franchisee shall redeem and accept all rewards and coupons issued by any programs designated by Service LLC, including rewards or coupons issued by mobile, tablet and other mobile device applications.

(y) Franchisee shall provide reports and information requested from time to time by Service LLC. Franchisee shall respond in writing to requests, inquiries and communications within times reasonably requested by Service LLC.

(z) Franchisee shall cause its principal owner(s) and officer(s) to attend meetings with representatives of Service LLC at times and places requested by Service LLC from time to time.

(aa) Franchisee shall refrain at all times from any and all forms of disparagement of Franchisor and/or Service LLC, Franchisor's and Service LLC's personnel and affiliates, and from encouraging or supporting disparagement by others, including but not limited to communications to the public, to franchisees, and others, whether in social media, news media, or elsewhere.

11. FOOD, SUPPLIES AND SERVICES

(a) To protect the Trademarks, maintain uniformity and standards of quality and for other reasons beneficial to Franchisor, Service LLC and the Hamburger Stand System, Franchisee shall:

1. Purchase for inventory, use and resale on the Licensed Premises, only food and supplies specified in the Operations Manual, which may be modified from time to time;

2. 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 determines are needed for uniformity, consistent quality and to preserve and enhance the goodwill of the Trademarks;

3. Offer for sale and sell at the Hamburger Stand Restaurant all items and categories of food and beverage products that Service LLC from time to time authorizes and introduces and shall not offer for sale or sell any other items or category of products or use the Licensed Premises for any purpose other than the operation of the Hamburger Stand Restaurant in full compliance with this Agreement;

4. Comply with the standards and specifications for equipment, supplies, trademarked paper goods or other products required by Service LLC to be used in operation of the Hamburger Stand Restaurant;

5. Acknowledge 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.

(b) Service LLC developed food products and recipes and will continue to further develop and own food products and proprietary recipes. To protect its confidential information and trade secrets and monitor the manufacture, packaging, processing and sale of food products, at such time as food products are introduced into the Hamburger Stand System, if ever, Service LLC may (i) manufacture, supply and sell food products to franchisees of Service LLC; and/or (ii) disclose formulas for and methods and preparation of food products to suppliers who shall be authorized by Service LLC to manufacture food products to Service LLC's specifications and sell food products to franchisees of Service LLC. Franchisee acknowledges that Franchisee shall be required to purchase and use food products from Service LLC or its or their affiliates or a limited number of suppliers authorized by Service LLC. For some or potentially all products, Service LLC may designate itself or its affiliates as an approved supplier or as the sole approved supplier. Service LLC or Franchisor may receive and retain rebates, credits, and marketing allowances based on the food, supplies, materials, equipment and other items purchased by Franchisee.

(c) If Franchisee wants to obtain certain 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 or Service LLC shall have the right to require the manufacturer or supplier to provide samples, access to facilities, payment of testing and analysis charges, and assurance of consistent good quality and service and that 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(c) 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.

(d) 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. Franchisee shall withdraw any product from Franchisee's restaurant as part of a product recall and as Service LLC directs.

12. OWNERSHIP AND PROTECTION OF INTELLECTUAL PROPERTY

(a) Franchisee acknowledges that its entire knowledge of the operation of a Hamburger Stand Restaurant including, without limitation, methods of preparation of menu items, food products and other specifications, standards and operating procedures is derived from information disclosed to Franchisee by Service LLC and that such information is proprietary, confidential and comprises trade secrets of Service LLC. Any improvements developed by Franchisee, any customer lists developed or obtained by Franchisee, and any databases developed or obtained by Franchisee pursuant to or connected with Franchisee's operation of the Hamburger Stand Restaurant (collectively "Developed IP") shall be deemed to be proprietary information of and belong solely to Service LLC and/or its affiliates. Service LLC and/or its affiliates may develop, modify, use and authorize others to use the Developed IP without compensation to Franchisee or others beyond the consideration comprised of this Agreement. Notwithstanding the above, Franchisee agrees not to test, offer, or sell any new product without Service LLC's prior written consent. In case Franchisee is deemed to own any interest in Developed IP, then for avoidance of doubt Franchisee hereby assigns and transfers to Service LLC all Franchisee's right, title and interest in and to the Developed IP. Franchisee shall execute instruments that Service LLC may request to confirm Service LLC's exclusive ownership of all Developed IP.

(b) "Trade Secrets" refers to the whole or any portion of the Operations Manual, know-how, knowledge, methods, recipes, formulae, specifications, processes, procedures and/or improvements regarding the Hamburger Stand Restaurant, the System and any information that is valuable and secret in the sense that it is not generally known to competitors of Franchisor and Service LLC or others who could benefit from having such knowledge. Trade Secrets also includes Developed IP. Franchisee shall maintain absolute confidentiality of all such information during and after the term of the franchise in perpetuity and Franchisee shall not use any such information in any other business or venture.

(c) Franchisee shall divulge confidential information only to the extent and only to those of Franchisee's employees who must have access to the portion of the confidential information divulged, to operate the Hamburger Stand Restaurant. Any and all information, knowledge and know-how including, without limitation, drawings, materials, equipment, techniques, restaurant systems, product formulae, recipes and other data which Service LLC designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee demonstrates lawfully came to Franchisee's possession prior to disclosure by Service LLC ; or which, at the time of disclosure by Service LLC to Franchisee, had lawfully become part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Service LLC , lawfully becomes a part of the public domain, through publication or communication by others without fault or involvement of Franchisee.

(d) To assist in protecting Trade Secrets and 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". Competing Business is a business that is both (i) located at or within 25 miles of the Licensed Premises or premises of any Hamburger Stand Restaurant; and (ii) 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 ventures, 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.

(e) Franchisee acknowledges that the scope of the restriction in Section 12(d) is narrow, and does not restrict anyone from engaging in the restaurant or food service business outside the narrow scope of Section 12(d) 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(d) will not impose any undue hardship on Franchisee. Any violation of Section 12(d) by any person or entity is material breach of this Agreement by Franchisee.

(f) Franchisee acknowledges that Franchisor or Service LLC owns all right, title and interest, together with all the goodwill, of the Trademarks. Franchisee acknowledges that Franchisee's right to use the Trademarks is derived solely from this Agreement and is limited to conducting business pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by Service LLC from time to time. Any unauthorized use of the Trademarks by Franchisee is a breach of this Agreement and infringement of the Trademarks. Franchisee acknowledges that all usage of the Trademarks by Franchisee and any goodwill established by Franchisee's use of the Trademarks shall be for the exclusive benefit of the trademark owner and that this Agreement does not confer any goodwill or other interests in the Trademarks on Franchisee. Franchisee shall not, at any time during the term of this Agreement, after its termination or expiration, cancellation or transfer, contest the validity or ownership of any of the Trademarks, or assist any other person in contesting their validity or ownership. All provisions of this Agreement applicable to the Trademarks apply to any and all additional trademarks, service marks and commercial symbols authorized for use by and licensed to Franchisee by Service LLC after the date of this Agreement.

(g) Franchisee shall not use any of the Trademarks, portion of any Trademarks as part of a corporate, entity, or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols or in any modified form. Franchisee shall not use any of the Trademarks in connection with the sale of any unauthorized product or service or in any manner not expressly in writing by Service LLC. Franchisee shall give such notices of trademark and service mark registrations as Franchisor or Service LLC specifies and obtain fictitious or assumed name registrations as may be required under applicable law.

(h) Franchisee shall promptly notify Service LLC of any claim, demand or cause of action based on or arising from any attempt by any other person, firm, entity or organization to use the Trademarks or any imitation. Franchisee shall notify Service LLC of any action, claim or demand against Franchisee relating to the Trademarks within three (3) days after Franchisee receives notice of the action, claim or demand. After receipt of timely notice of an action, claim or demand against Franchisee relating to the Trademarks Franchisor and/or Service LLC shall have the right, but not the duty, to defend any such action. Service LLC shall have the right to contest or bring action against any third party regarding the third party's use of any of the Trademarks and shall exercise such right in Service LLC’s sole discretion. In any defense or prosecution of any litigation relating to the Trademarks or components of the Hamburger Stand System undertaken by Service LLC. Franchisee shall cooperate with Service LLC, execute any and all documents, and take all actions as may be desirable or necessary, in the opinion of Service LLC’s counsel, to carry out such defense or prosecution.

(i) If it becomes advisable at any time, in Service LLC’s sole discretion, to modify or discontinue use of any Trademarks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall cooperate in and comply with Service LLC’s direction to modify or discontinue use and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols promptly after notice to Franchisee by Service LLC. Franchisor and Service LLC shall have no liability or obligation whatsoever with regard to such modification or discontinuance.

(j) To preserve the validity and integrity of the Trademarks and any other intellectual property licensed to Franchisee, and to ensure that Franchisee is properly using these in the operation of the Hamburger

Stand Restaurant, and to assess compliance with this Agreement, Service LLC or its agents shall have the right of entry and inspection of the Licensed Premises and operating procedures at all reasonable times, with or without prior notice. Service LLC shall have the right to observe the manner in which Franchisee provides services and conducts operations, to confer with Franchisee's employees, customers, vendors, suppliers and others, and to select menu items, ingredients, food and non-food products, beverages and other items, products and supplies for test of content and evaluation purposes to make certain that these are satisfactory and meet quality control provisions and performance standards established by Service LLC.

(k) Franchisee shall not establish a website on the Internet or other electronic or social media presence using any domain name containing the words “Hamburger Stand,” “Wienerschnitzel,” “Tastee Freez,” or other Trademarks or similar words. Service LLC retains the sole right to advertise on the Internet and/or other electronic or social media and/or create a website or the like using the above described words as, in or as part of the domain name. Franchisee acknowledges that Franchisor, Service LLC or their affiliate is the owner of all right, title and interest in and to such domain name(s). Service LLC retains the right to pre-approve and/or decline to approve Franchisee's use of linking and framing between Franchisee's web pages and all other websites. Franchisee shall dismantle any frames and links between Franchisee's web pages and any other websites, as requested by Service LLC within five (5) days.

(l) A decision of a court or other tribunal or government authority having jurisdiction, 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 or other tribunal or government authority 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, sublicense, transfer or encumber this Agreement or any right or interest in this Agreement, or in the Licensed Premises or Hamburger Stand 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/or Service LLC. Any purported sale, assignment, sublicense, 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 and/or Service LLC 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 and/or Service LLC together with copies of the documents embodying the offer and all related correspondence. Franchisor or Service LLC shall have thirty (30) business days from the later of: (i) the date of receipt of the sale offer; or (ii) the date of receipt of all material information pertinent to the sale offer that Franchisor or Service LLC deems reasonably necessary to make an informed decision whether to exercise its first right to accept such offer. If Franchisor or Service LLC has not accepted the offer within such thirty (30) business 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/or 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 pay Service LLC an additional transfer fee equal to ten percent (10%) of the total estimate on the Hamburger Stand restaurant evaluation ("Resale Evaluation"). If the work described in the Hamburger Stand Restaurant Evaluation is completed within the period required by Service LLC, then that amount 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 Hamburger Stand 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. Franchisee further agrees to pay for, and allow Franchisor to conduct, a lien search related to any potential financial obligations or deficiencies of Franchisee. 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 or Service LLC;

4. The proposed transferee must satisfy Franchisor and/or Service LLC that transferee is of good moral character and reputation and has a good credit rating and good business qualifications and meets Franchisor's and Service LLC's then-current financial and managerial and other 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 Hamburger Stand 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 Hamburger Stand 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/or Service LLC approves;

6. The proposed transferee must meet with Franchisor and/or Service LLC's personnel and successfully pass whatever tests are required by Franchisor and/or Service LLC to assess aptitude and ability to own and operate a Hamburger Stand 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 to Service LLC a non-refundable transfer fee of five thousand dollars ($5,000);

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 and restrictions and provide for fees and charges 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 shall 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 Hamburger Stand Restaurant as Service LLC requires;

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

13. Franchisee shall reaffirm the agreement not to compete set forth in Section 12 of this Agreement; and/or;

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

(c) If Franchisee is owned by individuals, Franchisor and Service LLC will consent to the assignment of this Agreement to a corporation or LLC approved by Franchisor and/or 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 entity is newly formed and its organizational documents and certificates representing ownership provide expressly that its activities are confined exclusively to operating the Hamburger Stand restaurant as a franchisee and the stockholders, or unit holders/members, of the transferee entity shall be limited to those individuals whom Franchisor and/or Service LLC specifies;

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). Franchisee may sell, assign, or transfer controlling interest of the transferee corporation or LLC only in compliance with Section 13(b);

3. All owners, shareholders, members, or partners of the transferee entity who own ten percent (10%) or more of the equity interests in the transferee or each individual who becomes an owner of ten percent (10%) or more of Franchisee as a result of the transfer, or through a series of transfers, shall enter into a written agreement, in a form satisfactory to Franchisor and Service LLC, jointly and severally guaranteeing full payment and performance of Franchisee's obligations under this Agreement; and

4. Franchisee pays Franchisor and/or Service LLC an assignment fee. The assignment fee is due with the request of assignment and is not refundable whether the assignment occurs. At the time of signing this Franchise Agreement, the assignment fee under this subsection is two thousand five hundred dollars ($2,500).

(d) If Franchisee desires to amend this Agreement, then Franchisee shall pay Franchisor and/or Service LLC an amendment fee of five hundred dollars ($500) ("Amendment Fee"). The Amendment Fee is due at the time of making the amendment request and is not refundable whether the amendment occurs. Nothing herein shall obligate Franchisor to agree to any requested amendment to the Agreement and Franchisor may deny the amendment request for any or no reason.

(e) In the event of death or disability of Franchisee, then Franchisor and Service LLC, following receipt of a written request, shall consent to the transfer of 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).

(f) Franchisee acknowledges that the restrictions and conditions contained in this Section 13 are to protect the trademarks, trade secrets, and their 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 or Service LLC to terminate Franchisee's rights under this Agreement without providing an opportunity to cure the breach.

(g) Franchisor and 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 specified below:

1. Franchisee is adjudicated bankrupt, becomes insolvent (e.g., a debt to equity ratio in excess of two (2), 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 an appropriate 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 Service LLC 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 or Service LLC;

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

5. Franchisee violates any health, safety or sanitation law, ordinance, or regulation, or order, or operates the Hamburger Stand 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 after Franchisee receives written notice from Service LLC;

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

9. Franchisee violates any law, ordinance, rule, regulation or order in relation to the Hamburger Stand Restaurant, or in any way that Franchisor 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 has twice previously been given written notice of the same type of default(s) within the preceding twelve (12) months, whether or not Franchisee cured the default(s). Termination of this agreement shall be immediate and will not have time to cure this default;

12. Franchisee fails to complete the initial training or other training provided in this Agreement;

13. Franchisee or a representative of Franchisee made any material misrepresentation or omission in its application for the franchise even if not discovered until later;

14. Franchisee is convicted of or pleads no contest, where such plea is applicable, to a felony or other crime or offense that Franchisor or Service LLC believes may adversely affect the reputation of Franchisee or the Hamburger Stand Restaurant;

15. Franchisee is or becomes a subject of media attention for any act, omission, conduct, statement, affiliation or behavior of any kind whatsoever, or there is a risk of media attention, which may injure the reputation or goodwill of any of the Trademarks (regardless of whether the matter that is the basis of the media attention is true or not);

16. Franchisee makes any unauthorized use, disclosure or duplication of any portion of the Operations Manual or duplicates or discloses or makes any unauthorized use of any Trade Secret or confidential information provided to Franchisee by Franchisor or Service LLC; or

17. Franchisee violates any term or condition or other provision of this Agreement.

(b) Franchisor or Service LLC shall have the right to terminate the Franchise Agreement immediately on delivery of written notice of termination, without permitting Franchisee any opportunity to cure, if (i) franchisee or the business is the subject of an order for relief in bankruptcy, judicially determined to be insolvent, (ii) all or a substantial part of the assets of the business are assigned to or for the benefit of any creditor, (iii) Franchisee admits inability to pay debts as they come due; (iv) Franchisee abandons the franchise by failing to operate for five (5) consecutive days that Franchisee is required to operate, or shorter period, making it reasonable in the facts and circumstances for Franchisor or Service LLC to conclude Franchisee does not intend to continue operating, unless the failure to operate is due to fire, flood, earthquake, or similar cause beyond Franchisee's control; (v) Franchisor or Service, LLC learns that Franchisee made a material misrepresentation relating to acquisition of the franchise business; (vi) Franchisee engages in conduct that reflects materially and unfavorably on the operation and reputation of Franchisor or Service LLC or the Hamburger Stand System; (vii) Franchisee fails, for a period of five (5) days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, health, safety, building, and labor laws or regulations applicable to operation of the franchise; (viii) Franchisee, after curing a breach, engages in the same noncompliance, whether or not corrected after notice; (ix) Franchisee repeatedly fails to comply with one or more requirements of this Agreement, whether or not corrected after notice; (x) the franchised business or premises are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or by a creditor, lienholder, or lessor, if a final judgment against Franchisee remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed); (xi) levy of execution has been made on the license granted by this Agreement or on any property used in the franchised business, and is not discharged within five (5) days of the levy; (xii) Franchisee is convicted of a felony or other criminal misconduct relevant to operation of the franchise; (xiii) Franchisor or Service, LLC makes a reasonable determination that continued operation of the franchise by Franchisee will result in imminent danger to public health or safety.

(c) 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 five hundred dollars ($500) for each uncured breach or default and two thousand five hundred dollars ($2,500) for each repeated uncured breach or default of any standard, procedure, or requirement of this Agreement or the Operations 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 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.

(d) 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 “Wienerschnitzel” and "Tastee-Freez" 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, Wienerschnitzel or "Tastee-Freez" 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 Licensed Premises, or a portion thereof determined by Service LLC, 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 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, hardware systems, software systems, artificial intelligence 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) Defense & Indemnity. Franchisee shall indemnify, defend and hold Franchisor and Service LLC and their parents, affiliates, subsidiaries, and related companies, including, but not limited to, Galardi Group, Inc., Galardi Group Franchise & Leasing, Inc., Galardi Group International, Inc., Galardi Funding, Inc., Tastee-Freez LLC, and Galardi Group Realty Corp. (collectively, the "Galardi entities"), 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 or the Galardi entities' behalf (also including matters expressly or impliedly or having the appearance of being on Franchisor's or Service LLC's or the Galardi entities' behalf, or allegedly occurring in an alleged joint relationship with Franchisor or Service LLC or any of the Galardi entities); 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; (5) of or related to or by Franchisee's employees or contractors against the Galardi entities in connection with Franchisee's operations; or (6) arising from or by a government inquiry or investigation or proceeding of or concerning Franchisee or the Hamburger Stand Restaurant or Licensed Premises.

(b) Cost of Defense. 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) Insurance. Franchisee shall at all times maintain insurance required by Service LLC, including public liability, workers compensation, and food products liability insurance, insurance for loss of income 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 and of provisions required to be included and/or not included in any such policy. Within five (5) 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. Policies shall not include any exclusion from coverage for claims between insureds. Policies shall provide that the insurer shall notify Franchisor and Service LLC at least thirty (30) days in advance, in writing, prior to any termination, cancellation, nonrenewal or material modification of such policy. 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. In the event of any loss, interruption to or closure of the Premises (partial or complete) whether due to fire, business interruption or any other cause or reason, and Franchisee receives insurance proceeds for such loss, closure and/or interruption, Franchisee shall pay out of the insurance sums received service fees, advertising contributions and all other fees payable to Franchisor, Service LLC and/or Franchisor's other affiliates under this Agreement. Failure to receive insurance payment does not absolve Franchisee of responsibility for the applicable fees, including the Service Fee, owed pursuant to this Agreement.

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

(e) Exclusion of Liability. NEITHER FRANCHISOR NOR SERVICE LLC SHALL BE LIABLE TO FRANCHISEE OR OTHER PERSON FOR ANY INJURY, COST, EXPENSE, LOSS OF PROFIT, LOSS OF BUSINESS, INTERRUPTION OF BUSINESS, OR OTHER DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR OTHER KIND OF DAMAGE OR INJURY, OF ANY KIND, WHETHER UNDER THIS AGREEMENT OR OTHERWISE, EVEN IF FRANCHISOR AND/OR SERVICE LLC WERE ADVISED OF THE POSSIBILITY OR LIKELIHOOD OR CERTAINTY OF SUCH INJURY, COST, EXPENSE, LOSS, INTERRUPTION OR DAMAGE, BY REASON OF ANY ACT, OMISSION, NEGLECT OR DEFAULT AT THE LICENSED PREMISES, OR OF FRANCHISEE OR ANY OF FRANCHISEE'S AGENTS OR EMPLOYEES OR OF NEGLIGENCE OR GROSS NEGLIGENCE OF FRANCHISOR OR SERVICE LLC, NOT AMOUNTING TO INTENTIONAL AND WILLFUL MISCONDUCT. FRANCHISEE WAIVES AND RELEASES ANY CLAIM, DEMAND OR CAUSE OF ACTION FOR ANY OF THE FOREGOING.

FRANCHISEE SHALL BEAR AND PAY ALL SUMS TO BE PAID OR DISCHARGED IN CASE OF ANY ACTION FOR ANY SUCH INJURY, COST, EXPENSE, LOSS, INTERRUPTION, DAMAGE OR INJURY.

(f) Warranty Disclaimer. With regard to any product or service supplied by or designated by Franchisor and/or Service, LLC, Franchisor and Service, LLC do not warrant that the product or service will meet the particular requirements of Franchisee or any customer, consumer or other person Franchisor and Service, LLC make no warranty of any kind other than as expressly stated herein. FRANCHISOR AND SERVICE LLC DISCLAIM ANY EXPRESSED OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR USE OR PURPOSE. THERE ARE NO WARRANTIES THAT EXTEND BEYOND THE DESCRIPTION ON THE FACE HEREOF.

(g) Force Majeure. If performance of an obligation by Franchisee under this Agreement is prevented or delayed due to Force Majeure, which cannot be overcome by use of reasonable commercial measures, Franchisee shall be temporarily relieved from performance of the affected obligations to the extent prevented or delayed, during the period of the Force Majeure. This provision shall not be used or claimed by Franchisee to excuse payment of amounts due or that become due to Franchisor or Service LLC. Franchisee must give prompt notice of the Force Majeure event to Franchisor and Service LLC in writing, or if communication in writing is not possible, then by telephone or other available means of communication, confirmed in writing, stating in detail the nature of the Force Majeure, when it occurred, a good faith estimate of its extent and duration, and the steps Franchisee has taken, is taking and commits to take to mitigate and seek to overcome the effects of the Force Majeure. Franchisor and/or Service LLC shall have the right to require Franchisee to provide reports from time to time and to take such steps and actions and make such adjustments and alterations as Franchisor and/or Service, LLC deem(s) appropriate, seeking to mitigate, overcome and/or work around the impacts of the Force Majeure. Such steps, actions, adjustments and alterations may require Franchisee to invest and/or expend additional time, energy, efforts and monies. If, due to event of Force Majeure Franchisee stops operating the Restaurant or loses the right to possession of the Licensed Premises, Franchisor or Service LLC shall have the right, in addition to other rights, to require Franchisee to apply for Franchisor and/or Service LLC's approval to relocate and/or reconstruct the Restaurant. If performance of an obligation by Franchisor or Service LLC under this Agreement is prevented or delayed due to Force Majeure, Franchisor and Service LLC shall be relieved from performance of the affected obligations during the period of the Force Majeure and for a reasonable time thereafter. For this Agreement, "Force Majeure" means an act of God, strike, lock-out or other industrial disturbance, declared or undeclared war, act of terrorism, riot, epidemic, pandemic, fire or other catastrophe, weather catastrophe, earthquake, act of any government and any other or similar cause or event not foreseen or foreseeable, not preventable and not within the control of the party claiming Force Majeure.

(h) Emergency. Franchisor and/or Service LLC may seek to mitigate effects of natural, manmade, or war-caused emergency which result in or threaten conditions of disaster or extreme peril to life or property or to the Trademarks or Hamburger Stand System that may impact or be impacted by the Hamburger Stand restaurant or any of its operations or activities, and generally to protect health and safety and preserve the reputation and/or operation of the Trademarks and the Hamburger Stand System. For this provision "Emergency" means condition of disaster, extreme peril to safety of persons or property caused by pollution, fire, flood, storm, epidemic, pandemic, riot, drought, sudden and severe energy shortage, plant or animal infestation or disease, earthquake, volcanic event, government warning of impending disaster like an earthquake or volcanic event, state of war whether or not declared or other condition and any state of emergency, state of war, state of disaster or the like declared by federal, state or local government, government official or government agency. An Emergency may be general or local and may exist in geography of any size or affecting the Restaurant and other category(s) of restaurants or businesses or other grouping. In an Emergency, and lasting for its duration and until a reasonable time after the Emergency has concluded, Franchisor and/or Service LLC shall have the right to impose on Franchisee obligations, costs and restrictions additional to and/or different from those provided for in this Agreement, and to relieve Franchisor and/or Service, LLC of any obligations, acting reasonably in relation to the exigent circumstances, seeking to mitigate impacts of the Emergency and/or protect health and safety and preserve the reputation and/or operation of the Trademarks and Hamburger Stand System.

18. ADDITIONAL PROVISIONS

(a) Guaranty. Franchisor, or any additional person(s) or entity(ies) required by Service LLC, agrees to guarantee 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. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

(c) Relationship. Franchisee is not and shall not be considered a joint venture, 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, the Operations Manual and/or training manuals 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) Application of Payments. Notwithstanding any designation by Franchisee, Franchisor and Service, LLC shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Service Fees, advertising contributions, purchases, interest or any other indebtedness as Franchisor and/or Service, LLC elect.

(g) Temporary Closure & Franchisor's Loss of Revenue. If Franchisee's restaurant is temporarily closed, Franchisee will still be responsible for Franchisor's and Service LLC's loss of revenue due to such closure, including, but not limited to its loss of service fee; advertising obligations; lease income; and/or equipment lease income. During such temporary closure, Net Sales will be computed for such period of Franchisor's and Service LLC's lost revenue based upon the last twelve (12) month period the restaurant was open and operating. If the restaurant has not been open and in operation for twelve (12) months when the temporary closure occurs, the actual time the restaurant has been open and in operation shall be used for the calculation.

(h) Interest and Late Fees. All monies are due and payable and must be received at Franchisor and Service LLC's offices at 1775 Flight Way, Suite 125, Tustin, CA 92782 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.

(i) 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.

(j) Price & Fee Adjustments. Franchisor shall have the right to adjust upward for inflation on an annual basis, any fees or charges set, provided for, 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.

(k) 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 five (5) days after a written demand by that entity to do so, (i) any amounts Franchisor or Service LLC advances, pays, or becomes obligated to pay on behalf of Franchisee under provisions of this Agreement; and (ii) any amounts Franchisee owes Franchisor or its affiliates for products or services that Franchisee purchases from Franchisor or its affiliates.

(l) Taxes. 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 five (5) 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 franchisees of Franchisor), Franchisee will pay only its pro-rata share or actual share of the tax or fee assessed.

(m) Legal Fees. In the event of litigation between the parties relating to this Agreement, each party shall bear their own fees and costs regardless of whether a party is determined to be a “prevailing” party pursuant to a final judgment or determination.

(n) 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 to 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.

(o) Venue. This Agreement shall be deemed to have been entered into at Franchisor and Service LLC's principal office in Tustin, 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 federal or state courts in Orange County, California. Franchisee consents to the jurisdiction and venue of such courts and waives any objection to the jurisdiction and venue of such courts and waives any claim of inconvenience or right to request or require the action or proceeding to be brought or tried elsewhere.

(p) 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 Hamburger Stand Restaurant is located outside of California and such provision would be enforceable under the laws of the state in which the Hamburger Stand Restaurant is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 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.

(q) 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.

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

(s) 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 Licensed Premises, to the address of Franchisee last-known to Franchisor, and to Franchisor and Service LLC at 1775 Flight Way, Suite 125, Tustin, CA 92782 (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.

(t) 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.

(u) Franchisor and Service LLC Business Judgment. Franchisee acknowledges and agrees that Franchisor or Service LLC may operate and change the Hamburger Stand System and its business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever Franchisor or Service LLC has expressly reserved in this Agreement or is deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, Franchisor or Service LLC may make such decision or exercise its right and/or discretion on the basis of Franchisor's or Service LLC's judgment of what is in Franchisor's or Service LLC's best interests, including without limitation Franchisor's or Service LLC's judgment of what is in the best interests of the Hamburger Stand System, at the time Franchisor's or Service LLC's decision is made or its right or discretion is exercised, without regard to whether: (a) other reasonable alternative decisions or actions, or arguably preferable alternative decisions or actions, could have been made by Franchisor or Service LLC; (b) Franchisor's or Service LLC's decision or the action taken promotes Franchisor's or Service LLC's financial or other individual interest; (c) Franchisor's or Service LLC's decision or the action applies differently to Franchisee and one or more other franchisees or Franchisor's or Service LLC's company-owned or affiliate-owned operations; or (d) Franchisor's or Service LLC's decision or the exercise of its right or discretion is adverse to Franchisee's interests. Franchisor and Service LLC will have no liability to Franchisee for any such decision or action. Franchisor, Service LLC and Franchisee intend that the exercise of Franchisor's or Service LLC's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor, Service LLC and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor and Service LLC a wide range of discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

(v) Approvals and Consents. Whenever this Agreement or otherwise requires or provides for prior approval or consent of Franchisor and/or Service, LLC, Franchisee shall make a timely written request to Franchisor and/or Service, LLC therefor and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. All approvals and consents shall be granted or withheld in the sole and absolute discretion of Franchisor and/or Service LLC, except as otherwise provided herein. Franchisor and Service LLC make no warranties or guarantees on which Franchisee may rely and assume no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

(w) 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. 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.

(x) Negotiation, Mediation, & Arbitration.

i. In the event of a dispute arising under this Agreement, or any claims for actual or claimed breach, termination or invalidity of this Agreement, the Parties shall first meet, in-person at Franchisor's corporate office, to discuss such claims and disputes, ("In-Person Negotiation"). If, after In-Person Negotiation, the Parties are still unable to resolve their dispute, the Parties shall submit the matter to mediation with a mediator jointly selected by the Parties ("Mediation"). If the Parties are unable to agree on a mediator, then the Parties shall request that a mediator be randomly assigned to the Parties through the Orange County, California office of JAMS. The cost of the mediation shall be borne jointly and equally by Franchisor and Franchisee. If, after In-Person Negotiation and Mediation, the Parties are still unable to resolve their dispute, the dispute shall be settled by arbitration before a single arbitrator at the Orange County, California office of JAMS according to the Commercial Rules of Arbitration of the American Arbitration Association unless otherwise mutually agreed to by the Parties. The arbitrator shall be bound by the provisions of this Agreement and shall interpret the Agreement in accordance with the applicable laws of the United States and internal laws of the state of California without regard for principles of conflicts of law. Any award made by the arbitrator shall be deemed final and binding and may be entered and enforced in any court having jurisdiction.

ii. If during the term of this Agreement, Franchisee shall have reason to believe it has any claims against Franchisor in respect to any transaction or matter arising out of or relating to this Agreement, Franchisee shall notify Franchisor in writing within one (1) year after Franchisee knows, or has reason to know, the basis of such claim. Failure to give Franchisor such notice shall relieve Franchisor from all liability on any claim in respect to any transactions growing out of this Agreement. This Section shall be applied to reduce, and not in any way to enlarge any applicable statutory time limit (statute of limitations or statute of repose) or equitable time limit to bring such claim.

iii. Franchisee and Franchisor agree that arbitration will be conducted on an individual, and not class-wide basis, and that an arbitration proceeding between the parties (or any related entities, also including any of Franchisee's owners, guarantors, affiliates and/or employees, if applicable) may not be consolidated with any other arbitration proceeding between them and any other person, corporation, limited liability company, partnership or other entity.

iv. Regardless of the above provisions, a party may institute in court, in the state court where the Licensed Premises is located, an action for temporary or preliminary injunctive relief in aid of the arbitration, provided, that party shall contemporaneously submit the dispute to arbitration on the merits in accordance with this Section. Franchisee agrees that Franchisor may obtain such temporary or preliminary injunctive relief without bond, and Franchisee's sole remedy in the event of entry of injunctive relief shall be seeking dissolution of the injunction, if warranted, on hearing; Franchisee waives all claims for damages by reason of wrongful issuance of any injunction.

Signature Page Follow

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 ______________, 202_, the Licensed Premises shall be the following:

____

____

____

Dated: _____________________, 202___

_____________________ (Franchisor)

_____________________ (Service LLC)

_____________________ (Franchisee)

EXHIBIT "B"

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 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 1775 Flight Way, Suite 125, Tustin, California 92782, with reference to the following facts:

BACKGROUND

GGFC's business is franchising Hamburger Stand restaurants. GGFL's business is providing services to operators of Hamburger Stand restaurants. Purchaser offers to GGFC and GGFL to buy the tangible assets of that certain Hamburger Stand restaurant, as follows:

OFFER

I. Restaurant

Purchaser offers to buy from GGFC the following 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 GGFL's leasehold interest 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 written Franchise Agreement.

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

The offer does not seek to purchase, and the purchase of assets of the restaurant does not include, and there is no transfer of any interest in any trademarks, trade dress, copyrights, trade secrets, patents, goodwill, data or other intangible or intellectual property of GGFC, GGFL or used in or associated with the operation of the restaurant. Arrangements permitting Purchaser to make limited use of certain of these intangible/intellectual properties as a licensee may be included in the Franchise Agreement referred to above.

II. Price

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

____ DOLLARS ($__________), plus cost of the stock in trade and merchandise of the restaurant.

III. Allocation of Purchase Price

The purchase price is allocated as follows:

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

TOTAL $__________

The additional amount be paid, on account of the cost of the stock in trade and merchandise of the restaurant shall be allocated to such stock in trade and merchandise.

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, on delivery of this Offer;

B. The sum of ____________________________ dollars ($_________) is payable 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 is payable by cash or certified check at closing; and

D. The sum of ____ dollars ($_________) plus all closing costs and prorations, is payable upon execution of all documents and in any event not later than the closing.

V. Contingency

This Offer and the rights and obligations of the parties on 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. This approval may require, among other things, that, prior to consummation of the sale, Purchaser demonstrate satisfaction of objective and subjective criteria of the Franchise Review Committee (and it is possible the criteria may not be fully disclosed to Purchaser), undergo operational training as may be required by the Franchise Review Committee and satisfy other requirements; and Purchaser acknowledges no one has given assurance of approval and there is no assurance Purchaser will be approved;

B. GGFL's ability to terminate possession of any existing lease operators of the restaurant. GGFL agrees to use reasonable efforts seeking to accomplish such termination; provided, however, if in GGFL's 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, each fully completed, in form and containing provisions that are all satisfactory to GGFC and GGFL:

i. 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 customarily requires of a franchisee.
vii. Any other instruments GGFC and GGFL may require of Purchaser in this instance.

D. There being no threatened or actual claim or demand by any person, entity or government agency or official against or potentially against GGFC and/or GGFL relating to or affecting the proposed sale.

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 received from Purchaser unless failure to satisfy a contingency is caused by the act or omission of Purchaser or is a matter that was within Purchaser's knowledge and ability to have disclosed to GGFC and/or GGFL. In any of these events Purchaser and GGFC agree 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 FIVE HUNDRED DOLLARS ($1,500) represents a reasonable, just and fair compensation to GGFC on account of the failure of the transaction, and GGFC may retain such sum from the 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 Tustin, California. On completion of closing, each of the contingencies described in Section V shall be deemed to have been satisfied or if not satisfied, then at GGFC and GGFL's option, waived for purposes of this instrument, or deferred, and if deferred, those conditions that are within Purchaser's control shall be deemed to be obligations of Purchaser. The foregoing shall not excuse Purchaser's obligation to enter into the agreements described or referred to 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 __________________________, 20___.

VIII. Proration's

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

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 and occurs;

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

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

E. Rental for the fixtures and equipment within the restaurant

F. Any other recurring expenses associated with the restaurant business at the restaurant.

IX. Licenses

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

X. Investigation by Purchaser

Purchaser represents and warrants to GGFC and GGFL that Purchaser examined, inspected and investigated the restaurant, the physical condition of all its fixtures and equipment, the books and records of the restaurant, the area and community of and around the restaurant, government records concerning the location and area, zoning and other federal, state and local laws and regulations, records of agencies and news and media reports concerning activities and potential activities and conditions in the area, Purchaser decided how extensive an examination, inspection and investigation to conduct, Purchaser assumes the risks of lack of information or misinformation resulting from not examining, inspecting and investigating further, and that the restaurant is being purchased by Purchaser as a result of that examination, inspection and investigation and of Purchaser's decision as to how extensively to examine, inspect and investigate, and not as a result of any representations made by GGFC or GGFL or agent of either of them. <u>PURCHASER IS PURCHASING THE RESTAURANT, STOCK IN TRADE AND MERCHANDISE, AND LEASING THE FIXTURES AND EQUIPMENT IN "AS IS" CONDITION WITH ALL FAULTS. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES WHETHER OF MERCHANTABILITY OR FITNESS OR OTHERWISE. ALL WARRANTIES ARE DISCLAIMED.</u> Purchaser represents and warrants that Purchaser is not relying on any financial or business estimates or projections from or on behalf of GGFC or GGFL, nor any express or implied representation from or on behalf of GGFD or GGFL as to any of the matters in this Section X described as subjects of Purchaser's examination, inspection and investigation. Purchaser waives any and all claims for damages or rescission or cancellation of this Agreement because of any claimed representations made by GGFC or GGFL or agent of either of them, other than representations expressly stated in this Offer.

XI. Indemnity

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.

Purchaser shall indemnify, defend and hold GGFC and GGFL free and harmless of any and all claims, losses, damages, injuries, and liabilities arising from or on account of the business Purchaser's operation of the business and/or the purchased assets on and after of the date of acceptance of this Offer. This indemnity, defense and hold harmless obligation is additional to and does not supersede and is not superseded by any and all other written indemnification, defense and hold harmless agreements of Purchaser in favor of GGFC and/or GGFL.

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

In any litigation between the parties to this Offer, the property, business, this Agreement, or the rights and duties of the parties in relation thereto, the party(s), prevailing in the litigation, shall be entitled, in addition to other relief that may be granted, to a reasonable sum as and for its or his attorney's fees in the 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 delivered by overnight courier such as Fedex or UPS or by U.S. mail, having been sent by certified or registered 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 _____________, 20___, at __________________________, California.

PURCHASER:

____

____

The above offer is accepted on __________, 20__:

GALARDI GROUP FRANCHISE CORP.,
a California corporation

By: ________________________________

Title: ______________________________

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

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

By: ________________________________

Title: ______________________________

[INSERT IF APPLICABLE: THIS NOTE IS NOT SELF-AMORTIZING AND A SUBSTANTIAL BALLOON PAYMENT WILL BE DUE ON THE MATURITY DATE]

EXHIBIT A

PROMISSORY NOTE

$_________ [Insert Amount]
_____________, _________________ [Insert Location Signed]
______________, 20__ [Insert Date]

In installments as herein stated, for value received, the undersigned (jointly and severally if more than one)("Maker") hereby promises to pay to the order of GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company ("Payee"), with its principal business address at 1775 Flight Way, Suite 125, Tustin, California 92782, the principal sum of ____ DOLLARS ($___________), with interest from the _____ day of ____________, 20___ (the "Disbursement Date"), on the unpaid principal at the rate of ____________ percent (___%) per annum.

1. Principal and Interest. Principal and interest under this Promissory Note (this "Note") shall be payable in installments of principal and accrued interest thereon as follows:

____ DOLLARS ($_________) on the _______ day of each calendar month, starting on the _____ day of __________, 20__, and continuing until the _____ day of _____________________, 20__ (the "Maturity Date"), on which date the entire unpaid balance of principal and accrued interest shall be due and payable. Interest shall be computed on the basis of a year of 360 days and paid for actual days for which due, including the Disbursement Date and each payment date.

2. Payments, Penalties, and Prepayments.

(a) All payments of principal and interest shall be made by Maker at or prior to 10:00 A.M. on the date due at the principal business address of Payee set forth above, or as such other place as Payee may designate in writing to Maker, without offset, deduction, or counterclaim, in lawful money of the United States of America and in immediately available funds.

(b) If any payments or amounts due hereunder to Payee whether by acceleration or otherwise are overdue, Maker shall pay Payee immediately upon demand, in addition to the overdue amount, interest on such amount from the date it was due until paid, at the rate of ten percent (10%) per annum, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies Payee may have.

(c) Notwithstanding any provision of this Note to the contrary, it is the intent of Maker and Payee that Payee shall not at any time be entitled to receive, collect or apply, and Maker and Payee shall not be deemed to have contracted for, as interest on the principal indebtedness evidenced hereby, any amount in excess of the maximum rate of interest permitted to be charged by applicable law, and in the event Payee ever receives, collects or applies as interest any such excess, such excess shall be deemed partial payment of the principal indebtedness evidenced hereby, and if such principal shall be paid in full, any such excess shall forthwith be paid to Maker.

[(d) This Note may be prepaid at any time, in whole or in part, without penalty or premium of any kind.]

(e) Maker shall pay Payee on demand any reasonable out-of-pocket expenses (including reasonable attorneys' fees and disbursements) arising out of, or in connection with, any action or proceeding taken to protect, enforce, determine or assert any provision, right or remedy under this Note (including any action or proceeding arising or related to any insolvency, bankruptcy or reorganization involving or affecting Maker).

3. Events of Default. An Event of Default includes each of the following:

(a) Maker shall fail to make any payment under this Note when due, where such failure continues for ten (10) days after receipt of written notice of such failure;

(b) Maker defaults in the performance of any other obligation, covenant, condition or provision in this Note, where such default continues for more than thirty (30) days after written notice of such failure;

(c) Maker or any of its principals or affiliates defaults in the performance of any obligation, covenant, condition or provision under any other agreement between Maker (or any principal or affiliate of Maker) with Payee (or any principal or affiliate of Payee) and , including without limitation any franchise agreement, equipment lease, real property lease or sublease, and any other agreement relating to Hamburger Stand Unit #___ located at ____ (collectively, the "Other Agreements"), where such default continues beyond applicable notice and cure periods (if any) set forth in the applicable Other Agreement(s);

(d) Any proceeding for attachment or garnishment or the like shall be commenced against Maker by any creditor of Maker and shall not be dismissed or stayed within ten (10) days' notice thereof from Payee to Maker;

(e) A proceeding shall have been instituted in a court having jurisdiction seeking a decree or order for relief in respect of Maker or any guarantor of any indebtedness evidenced by this Note in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Maker or any such guarantor or for any substantial part of its property, or for the winding-up or liquidation of its affairs, and such proceeding shall remain undismissed or unstayed and in effect for a period of sixty (60) consecutive days, or such court shall enter a decree order granting any of the relief sought in such proceeding; or

(f) Maker shall commence a voluntary case under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of himself or herself or for any substantial part of its property, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall admit in writing an inability to pay any of its debts as they become due, or shall take any action in furtherance of any of the foregoing.

4. Consequences of Event of Default. Maker agrees that upon the occurrence of an Event of Default specified in Paragraph 3 above, then the whole of the principal of the indebtedness evidenced by this Note, and any other sums then unpaid by Maker under this Note shall, at the option of Payee forthwith become due and payable without notice or any other act.

5. Cross-Default. Maker agrees that an Event of Default under this Note shall be deemed an event of default under each of the Other Agreements, and shall entitle Payee (or its affiliate(s)) to exercise the remedies in those Other Agreements (or otherwise available at law or in equity) on account of such event of default.

6. Notices.

(a) All notices and other communications hereunder shall be in writing and shall be deemed given when delivered by hand, or when delivery is made by Federal Express or other overnight courier service, or three (3) business days after being mailed by registered or certified mail, return receipt requested, postage pre-paid, in each case addressed as follows: (i) if to Payee, addressed to Payee at its principal business address set forth above [, with a copy to ______________________________]; (ii) if to Maker, addressed to Maker at

____ [insert address].

(b) Notices signed by the respective attorneys of Maker or Payee shall be deemed sufficient within the meaning of this Paragraph 6 without the signature of the parties themselves and such notice shall be deemed to have been given on the date of delivery to the addresses of the party to whom such notice is addressed.

7. Miscellaneous. Maker further agrees as follows:

(a) All parties now or hereafter liable with respect to this Note, whether Maker, any guarantor, endorser, or any other person or entity, hereby waive presentment for payment, demand, notice of nonpayment or dishonor, protest and notice of protest.

(b) No delay or omission on the part of Payee or any holder hereof in exercising its rights under this Note shall operate as a waiver of such rights or any other right of Payee or any holder hereof, nor shall any waiver by Payee or any holder hereof, of any such right or rights on any one occasion be deemed a bar to, or waiver of, the same right or rights on any future occasion.

(c) Except as may be agreed by Payee in writing, Maker shall not have the right to assign, transfer, or pledge this Note or any of its rights or obligations under this Note. This Note shall bind Maker and the successors, heirs, executors, administrators, and permitted assigns of Maker, and the benefits hereof shall inure to the benefit of Payee and its successors and assigns. All references herein to "Maker" shall be deemed to refer to Maker and the successors and permitted assigns of Maker, and all references herein to "Payee" shall be deemed to refer initially to the originally named Payee herein and, after an assignment of this Note by Payee, to the then current holder of this Note.

(d) This Note may not be changed or terminated orally, but only by an agreement in writing signed by Maker and Payee.

(e) This Note shall be governed by and construed in accordance with the internal laws of California, without regard to its conflicts of laws principles. All actions or proceedings arising directly or indirectly hereunder, whether instituted by Maker or Payee, shall be brought exclusively in any federal or state court located within the State of California, County of Orange, and each of Maker and Payee expressly consents to the exclusive jurisdiction of any state or federal court located within said state and county, and waives any defense of forum non conveniens and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Note.

(f) The rights and remedies expressly provided in this Note are cumulative to, and not exclusive of, any rights or remedies that Payee would otherwise have.

(g) In the event of any default, claim, proceeding (including a bankruptcy proceeding), arbitration, mediation, counter-claim, action (whether legal or equitable), appeal or otherwise, whether initiated by Payee or Maker (or a debtor-in-possession or bankruptcy trustee), which arises out of, under, or is related in any way to this Note, or any Other Agreement, or any governmental examination or investigation of Maker which requires Payee's participation (individually and collectively, the "Claim"), Maker, in addition to all other sums which Maker may be called upon to pay under the provisions of this Note, shall pay to Payee, on demand, all costs, expenses and fees paid or payable in connection with the Claim, including, but not limited to, attorneys' fees and out-of-pocket costs, including travel and related expenses incurred by Payee or its attorneys, whether or not the Claim is pursued to judgment.

(h) Whenever possible, each provision of this Note will be interpreted in such manner as to be effective and valid under applicable law, but, if any provision of this Note is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Note.

(i) Maker waives the benefit of any statute or rule of law or judicial decision, including without limitation California Civil Code Section 1654, which would otherwise require that the provisions of this Note be construed or interpreted most strongly against the party responsible for the drafting thereof.

IN WITNESS WHEREOF, Maker, intending to be legally bound, has executed this Note as of the date and year first above written.

MAKER:

____
By:______________________________
Printed Name: ____________________

WITNESS/ATTEST:

____
By:______________________________
Printed Name: ____________________

EXHIBIT D

SUBLEASE

SUBLEASE AGREEMENT

This Sublease Agreement (this "Sublease") is made as of the ___ day of _________, 20__, (the "**Effective Date**") by and between GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company ("Sublandlord"), and ______________________, a __________________________ ("Subtenant").

RECITALS

A. ______________________, a __________________________ ("**Master Landlord**"), as "Landlord", and Sublandlord, as "Tenant", are parties to that certain lease dated as of ________ __, 20__ (as amended to date, the "**Master Lease**"), with respect to certain premises, and improvements thereon, located at ________________, _____________, __ (store #_____), as more particularly described in the Master Lease (the "**Premises**").

B. Subtenant desires to sublease the Premises from Sublandlord and Sublandlord is willing to sublease the Premises to Subtenant, on the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sublandlord and Subtenant covenant and agree as follows (capitalized terms used and not otherwise defined herein shall have the meaning given in the Master Lease):

1. Sublease. Subject to Master Landlord's consent as described hereinbelow, Sublandlord hereby leases to Subtenant and Subtenant hereby leases and hires from Sublandlord the Premises upon and subject to all of the terms, covenants, and conditions provided for herein. Subtenant acknowledges that it has received a copy of the Master Lease (with certain economic terms redacted) and that it has reviewed and understands the terms of the Master Lease.

2. Sublease Term; Delivery; Acceptance.

2.1 Term. The term of this Sublease (the "**Sublease Term**") shall be approximately ________ months, beginning on the date (the "**Commencement Date**") that Sublandlord delivers possession of the Premises to Subtenant, and ending at midnight on the last day of the ______ month thereafter (the "**Expiration Date**"). Sublandlord shall deliver possession of the Premises to Subtenant in accordance with Section 2.2.

2.2 Delivery of Premises. Sublandlord shall deliver possession of the Premises to Subtenant as soon as reasonably practicable after the Effective Date. If Sublandlord, for any reason whatsoever, is delayed in such delivery, such delay shall not be a default by Sublandlord, render this Sublease void or voidable, or otherwise render Sublandlord liable for losses or damages of any kind. However, Subtenant shall not be liable for any Rent until the Commencement Date occurs. Notwithstanding anything in the Sublease to the contrary, Sublandlord shall have no obligation to deliver physical possession of the Premises to Subtenant until Subtenant has satisfied all of the following requirements (the "**Delivery Requirements**"): (i) delivered to Sublandlord evidence of the insurance coverage required of Subtenant herein; and (ii) paid all amounts then due under this Sublease. In no event shall Subtenant's failure to meet such requirements extend the Commencement Date, and Subtenant may be denied access to the Premises until such time that Delivery Requirements have been met.

2.3 Acceptance of Premises Subtenant has, prior to execution hereof, inspected the Premises and become thoroughly acquainted with their condition, and acknowledges and agrees that (i) Subtenant is subleasing the Premises based on its own investigation and in its "AS IS", "WHERE IS" and "WITH ALL FAULTS" condition, (ii) neither Sublandlord nor any agent or representative of Sublandlord has made any representations, warranties or assurances with respect to or related in any manner to the Premises. Subtenant hereby WAIVES ALL WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE CONDITION AND USE OF THE PREMISES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE.

3. Use of Premises; Tradename.

3.1 Use. Subtenant shall use and occupy the Premises only for a Hamburger Stand or Wienerschnitzel 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 Subtenant by Sublandlord (or its related companies), all in accordance with applicable laws, codes, ordinances, rules, regulations and orders of federal, state and local governmental and public bodies and agencies having jurisdiction and any recorded covenants, conditions or restrictions (collectively, "Applicable Requirements"), and for no other use or purpose. Subtenant will conduct the operation of the Premises so as not to injure the reputation of either Sublandlord (or its related companies) or Subtenant and shall maintain the highest quality and standards, in providing services, and the sale of food, beverage and other products. Subtenant shall minimize cooking odors, smoke and waste, and maintain the highest degree of sanitation. Subtenant 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 Premises or any of its contents, or cause cancellation of any insurance covering Premises or any part thereof or permit any nuisance in, on or about the Premises. Subtenant shall not commit or suffer to be committed any waste in or on the Premises.

3.2 Tradename. During the Sublease Term (as the same may be extended), Subtenant shall operate in the Premises only under the tradename "Wienerschnitzel" or "Hamburger Stand" and shall not operate under any other tradename, except as consented to by Sublandlord, or its related companies.

4. Rent.

4.1 General. Subtenant shall pay Sublandlord the sum of ____Dollars ($_________) as "**Minimum Annual Rent**", in advance, on or before the twentieth (20th) day of the month prior to the first full calendar month in each lease year during the Sublease Term. The Minimum Annual Rent shall be increased annually as described in Exhibit A attached hereto.

4.2 Monthly Rent. For Subtenant's convenience, and provided Subtenant timely makes all payments, Sublandlord will allow Subtenant to pay the Minimum Annual Rent in twelve (12) equal and successive monthly installments, each due and payable in advance on the twentieth (20th) day of the month preceding the month for which it is due. However, if Subtenant does not timely pay a rent payment, Sublandlord shall have the right, exercisable at Sublandlord'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. If the Sublease Term starts or ends on a day other than the first day of a calendar month, then rent shall be prorated for such partial month based on a thirty (30) day month.

4.3 Percentage Rent.

(a) Amount. In addition to Minimum Annual Rent, Subtenant shall pay Sublandlord "**Percentage Rent**" in an amount equal to ten percent (10%) of Net Sales made by Subtenant during each calendar month, less the Minimum Annual Rent actually paid by Subtenant with respect to such calendar month. "Net Sales" shall mean the total sales of all food and other items, and any services at or originating from or connected to the Premises, but does not include sales taxes separately shown on the customer receipt, collected and actually paid to the taxing authority; amounts received from sales which Subtenant promptly refunds at a customer's request; tips paid by a customer to an employee of Lessee in cash or by credit card (if separately shown on the credit card invoice), to the extent actually paid to and retained by the employee; and any sum received on sale or transfer of the restaurant equipment and signs installed or used in Subtenant's operation of a Wienerschnitzel or Hamburger Stand restaurant at the Premises.

(b) Percentage Rent Documentation. Within seven (7) days after the end of each calendar month, starting on the sixth (6th) day of the first full calendar month after the Commencement Date, Subtenant shall provide Sublandlord a written statement, certified by Subtenant 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 Sublandlord 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 Annual Rent actually paid by Subtenant with respect to such calendar month.

(c) Records and Review/Audit Rights. Subtenant shall keep full, complete and proper books, records and accounts of sales and Net Sales. The books, records and accounts, including any sales tax reports that Subtenant may be required to furnish to any government agency, shall at all reasonable times be open to inspection by Sublandlord or Sublandlord's auditor or other representative. Sublandlord may from time to time cause inspections or audits of Subtenant's business to be made by an auditor that Sublandlord selects. If the statement of Net Sales previously made by Subtenant to Sublandlord is found to be less than the amount of Subtenant's Net Sales as shown by the inspection or audit, Subtenant shall immediately pay the cost of the inspection or audit and the Percentage Rent shown to be due and payable.

4.4 Additional Rent. In addition to the Minimum Annual Rent and Percentage Rent, Subtenant shall pay to Sublandlord (or, as applicable, directly to the appropriate supplier of utilities or services) each and every amount owing by Sublandlord under or pursuant to the Master Lease, including but not limited to any common area maintenance costs, utilities, insurance, real and personal property taxes, and other operating costs (collectively, "**Additional Rent**"). Such payments shall be paid within ten (10) days' notice from Sublandlord that such payment(s) are due, except that recurring installments of Additional Rent shall each be due and payable in advance on the twentieth (20th) day of the month preceding the month for which it is due.

4.5 Rent Payment Matters. Minimum Annual Rent, Percentage Rent, Additional Rent, and all other charges payable by Subtenant to Sublandlord hereunder (except for the Security Deposit) are collectively referred to in this Sublease as "Rent". All Rent shall be paid by Subtenant in lawful money of the United States, at the times described herein, without delay for weekend or holiday, time being of the essence, and without any setoff, deduction or counterclaim, or prior demand therefor whatsoever. All Rent shall be paid directly to Sublandlord at its office at 1775 Flight Way, Suite 125, Tustin, California 92782, or to such other person or place as Sublandlord may from time to time designate in a notice to Subtenant. Sublandlord shall have the right and option to require that some or all Rent be paid by ACH transfer, other similar form of electronic funds transfer, or any other means selected by Sublandlord. In that regard, Subtenant shall sign an "Authorization Agreement for Prearranged Transfer" in a form provided by Sublandlord and any other document Sublandlord requests to facilitate automatic/electronic payments from Subtenant's bank to Sublandlord. Any payment by Tenant or acceptance by Landlord of Rent in a lesser amount than due shall be treated as a payment on account. The acceptance by Sublandlord of a check for a lesser amount with an endorsement or statement thereon, or upon any letter accompanying such check, that such lesser amount is payment in full, shall be given no effect, and Sublandlord may accept such check without prejudice to any other rights or remedies which Sublandlord may have against Subtenant. If any check for Rent shall not be honored by the bank on which it is drawn, Subtenant shall be obligated to pay a fee equal to $500.00 per check to reimburse Sublandlord for its administrative costs. In addition, if on more than one (1) occasion during a lease year, any check for Rent shall not be honored by the bank on which it is drawn, Sublandlord may thereafter require that all future payments from Subtenant be made quarterly or annually, in advance, by certified check.

4.6 Late Charges and Interest. Any item or installment of Rent owing under this Sublease which is not paid by Subtenant within 10 days after the date due shall bear interest from the date due until paid at a rate per annum equal to the lesser of (i) the annual "Bank Prime Loan" rate cited in the Federal Reserve Statistical Release Publication H.15, published on the first Tuesday of each calendar month (or such other comparable index as Sublandlord and Subtenant shall reasonably agree upon if such rate ceases to be published) plus six (6) percentage points, and (ii) the highest rate permitted by applicable Law (the "**Interest Rate**"). Subtenant hereby acknowledges that in addition to lost interest, the late payment by Subtenant to Sublandlord of any item or installment of Rent will cause Sublandlord to incur other costs not contemplated in this Sublease, the exact amount of which will be extremely difficult and impracticable to ascertain. Such other costs include, but are not limited to, processing, administrative and accounting costs. Accordingly, if any item or installment of Rent due from Subtenant shall not be received by Sublandlord within five (5) days after such amount shall be due, Subtenant shall pay to Sublandlord, without notice from Sublandlord, a late charge equal to ten percent (10%) of such overdue amount plus any reasonable attorneys' fees incurred by Sublandlord by reason of Subtenant's failure to pay such Rent when due hereunder. The parties hereby agree that (i) such late charge represents a fair and reasonable estimate of the costs Sublandlord will incur in processing such delinquent payment by Subtenant, and (ii) the payment of late charges and the payment of interest are distinct and separate from one another in that the payment of interest is to compensate Sublandlord for the use of Sublandlord's money by Subtenant, while the payment of late charges is to compensate Sublandlord for the additional administrative expense incurred by Sublandlord in handling and processing delinquent payments. The late charge and interest hereunder shall be deemed Additional Rent and the right to require it shall be in addition to all of Sublandlord's other rights and remedies hereunder or at law and shall not be construed as limiting Sublandlord's remedies in any manner. Nothing contained in this Sublease shall be deemed to condone, authorize, sanction or grant to Subtenant an option for the late payment of any item or installment of Rent.

4.7 Sales/Rent Tax. If the applicable government authority(ies) require payment of sales or rent tax on any Rent or any other charges under this Sublease, Subtenant shall be responsible for such sales/rent tax and shall pay the same together with its installments of Minimum Annual Rent.

4.8 Maintenance Contracts. Subtenant shall maintain at its cost throughout the Sublease Term (including any extension thereof) a commercially reasonable maintenance contract with a qualified contractor reasonably acceptable to Sublandlord covering the dedicated HVAC system and equipment serving the Premises (the "Premises HVAC") and shall provide Sublandlord with a copy thereof upon request; provided, however, if the Premises HVAC from time to time requires a repair or replacement (in either case, herein called a "repair") that is not covered by the maintenance contract, then Subtenant will be responsible for such repair at Subtenant's sole cost. Subtenant shall also maintain such maintenance contracts for the Premises as may be required by the Master Lease or under Exhibit B attached hereto

4.9 Security Deposit. Upon the execution of this Sublease, Subtenant shall deliver to Sublandlord the amount of ______________________ Dollars ($_______) as a security deposit (the "Security Deposit"), which shall be held by Sublandlord as security for the faithful performance by Subtenant of all of the terms, covenants and conditions of this Sublease to be kept and performed by Subtenant during the Sublease Term. If Subtenant defaults with respect to any provisions of this Sublease, including, but not limited to, the provisions relating to the payment of Rent, Sublandlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any Rent in default, or for the payment of any other amount which Sublandlord may spend or become obligated to spend by reason of Subtenant's default or to compensate Sublandlord for any loss or damage which Sublandlord may suffer by reason of Subtenant's default. If any portion of the Security Deposit is so used or applied, Subtenant agrees, within ten (10) days after Sublandlord's written demand therefor, to deposit cash with Sublandlord in an amount sufficient to restore the Security Deposit to its original amount and Subtenant's failure to do so shall constitute a material default under this Sublease. If Subtenant has fully performed its obligations under this Sublease throughout the Sublease Term (as the same may be extended), the Security Deposit will be reimbursed to Subtenant within sixty (60) days after the end of the

Sublease Term (as the same may be extended). Neither the Security Deposit nor the application thereof by Sublandlord, as provided in this Section shall be a bar or defense to any action in unlawful detainer or to any action which Sublandlord may at any time commence for a breach of any provision of this Sublease. Sublandlord is not required to keep the Security Deposit separate from its general funds, and Subtenant is not entitled to interest on such Security Deposit. The parties agree that the foregoing provisions shall govern with respect to the Security Deposit and, accordingly, Subtenant hereby waives the provisions of any statutory provisions that conflict with the foregoing.

4.10 Direct Action. Subject to Master Landlord's prior written approval, Sublandlord shall have the right, but not the obligation, by written notice to Subtenant, to have Subtenant pay all or any portion of the amounts of Rent and/or other sums due and payable by Subtenant to Sublandlord under this Sublease directly to Master Landlord until such time as Sublandlord directs otherwise by written notice to Subtenant. Any such payment made by Subtenant to Master Landlord shall be deemed to have been made on behalf of Sublandlord.

5. Surrender of Premises. Upon the expiration of the Sublease Term or earlier termination of this Sublease, Subtenant shall: (a) surrender the Premises and any fixtures to Sublandlord in the condition required herein and by the Master Lease; and (b) repair any damage to the Premises caused by Subtenant, including, without limitation, damage occasioned by the removal of Subtenant's trade fixtures, furnishings, equipment and personal property. Notwithstanding anything to the contrary set forth in this Section 5 or elsewhere in this Sublease to the contrary, Subtenant shall in no event remove any permanently affixed improvements, fixtures or equipment from the Premises without Master Landlord's and Sublandlord's prior written consent.

6. Master Lease.

6.1 Incorporation of Master Lease Provisions. Except to the extent that this Sublease clearly indicates otherwise (and subject to Section 8 of this Sublease, below), all terms and conditions of the Master Lease are incorporated into and made a part of this Sublease as if Sublandlord were the "Landlord" thereunder, Subtenant the "Tenant" thereunder, the Sublease Commencement Date the commencement date thereunder, the Sublease Term thereunder, and so on. Subtenant hereby assumes and agrees to perform Sublandlord's obligations as "Tenant" under the incorporated provisions of the Master Lease during the Sublease Term. With regard to any non-monetary provision of the Master Lease incorporated into this Sublease, except as otherwise expressly provided herein, the period of time provided for notices, and for the cure of any default by Subtenant of any non-monetary obligations of Subtenant under the terms of the Master Lease incorporated into this Sublease, shall be shortened by ten (10) days from the cure period for such type of default afforded to Sublandlord under the Master Lease; and Sublandlord may (but shall have no obligation to) cure any such default by Subtenant to the extent that Subtenant has not cured within the applicable time period. Subtenant shall name Master Landlord and its designees as additional insured under the insurance policies required to be carried by Subtenant pursuant to the incorporation of the insurance paragraphs of the Master Lease.

6.2 Master Lease Superior. This Sublease is subject and subordinate to the Master Lease; provided that as between Sublandlord and Subtenant only, (A) in the event of a direct conflict between the economic terms of the Master Lease and the economic terms of this Sublease, the economic terms of this Sublease will control, and (B) in the event of a direct conflict between the non-economic terms of the Master Lease and the non-economic terms of this Sublease, whichever imposes the strictest obligations on Subtenant will control. Subtenant covenants not to take any action or do or perform any act or fail to perform any act which would result in the breach or default of any of the covenants, agreements, terms, provisions or conditions of the Master Lease, and shall permit Master Landlord or its designees to exercise all access, inspection, testing and other rights with respect to the Premises as Master Landlord may have reserved in the Master Lease.

7. Utilities; Alterations and Improvements; Maintenance.

7.1 Utilities. Subtenant shall be responsible and shall pay for, directly to the appropriate supplier, all utilities and services provided to the Premises or used by Subtenant at the Premises, including any taxes or surcharges thereon. If any utilities payable by Subtenant are not metered or submetered to the Premises, Sublandlord shall pay Sublandlord's share of the amount for such utilities as required by the Master Lease, and Subtenant shall reimburse Sublandlord within ten (10) days after Subtenant's receipt of Sublandlord's statement or invoice therefor.

7.2 Alterations and Improvements. In addition to the terms and conditions of the Master Lease incorporated as part of this Sublease, if the consent of Master Landlord is required under the Master Lease for any alterations, improvements, repairs or for any other matters, Subtenant shall not undertake any such alterations, improvements or other matters until both Sublandlord's and Master Landlord's consent is obtained.

8. No Liability for Performance by Master Landlord. In addition to the terms and conditions of the Master Lease incorporated as part of this Sublease, Subtenant shall perform the maintenance requirements on the terms set forth on Exhibit B attached hereto.

8.1 No Assumption of Master Landlord Obligations. Sublandlord does not assume the obligations of Master Landlord under any of the provisions of the Master Lease, whether or not incorporated into this Sublease, and shall not be liable to Subtenant for the performance of Master Landlord under the Master Lease or for any other act or omission by Master Landlord or any of its or its tenants' officers, agents, employees, contractors, invitees or licensees, and Sublandlord shall have no obligation to cure any default by Master Landlord under the Master Lease. Without limitation on the foregoing, and notwithstanding the incorporation of any of the Master Lease provisions into this Sublease, Sublandlord shall have no obligation or liability to Subtenant with respect to (i) any of Master Landlord's obligations with respect to work, construction, provision of services, utilities, repairs, reconstruction, rebuilding, provision of utilities, parking, maintenance of the Premises, repainting, restoration, security, access, compliance with Applicable Requirements or the performance of any obligations of Master Landlord under the Master Lease or (ii) the failure of Sublandlord to perform any obligation under this Sublease to the extent such failure is caused by the breach of the Master Lease by Master Landlord or wrongful act or omission of Master Landlord.

8.2 Reasonable Efforts Obligations. Notwithstanding the foregoing, within a reasonable period after Subtenant gives Sublandlord written notice of the occurrence of any breach or failure by Master Landlord (including, without limitation, any breach or failure of Master Landlord to comply with the provisions of the Master Lease regarding the determination of Operating Expenses), Sublandlord shall undertake commercially reasonable efforts to attempt to cause Master Landlord to perform its obligations under the Master Lease (the "Reasonable Efforts Obligations"), but in no event shall Sublandlord be required to institute legal action against Master Landlord. Subtenant hereby waives any action, claim or rights it may have or acquire at law or in equity against Sublandlord arising out of the breach or failure of Master Landlord to fulfill its obligations under the Master Lease or any act or omission of Master Landlord or Master Landlord's agents, employees, contractors, representatives, licensees or invitees.

9. Signage. Subject to the terms of the Master Lease and Master Landlord's prior written approval, and subject to Sublandlord's prior written approval (which shall not be unreasonably withheld), Subtenant shall be entitled, at Subtenant's sole cost and expense, to use the areas for signage, if any, for the Master Premises allocated to Sublandlord under the Master Lease, provided that without Sublandlord's prior written consent only signage identifying the Subtenant as a Wienerschnitzel or Hamburger Stand restaurant shall be permitted. Any such signage shall be removed (and all damage repaired) by Subtenant at Subtenant's cost prior to the end of the Sublease Term.

10. Assignment and Subletting. Subtenant shall not assign this Sublease or license, franchise, transfer, mortgage, encumber, sublease, permit the use by third parties of or otherwise transfer (a "**Transfer**") all or any portion of the Premises without Sublandlord's prior written consent, which may be withheld by Sublandlord in

its sole discretion. In addition to needing to obtain Sublandlord's prior written consent to a proposed Transfer pursuant to the foregoing, Subtenant must obtain the consent of Master Landlord to any proposed Transfer, which Master Landlord may withhold in its sole discretion, and Sublandlord shall have no obligation or liability with respect to Master Landlord's consent or the lack thereof or actions taken by Master Landlord in response thereto. Any attempted Transfer without the consent of both Sublandlord and Master Landlord, shall confer no rights upon any third parties and shall be a material default hereunder. A transfer or change in the ownership interests in Subtenant that results in a change in control of Subtenant, and the involvement by Subtenant or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, refinancing, transfer, leveraged buy-out or otherwise) whether or not a formal assignment or hypothecation of this Sublease or Subtenant's assets occurs, which results or will result in a reduction of the Net Worth (hereinafter defined) of Subtenant by an amount equal to or greater than twenty-five percent (25%) of such Net Worth of Subtenant as it is represented to Sublandlord at the time of the execution by Sublandlord of this Sublease, or as it exists immediately prior to said transaction or transactions constituting such reduction, at whichever time the Net Worth of Subtenant was or is greater, shall be considered to be a Transfer for purposes of this Section 10. "**Net Worth**" of Subtenant for purposes of this Section 10 shall be the tangible net worth of Tenant (excluding any guarantors) established under generally accepted accounting principles consistently applied.

11. Holdover. This Sublease shall terminate without further notice upon the expiration of the Sublease Term (including as it may be extended), and any holding over by Subtenant after the expiration shall not constitute a renewal or extension of this Sublease, or give Subtenant any rights under this Sublease, except when in writing signed by both parties. If Subtenant holds over for any period after the expiration (or earlier termination) of the Term without the prior written consent of Sublandlord, such possession shall constitute a tenancy at sufferance only; such holding over with the prior written consent of Sublandlord shall constitute a month to month tenancy commencing on the first (1st) day following the termination of this Sublease. In either of such events, possession shall be subject to all of the terms of this Sublease, except that the monthly Rent shall be the greater of (a) two hundred percent (200%) of Rent for the month immediately preceding the date of termination or (b) the then current fair market rent for the Premises. If Subtenant fails to surrender the Premises upon the expiration of this Sublease despite demand to do so by Sublandlord, Subtenant shall indemnify and hold Sublandlord harmless from all loss or liability, including without limitation, any claims made by any succeeding tenant relating to such failure to surrender. Acceptance by Sublandlord of Rent after the termination shall not constitute a consent to a holdover or result in a renewal of this Sublease. The foregoing provisions of this Section are in addition to and do not affect Sublandlord's right of re-entry or any other rights of Sublandlord under this Sublease or at law.

12. Security. Sublandlord shall have no obligation or responsibility to provide any security services or security measures with respect to the Premises, and Subtenant waives any claims against Sublandlord with respect thereto.

13. Access. Subtenant shall permit Sublandlord and Sublandlord'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, 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. Sublandlord shall be permitted to do any of the above without any rebate or reduction of rent and without liability to Subtenant for any loss of occupation or quiet enjoyment of the Premises.

14. Notices. Any notice, demand, consent or approval, request or other communication or document to be provided pursuant to this Sublease shall be in writing and shall be sent by registered or certified United States mail, return receipt requested, or by personal delivery during normal business hours with evidence of delivery requested, with all postage and fees prepaid, to Sublandlord, Subtenant or Master Landlord, respectively, at the following addresses, or at such other address as such party shall designate by written notice to the other party. Such addresses are:

To Subtenant: ________________________
____
____________, ____ ______
Attn: ___________________

To Sublandlord: Galardi Group Franchising & Leasing, LLC
1775 Flight Way, Suite 125
Tustin, CA 92782
Attention: Legal

Such notices shall be deemed to have been received and to be effective for all purposes upon receipt or refusal to accept delivery at such address as indicated on the return receipt or other record of delivery. In addition, Sublandlord and Subtenant shall, respectively, promptly give written notice to the other of any notice of default it may give to or receive from Master Landlord under the Master Lease pertaining to the Premises.

15. Default by Subtenant.

15.1 Events of Default. Any of the following constitutes a material breach of this Sublease by Subtenant ("**Default**"): (i) Subtenant fails to pay any monetary obligation for a period of three (3) days after notice from Sublandlord; or (ii) Subtenant fails to perform any other obligation of the Sublease for more than a reasonable time (not exceeding ten (10) days) after Sublandlord delivers notice to Subtenant (unless the failure complained of, other than a failure for the payment of money, cannot be cured within such ten (10)-day period, then Subtenant shall not be considered to be in Default of the Sublease so long as it commences to cure the Default within such ten (10)-day period and thereafter diligently and continuously prosecutes the cure to completion, but not more than sixty (60) days); or (iii) Subtenant vacates or abandons the Premises; or (iv) Subtenant makes a general assignment for the benefit of creditors; or (iv) attachment or judicial seizure of substantially all of Subtenant's assets located at the Premises or Subtenant's interest in this Sublease (where the seizure is not discharged within thirty (30) days); or (v) Subtenant or any guarantor fails to pay its debts as they become due or admits in writing its inability to pay its debts, or makes a general assignment for the benefit of creditors; or (vi) any financial statements given to Sublandlord by Subtenant, any assignee of Subtenant, any guarantor, or any transferee of Subtenant are materially false or misleading; or (vii) Subtenant or any guarantor of this Sublease declares bankruptcy or is otherwise declared insolvent; or (viii) Subtenant or any of its principals or affiliates defaults in the performance of any obligation, covenant, condition or provision under any other agreement between Subtenant (or any principal or affiliate of Subtenant) with Sublandlord (or any principal or affiliate of Sublandlord), including without limitation any franchise agreement, equipment lease, promissory note, or any other agreement relating to the Premises (the "**Other Agreements**"), where such default continues beyond applicable notice and cure periods (if any) set forth in the applicable Other Agreement(s). In addition to all other rights or remedies of Sublandlord set forth in this Sublease, if a Default occurs, Sublandlord shall have all rights available to Sublandlord as may be permitted from time to time by the laws of the State in which the Premises are located, without further notice or demand to Subtenant. In any case in which Sublandlord re-enters and occupies the Premises, by unlawful detainer proceedings or otherwise, Sublandlord, at its option, may repair, alter, subdivide or change the character of the Premises as Sublandlord deems best, re-let all or any part of the Premises and receive the rents therefor, and none of these actions shall constitute a termination of this Sublease, a release of Subtenant from any liability, or result in the release of any guarantor. Any notice given by Sublandlord pursuant to this Section 16.1 shall be in lieu of, and not in addition to, any notice required by any statute.

15.2 Sublandlord's Remedies.

(a) Upon the occurrence of any Default by Subtenant, then in addition to any other remedies available to Sublandlord, Sublandlord may exercise the following remedies:

(i) Sublandlord may terminate Subtenant's right to possession of the Premises by any lawful means, in which case this Sublease shall terminate and Subtenant shall immediately surrender possession of the Premises to Sublandlord. Such termination shall not affect any accrued obligations of Subtenant under this Sublease. Upon termination, Sublandlord shall have the right to reenter the Premises and remove all persons and property. Sublandlord shall also be entitled to recover from Subtenant:

(1) The worth at the time of award of the unpaid Rent which had been earned at the time of termination;

(2) 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 such loss that Subtenant proves could have been reasonably avoided;

(3) 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 such loss that Subtenant proves could be reasonably avoided;

(4) Any other amount necessary to compensate Sublandlord for all the detriment proximately caused by Subtenant's failure to perform its obligations under this Sublease or which in the ordinary course of things would be likely to result from Subtenant's Default, including, but not limited to, the cost of recovering possession of the Premises, commissions and other expenses of reletting, including necessary repair, renovation, improvement and alteration of the Premises for a new tenant (to the extent attributable to what would have been the unexpired term), reasonable attorneys' fees, and any other reasonable costs; and

(5) At Sublandlord's election, all other amounts in addition to or in lieu of the foregoing as may be permitted by law. Any sum, other than Base Rent, shall be computed on the basis of the average monthly amount accruing during the period prior to Default. As used in subparagraphs (1) and (2) above, the "worth at the time of award" shall be computed by allowing interest at the rate of 10% per annum. As used in subparagraph (3) above, the "worth at the time of award" shall be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%.

(ii) Sublandlord may elect not to terminate Subtenant's right to possession of the Premises, in which event Sublandlord may continue to enforce all of its rights and remedies under this Sublease, including the right to collect all rent as it becomes due. Efforts by the Sublandlord to maintain, preserve or re-let the Premises, or the appointment of a receiver to protect the Sublandlord's interests under this Sublease, shall not constitute a termination of the Subtenant's right to possession of the Premises. In the event that Sublandlord elects to avail itself of the remedy provided by this subsection (ii), Sublandlord shall not unreasonably withhold its consent to an assignment or subletting of the Premises subject to the reasonable standards for Sublandlord's consent as are contained in this Sublease.

(b) The various rights and remedies reserved to Sublandlord in this Sublease or otherwise shall be cumulative and, except as otherwise provided by applicable law, Sublandlord may pursue any or all of its rights and remedies at the same time. No delay or omission of Sublandlord to exercise any right or remedy shall be construed as a waiver of the right or remedy or of any breach or Default by Subtenant. The acceptance by Sublandlord of Rent shall not be a (i) waiver of any preceding breach or Default by Subtenant of any provision of this Sublease, other than the failure of Subtenant to pay the particular Rent accepted, regardless of Sublandlord's knowledge of the preceding breach or Default at the time of acceptance of Rent, or (ii) a waiver of Sublandlord's right to exercise any remedy available to Sublandlord by virtue of the breach or Default. The acceptance of any payment from a debtor in possession, a trustee, a receiver or any other person acting on behalf of Subtenant or Subtenant's estate shall not waive or cure a Default. No payment by Subtenant or receipt by

Sublandlord of a lesser amount than the Rent required by this Sublease shall be deemed to be other than a partial payment on account of the earliest due stipulated rent, nor shall any endorsement or statement on any check or letter be deemed an accord and satisfaction and Sublandlord shall accept the check or payment without prejudice to Sublandlord's right to recover the balance of the rent or pursue any other remedy available to it. Subtenant hereby waives any right of redemption or relief from forfeiture under any statute, in the event this Sublease is terminated by reason of any Default by Subtenant. No act or thing done by Sublandlord or Sublandlord's agents during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender shall be valid unless in writing and signed by Sublandlord. No employee of Sublandlord or of Sublandlord's agents shall have any power to accept the keys to the Premises prior to the termination of this Sublease, and the delivery of the keys to any agent or employee shall not operate as a termination of the Sublease or a surrender of the Premises.

15.3 Right of Sublandlord to Perform. Notwithstanding any other term or provision of this Sublease, if after the delivery of written notice to Subtenant and the expiration of any applicable cure period, Sublandlord performs work in lieu of or on behalf of Subtenant or if Sublandlord pays any charges on behalf of Subtenant (each of which Sublandlord shall have the right, but not the obligation, to do), then in addition to the costs incurred by Sublandlord to perform such work or pay such charges, Subtenant shall pay to Sublandlord a fee equal to fifteen percent (15%) of the amount so incurred by Sublandlord as reimbursement of Sublandlord's estimated costs of Sublandlord's actions.

16. Expenses and Legal Fees. Should either Sublandlord or Subtenant bring any action in connection with this Sublease which results in a judgment or an award, the prevailing party shall be entitled to recover as a part of the action (including any appeal therefrom) its reasonable attorneys' fees, and all other reasonable costs. The prevailing party for the purpose of this Section 17 shall be determined by the trier of the facts.

17. Satisfaction of Judgment. The obligations of Sublandlord do not constitute the personal obligations of the individual partners, trustees, directors, officers, members or shareholders of Sublandlord or any of its affiliates. Should Subtenant recover a money judgment against Sublandlord, such judgment shall be satisfied only from the interest of Sublandlord in the Premises and out of the rent or other income from such property receivable by Sublandlord, and no action for any deficiency may be sought or obtained by Subtenant.

18. Security Interest. As further security for Subtenant's performance under this Sublease, Subtenant hereby grants Sublandlord a lien and security interest in all existing and after-acquired fixtures, equipment and furnishings placed in or relating to Subtenant's business at the Premises, and all proceeds thereof. Subtenant agrees to execute such financing statements, collateral assignments, and other documents necessary to perfect a security interest, as Sublandlord may now or hereafter reasonably request, in recordable form. Sublandlord may at its election at any time execute such a financing statement and collateral assignment as Subtenant's agent and attorney-in-fact or file a copy of this Sublease or a UCC-1 as such financing statement and collateral assignment. Sublandlord shall be entitled hereunder to all of the rights and remedies afforded a secured party under the Uniform Commercial Code or other applicable law in addition to any of Sublandlord's rights provided by applicable law.

19. No Brokers. Subtenant warrants that it has had no dealings with any other real estate broker or agent in connection with the negotiation of this Sublease, and shall indemnify, protect, defend and hold Sublandlord and the Premises harmless from any cost, expense or liability (including reasonable attorneys' fees) for any compensation, commissions or charges claimed by any other real estate broker or agent employed or claiming to represent or to have been employed by Subtenant in connection with the negotiation of this Sublease. If Subtenant fails to take possession of the Premises or if this Sublease otherwise terminates prior to the Expiration Date as the result of a Default by Subtenant, Sublandlord shall be entitled to recover from Subtenant the unamortized portion of any brokerage commission funded by Sublandlord in addition to any other damages to which Sublandlord may be entitled. This Section 20 shall survive the termination of this Sublease.

20. Transfer of Sublandlord's Interest. In the event of any transfer of Sublandlord's interest in the Premises, the transferor shall be automatically relieved of all obligations on the part of Sublandlord accruing under this Sublease from and after the date of the transfer, provided that any funds held by the transferor in which Subtenant has an interest shall be turned over, subject to that interest, to the transferee and Subtenant is notified of the transfer as required by law. No holder or beneficiary of a mortgage or deed of trust to which this Sublease is or may be subordinate, and no landlord under a so-called sale leaseback, shall be responsible in connection with the Security Deposit, unless the mortgagee or holder or beneficiary of the deed of trust or the landlord actually receives the Security Deposit. It is intended that the covenants and obligations contained in this Sublease on the part of Sublandlord shall, subject to the foregoing, be binding on Sublandlord, its successors and assigns, only during and in respect to their respective successive periods of ownership.

21. Nondisclosure of Sublease Terms. Subtenant acknowledges and agrees that the terms of this Sublease are confidential and constitute proprietary information of Sublandlord. Disclosure of any of such terms or identities could adversely affect the ability of Sublandlord to negotiate other leases and impair Sublandlord's relationship with other subtenants. Accordingly, Subtenant agrees that it shall not disclose, by public filings or otherwise, the terms and conditions of this Sublease ("**Confidential Information**") to any third party, either directly or indirectly, without the prior written consent of Sublandlord, which consent may be given or withheld in Sublandlord's sole and absolute discretion. The foregoing restriction shall not apply to disclosures by Subtenant to Subtenant members, officers, directors, administrators, financial, legal, and space planning consultants or lenders, on a "need to know" basis (i.e., to the extent necessary to discharge their obligations to Subtenant) who agree to be bound by these confidentiality provisions, or to the extent that either: (i) Subtenant is required to disclose the Confidential Information in response to a subpoena or other regulatory, administrative or court order, or (ii) independent legal counsel to Subtenant delivers a written opinion to Sublandlord that Subtenant is required to disclose the Confidential Information to, or file a copy of this Sublease with, any governmental agency or any stock exchange; provided however, that in such event, Subtenant shall, before making any such disclosure (A) provide Sublandlord with prompt written notice of such required disclosure, (B) at Subtenant's sole cost, take all reasonable legally available steps to resist or narrow such requirement, including without limitation preparing and filing a request for confidential treatment of the Confidential Information and (C) if disclosure of the Confidential Information is required by subpoena or other regulatory, administrative or court order, Subtenant shall provide Sublandlord with as much advance notice of the possibility of such disclosure as practical so that Sublandlord may attempt to stop such disclosure or obtain an order concerning such disclosure. The form and content of a request by Subtenant for disclosure of the Confidential Information shall be provided to Sublandlord at least five (5) business days before its submission to the applicable governmental agency or stock exchange and is subject to the prior written approval of Sublandlord. Any press releases or announcements made by Subtenant in connection with the contents of this Sublease and/or any related documents shall be subject to the prior approval of Sublandlord, which may be withheld in Sublandlord's sole discretion.

22. CASp Civil Code Disclosure. Pursuant to California Civil Code § 1938, Sublandlord hereby states that the Premises have not undergone inspection by a Certified Access Specialist ("CASp") (defined in California Civil Code §55.52(a)(3)). Pursuant to California Civil Code §1938, Sublandlord hereby provides the following notification to Subtenant: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction related accessibility standards within the premises." If Subtenant requests to perform a CASp inspection of the Premises, Subtenant shall, at its cost, retain a CASp approved by Sublandlord (provided that Sublandlord may designate the CASp, at Sublandlord's option) to perform the inspection of the Premises at a time agreed upon by the parties. Subtenant shall provide Sublandlord with a copy of any report or certificate issued by the CASp (the "CASp

Report") and Subtenant shall, at its cost, promptly complete any modifications necessary to correct violations of construction related accessibility standards identified in the CASp Report, which modifications will be completed as may be provided in this Sublease. Subtenant shall keep the information in the CASp Report confidential in accordance with the confidentiality provisions set forth in this Sublease.

23. Entire Agreement. This Sublease contains the entire agreement of the parties with respect to the matters set forth herein, except for those terms and conditions incorporated herein by reference. 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. Sublandlord 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 Sublandlord has authority to make any representation or promise not stated in this Sublease. Sublandlord agrees that Sublandlord 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.

24. 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.

25. Severability. 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.

26. Attorneys' Fees. In the event of any legal action or proceeding to enforce the terms of this Sublease (including any appeal therefrom), the prevailing party shall be entitled to recover its actual attorneys' fees, costs and expenses reasonably incurred. If Sublandlord shall be made a party to any litigation commenced by or against Subtenant, Sublandlord shall be entitled to costs of litigation and reasonable attorney's fees from Subtenant in addition to other relief to which Sublandlord may be entitled in that action.

27. Casualty Proceeds, Condemnation Awards; Further Assurances. Notwithstanding anything contained in the Master Lease to the contrary, as between Sublandlord and Subtenant only, all insurance proceeds or condemnation awards received by Sublandlord under the Master Lease (excluding, however, any proceeds or awards for any personal property owned by Subtenant and located in the Premises) shall be deemed to be the property of Sublandlord. After the execution and delivery hereof, Sublandlord and Subtenant shall from time to time at the reasonable request of the other and at the cost and expense of the requesting party, execute and deliver such other instruments and take such other actions as the requesting party may reasonably request in order to fully consummate the transactions contemplated by this Sublease.

28. Consent. When consent or approval of either Sublandlord or Subtenant is required by any provision of this Sublease, or of the Master Lease to the extent incorporated herein, Subtenant shall not take or omit to take any action requiring the consent of Master Landlord, any other third party under the Master Lease, or Sublandlord, without first obtaining such consent in accordance with the terms hereof and the Master Lease. Upon request of Subtenant, Sublandlord will request Master Landlord's consent to any action or omission of Subtenant for which such consent is required. Sublandlord and Subtenant acknowledge that the Master Lease my require that Sublandlord obtain the written consent of Master Landlord to any subletting of the Premises. Sublandlord agrees to diligently pursue obtaining such written consent from Master Landlord with respect to this Sublease, and Subtenant agrees to fully cooperate with Sublandlord in that regard, including, without limitation, providing Sublandlord and Master Landlord with such information as Sublandlord may be reasonably required to provide Master Landlord under the Master Lease in connection with Master Landlord's evaluation of subtenants. Sublandlord shall not be liable in any respect if Master Landlord fails or is unwilling to provide its consent.

29. Remedies Cumulative. A remedy in this Sublease or otherwise available or reserved to Sublandlord shall not be exclusive of any other remedies. Each remedy shall be cumulative and shall be additional to every other remedy of Sublandlord 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 Sublandlord deems expedient.

30. Waiver. Waiver by Sublandlord 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 Sublandlord shall not be a waiver of any prior breach by Subtenant of any term, covenant or condition, other than the failure of Subtenant to pay the particular rent so accepted, regardless of Sublandlord's knowledge of the prior breach at the time of acceptance of the rent. Delay by Sublandlord to exercise any right or power arising from Subtenant'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.

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

32. Net Sublease. Except as otherwise expressly set forth in this Sublease or in the Other Agreements: (i) all costs, expenses and obligations of every kind and nature whatsoever arising from or with respect to the use and occupancy of the Premises and the appurtenances thereto by Subtenant or anyone claiming by, through or under Subtenant which may arise or become due during or with respect to the Sublease Term shall be paid and performed by Subtenant, (ii) Subtenant assumes, during the Sublease Term, the sole responsibility for the condition, use, operation, maintenance and management of the Premises, and (iii) Subtenant's obligations hereunder shall be unconditional and irrevocable under any and all circumstances, and shall not be subject to cancellation, termination, modification or repudiation by Subtenant.

33. Time. Time is of the essence of this Sublease and each and all of its provisions.

34. Indemnity; Waiver of Claims.

34.1 Indemnity. Subtenant shall indemnify, protect, defend and hold harmless Sublandlord and its parents, affiliates, subsidiaries, and related companies, including, but not limited to, Galardi Group, Inc., Galardi Group Franchise & Leasing, Inc., Galardi Group Realty Corp. (collectively, the "Galardi entities"), and its and their officers, directors, partners and affiliates from and against any and all claims, losses and damages, including, without limitation, reasonable attorneys' fees and disbursements (collectively, “claims”), which may at any time be asserted against Sublandlord or the Galardi entities by (i) Master Landlord for failure of Subtenant to perform any of the covenants, agreements, terms, provisions or conditions contained in the Master Lease which by reason of the provisions of this Sublease Subtenant is obligated to perform, or (ii) any person by reason of Subtenant's use and/or occupancy of the Premises or any activity or thing done by Subtenant or its agents, employees, contractors, invitees, assigns, subtenants or guests in or about the Premises or Building. Notwithstanding the preceding, Subtenant will not be required to indemnify Sublandlord or the Galardi entities against claims arising solely from the gross negligence or willful misconduct of Sublandlord. The provisions of this section shall survive the expiration or earlier termination of this Sublease.

34.2 Waiver of Claims. Sublandlord, including the Galardi entities, shall not be liable to Subtenant, and Subtenant waives all claims against Sublandlord and the Galardi entities, 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.

IN WITNESS WHEREOF, this Sublease is executed as of the date first written above.

SUBLANDLORD:

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

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

By: ___________________________________
Vice President

SUBTENANT:

______________________________,
a ____________________________

By: _________________________
Name: ______________________
Title:________________________

<u>EXHIBIT A</u>

COST OF LIVING ADJUSTMENT

On each anniversary of the Commencement Date (<u>i.e.</u>, on each __________ during the Term after the Commencement Date) (each such date is referred to as a "**Base Rent Adjustment Date**"), the Minimum Annual Rent in effect immediately prior to the applicable Base Rent Adjustment Date shall be increased (which increase shall remain in effect for that month and each month thereafter until the next Base Rent Adjustment Date) by the greater of (i) two point five percent (2.5%), and (ii) the percentage increase in the Index (as defined below) from the Index published for the month that is thirteen (13) calendar months prior to such Base Rent Adjustment Date to the Index published for the month that is one (1) calendar month prior to the applicable Base Rent Adjustment Date.

As used hereinabove, "**Index**" means the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index for All Urban Wage Earners and Clerical Workers, U.S. City Average, Subgroup "All Items" (1982-84=100). If the foregoing Index is not available, then the successor or substitute index published by the Bureau of Labor Statistics shall be used by Sublandlord as the Index. If the Bureau of Labor Statistics does not publish such successor or substitute index, a reliable governmental or other non-partisan publication evaluating substantially the same consumer information shall be used by Sublandlord for the Index. If Sublandlord uses any substitute or successor index or other publication, the same shall be converted to a basis of 100 if the basis used for such other index or publication is less than 100.

EXHIBIT B

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

EXHIBIT E

PROMISSORY NOTE

[INSERT IF APPLICABLE: THIS NOTE IS NOT SELF-AMORTIZING AND A SUBSTANTIAL BALLOON PAYMENT WILL BE DUE ON THE MATURITY DATE]

PROMISSORY NOTE

$_________ [Insert Amount]
_____________, __________________ [Insert Location Signed]
______________, 20__ [Insert Date]

In installments as herein stated, for value received, the undersigned (jointly and severally if more than one)("Maker") hereby promises to pay to the order of GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company ("Payee"), with its principal business address at 1775 Flight Way, Suite 125, Tustin, California 92782, the principal sum of ____ DOLLARS ($___________), with interest from the _____ day of ____________, 20___ (the "Disbursement Date"), on the unpaid principal at the rate of ____________ percent (___%) per annum.

1. Principal and Interest. Principal and interest under this Promissory Note (this "Note") shall be payable in installments of principal and accrued interest thereon as follows:

____ DOLLARS ($_________) on the _______ day of each calendar month, starting on the _____ day of __________, 20__, and continuing until the _____ day of _____________________, 20__ (the "Maturity Date"), on which date the entire unpaid balance of principal and accrued interest shall be due and payable. Interest shall be computed on the basis of a year of 360 days and paid for actual days for which due, including the Disbursement Date and each payment date.

2. Payments, Penalties, and Prepayments.

(a) All payments of principal and interest shall be made by Maker at or prior to 10:00 A.M. on the date due at the principal business address of Payee set forth above, or as such other place as Payee may designate in writing to Maker, without offset, deduction, or counterclaim, in lawful money of the United States of America and in immediately available funds.

(b) If any payments or amounts due hereunder to Payee whether by acceleration or otherwise are overdue, Maker shall pay Payee immediately upon demand, in addition to the overdue amount, interest on such amount from the date it was due until paid, at the rate of ten percent (10%) per annum, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies Payee may have.

(c) Notwithstanding any provision of this Note to the contrary, it is the intent of Maker and Payee that Payee shall not at any time be entitled to receive, collect or apply, and Maker and Payee shall not be deemed to have contracted for, as interest on the principal indebtedness evidenced hereby, any amount in excess of the maximum rate of interest permitted to be charged by applicable law, and in the event Payee ever receives, collects or applies as interest any such excess, such excess shall be deemed partial payment of the principal indebtedness evidenced hereby, and if such principal shall be paid in full, any such excess shall forthwith be paid to Maker.

(d) This Note may be prepaid at any time, in whole or in part, without penalty or premium of any kind.

(e) Maker shall pay Payee on demand any reasonable out-of-pocket expenses (including reasonable attorneys' fees and disbursements) arising out of, or in connection with, any action or proceeding taken to protect, enforce, determine or assert any provision, right or remedy under this Note (including any action or proceeding arising or related to any insolvency, bankruptcy or reorganization involving or affecting Maker).

3. Events of Default. An Event of Default includes each of the following:

(a) Maker shall fail to make any payment under this Note when due, where such failure continues for ten (10) days after receipt of written notice of such failure;

(b) Maker defaults in the performance of any other obligation, covenant, condition or provision in this Note, where such default continues for more than thirty (30) days after written notice of such failure;

(c) Maker or any of its principals or affiliates defaults in the performance of any obligation, covenant, condition or provision under any other agreement between Maker (or any principal or affiliate of Maker) with Payee (or any principal or affiliate of Payee) and , including without limitation any franchise agreement, equipment lease, real property lease or sublease, and any other agreement relating to Hamburger Stand or Wienerschnitzel Unit #___ located at ____ (collectively, the "Other Agreements"), where such default continues beyond applicable notice and cure periods (if any) set forth in the applicable Other Agreement(s);

(d) Any proceeding for attachment or garnishment or the like shall be commenced against Maker by any creditor of Maker and shall not be dismissed or stayed within ten (10) days' notice thereof from Payee to Maker;

(e) A proceeding shall have been instituted in a court having jurisdiction seeking a decree or order for relief in respect of Maker or any guarantor of any indebtedness evidenced by this Note in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Maker or any such guarantor or for any substantial part of its property, or for the winding-up or liquidation of its affairs, and such proceeding shall remain undismissed or unstayed and in effect for a period of sixty (60) consecutive days, or such court shall enter a decree order granting any of the relief sought in such proceeding; or

(f) Maker shall commence a voluntary case under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of himself or herself or for any substantial part of its property, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall admit in writing an inability to pay any of its debts as they become due, or shall take any action in furtherance of any of the foregoing.

4. Consequences of Event of Default. Maker agrees that upon the occurrence of an Event of Default specified in Paragraph 3 above, then the whole of the principal of the indebtedness evidenced by this Note, and any other sums then unpaid by Maker under this Note shall, at the option of Payee forthwith become due and payable without notice or any other act.

5. Cross-Default. Maker agrees that an Event of Default under this Note shall be deemed an event of default under each of the Other Agreements, and shall entitle Payee (or its affiliate(s)) to exercise the remedies in those Other Agreements (or otherwise available at law or in equity) on account of such event of default.

6. Notices.

(a) All notices and other communications hereunder shall be in writing and shall be deemed given when delivered by hand, or when delivery is made by Federal Express or other overnight courier service, or three (3) business days after being mailed by registered or certified mail, return receipt requested, postage pre-paid, in each case addressed as follows: (i) if to Payee, addressed to Payee at its principal business address set forth above [, with a copy to ______________________________]; (ii) if to Maker, addressed to Maker at ____ [insert address].

(b) Notices signed by the respective attorneys of Maker or Payee shall be deemed sufficient within the meaning of this Paragraph 6 without the signature of the parties themselves and such notice shall be deemed to have been given on the date of delivery to the addresses of the party to whom such notice is addressed.

7. Miscellaneous. Maker further agrees as follows:

(a) All parties now or hereafter liable with respect to this Note, whether Maker, any guarantor, endorser, or any other person or entity, hereby waive presentment for payment, demand, notice of nonpayment or dishonor, protest and notice of protest.

(b) No delay or omission on the part of Payee or any holder hereof in exercising its rights under this Note shall operate as a waiver of such rights or any other right of Payee or any holder hereof, nor shall any waiver by Payee or any holder hereof, of any such right or rights on any one occasion be deemed a bar to, or waiver of, the same right or rights on any future occasion.

(c) Except as may be agreed by Payee in writing, Maker shall not have the right to assign, transfer, or pledge this Note or any of its rights or obligations under this Note. This Note shall bind Maker and the successors, heirs, executors, administrators, and permitted assigns of Maker, and the benefits hereof shall inure to the benefit of Payee and its successors and assigns. All references herein to “Maker” shall be deemed to refer to Maker and the successors and permitted assigns of Maker, and all references herein to “Payee” shall be deemed to refer initially to the originally named Payee herein and, after an assignment of this Note by Payee, to the then current holder of this Note.

(d) This Note may not be changed or terminated orally, but only by an agreement in writing signed by Maker and Payee.

(e) This Note shall be governed by and construed in accordance with the internal laws of California, without regard to its conflicts of laws principles. All actions or proceedings arising directly or indirectly hereunder, whether instituted by Maker or Payee, shall be brought exclusively in any federal or state court located within the State of California, County of Orange, and each of Maker and Payee expressly consents to the exclusive jurisdiction of any state or federal court located within said state and county, and waives any defense of forum non conveniens and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Note.

(f) The rights and remedies expressly provided in this Note are cumulative to, and not exclusive of, any rights or remedies that Payee would otherwise have.

(g) In the event of any default, claim, proceeding (including a bankruptcy proceeding), arbitration, mediation, counter-claim, action (whether legal or equitable), appeal or otherwise, whether initiated by Payee or Maker (or a debtor-in-possession or bankruptcy trustee), which arises out of, under, or is related in any way to this Note, or any Other Agreement, or any governmental examination or investigation of Maker which requires Payee’s participation (individually and collectively, the “Claim”), Maker, in addition to all other sums which Maker may be called upon to pay under the provisions of this Note, shall pay to Payee, on demand, all costs, expenses and fees paid or payable in connection with the Claim, including, but not limited to, attorneys’ fees and out-of-pocket costs, including travel and related expenses incurred by Payee or its attorneys, whether or not the Claim is pursued to judgment.

(h) Whenever possible, each provision of this Note will be interpreted in such manner as to be effective and valid under applicable law, but, if any provision of this Note is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Note.

(i) Maker waives the benefit of any statute or rule of law or judicial decision, including without limitation California Civil Code Section 1654, which would otherwise require that the provisions of this Note be construed or interpreted most strongly against the party responsible for the drafting thereof.

IN WITNESS WHEREOF, Maker, intending to be legally bound, has executed this Note as of the date and year first above written.

MAKER:

____
By:___________________________
Printed Name: __________________

WITNESS/ATTEST:

____
By:___________________________
Printed Name: __________________

EXHIBIT F

EQUIPMENT LEASE

EQUIPMENT LEASE

This EQUIPMENT LEASE (this "Lease") is made and entered into as of the _____ day of __________, 20___, by and between GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company ("Lessor"), and ____ ("Lessee").

RECITALS

A. Lessee desires to lease from Lessor all furniture, fixtures, signs and equipment (collectively, the "Equipment") located on the Premises on the terms and conditions set forth herein.

B. Lessor is willing to lease the Equipment to Lessee on the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee agree as follows:

1. Lease Agreement and Term. Lessor hereby leases to Lessee and Lessee hereby leases and hires from Lessor the Equipment for a term (the "Term") commencing on ______________, 20___ (the "Commencement Date") and ending on ______________, 20__ (the "Expiration Date").

2. Rent. For period beginning __________ and ending ____________, Lessee shall pay Lessor as rent for the Equipment, the following amounts:

(i) On or before the seventh (7th) day of each calendar month during the Term, a sum equal to ____ percent (__%) of Net Sales (as defined below) for the prior calendar month (the "Net Sales Rent"). If Net Sales are negatively impacted by a casualty event, including, but not limited to, if Net Sales are zero (--0--), Franchisee shall pay, or cause to be paid, ____ percent (__%) of the average monthly Net Sales of the Licensed Premises over the preceding twelve (12) months; and,

(ii) On the Commencement Date, and on or before the first (1st) day of each calendar month thereafter during the Term, the amount of _____________ ($_____) Dollars (prorated for any partial month) (the "Point of Sale Rent"). The Point of Sale Rent constitutes additional payments due to Lessor for point of sale and related sales reporting Equipment.

As used herein, the term "Net Sales" means total sales of all food and other items, and any services at or originating from or connected to the Premises (as defined below), 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 Lessee promptly refunds at a customer's request, and tips paid by a customer to an employee of Lessee in cash or by credit card (if separately shown on the credit card invoice), to the extent actually paid to and retained by the employee.

Lessee shall record in writing all sales made on the Premises and shall furnish Lessor a reasonably detailed statement of sales and Net Sales (and showing all deductions) for each month, with such statement to be furnished on or before the seventh (7th) day of the following month, and certified by Lessee to be true and accurate.

Lessor shall have the right and option to require that all Net Sales Rent and/or the Point of Sale Rent and/or any other amounts payable by Lessee to Lessor pursuant to this Lease (collectively, "Rent") be paid by

ACH transfer, other form of electronic funds transfer, or any other means selected by Lessor, in which event Lessee shall sign Lessor's Authorization Agreement for Prearranged Transfer and/or other document Lessor requests to facilitate such electronic transfer payments from Lessee's bank to Lessor.

3. Security Deposit. Lessee shall concurrently with the execution and delivery of this Lease deposit with Lessor the sum of ____ Dollars ($__________) (the "Security Deposit"), which shall be held by Lessor as security for the faithful performance by Lessee of all of the terms, covenants and conditions of this Lease to be kept and performed by Lessee during the Term. If Lessee defaults with respect to any provisions of this Lease, including, but not limited to, the provisions relating to the payment of any Rent, Lessor may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any Rent in default, or for the payment of any other amount which Lessor may spend or become obligated to spend by reason of Lessee's default or to compensate Lessor for any loss or damage which Lessor may suffer by reason of Lessee's default. If any portion of the Security Deposit is so used or applied, Lessee agrees, within ten (10) days after Lessor's written demand therefor, to deposit cash with Lessor in an amount sufficient to restore the Security Deposit to its original amount and Lessee's failure to do so shall constitute a material default under this Lease. Any such application by Lessor shall not be a defense to any claim by Lessor arising out of the default. If Lessee has fully performed its obligations under this Lease throughout the Term (as the same may be extended), the Security Deposit will be reimbursed to Lessee within sixty (60) days after expiration of the Term (as the same may be extended). Neither the Security Deposit nor the application thereof by Lessor, as provided in this Section shall be a bar or defense to any action which Lessor may at any time commence for a breach of any provision of this Lease. Lessor is not required to keep the Security Deposit separate from its general funds, and Lessee is not entitled to interest on such Security Deposit. The foregoing provisions shall govern with respect to the Security Deposit and, accordingly, Lessee hereby waives the provisions of any statutory provisions that conflict with the foregoing.

4. Location. The Equipment shall at all times be located only at Hamburger Stand/Wienerschnitzel Store No. _____, located at ____________________________ (the "Premises").

5. Use. Lessee shall cause the Equipment to be used carefully and properly by competent and qualified personnel, in accordance with the applicable vendor's or manufacturer's manual of instructions. Lessee shall comply and conform with all federal, state and local laws, ordinances, and regulations in Lessee's possession, use, and maintenance of the Equipment. Lessee shall affix labels to the Equipment conspicuously noting the Equipment is owned by Lessor. Lessee shall cause the Equipment to remain at all times personal property and shall not affix any of the Equipment to the Premises in such a manner that material damage to the Premises would be caused by removal of the Equipment. Without Lessor's written permission, Lessee shall not attempt to or actually (i) pledge, lend, create a security interest in, sublet, exchange, trade, assign, swap, use for an allowance or credit or otherwise; (ii) allow another to use; (iii) part with possession; (iv) dispose of; or (v) remove from the Premises, any item of Equipment. If any item of Equipment is exchanged, assigned, traded, swapped, used for an allowance or credit or otherwise to acquire new or different equipment without Lessor's prior written consent, then all of the new equipment shall at Lessor's election become Equipment owned by Lessor subject to this Lease, in which event Exhibit "A" shall be modified accordingly.

6. Inspection; Conclusive Presumptions. Lessee shall inspect the Equipment within forty-eight (48) hours after receipt. Within this time, Lessee shall notify Lessor in writing specifying any defect in or other proper objection to the Equipment. Lessee acknowledges and agrees it shall be conclusively presumed that Lessee fully inspected and acknowledged that the Equipment is in good condition and repair, and that Lessee is satisfied with and accepted the Equipment with regard to all matters other than those set forth in a written notice given within this forty-eight (48) hours.

7. Lessor's Inspection. Lessor shall have the right at any and all times to enter into and on the Premises

where any of the Equipment may be located, to inspect it or observe its use. Lessee shall give Lessor immediate notice of any attachment or other judicial process affecting any item of Equipment.

8. Alterations. Lessee shall not make any alterations, additions, or improvements to the Equipment (collectively, "Alterations") without the prior written consent of Lessor. Lessor may require any Alterations consented to by Lessor to be removed by Lessee upon expiration of the Term or sooner termination of this Lease. Lessor may at any time require removal of Alterations to which Lessor has not consented. All Alterations that Lessor does not require Lessee to remove as described above shall belong to and become the property of Lessor on the expiration, or earlier termination, of this Lease.

9. Maintenance. Lessee, at Lessee's cost and expense, shall keep the Equipment in good repair, condition, and working order, and shall furnish all parts, mechanisms, and devices to do so, and title to all of such parts, mechanisms and devices shall automatically become vested in Lessor. Lessee shall enter into a regular maintenance contract covering at least the refrigeration, air conditioning and fire extinguishing equipment. Maintenance shall be performed by a service provider authorized by the Equipment manufacturer and consented to by Lessor, and must include monthly preventive maintenance and where available, full coverage service. The maintenance contract must start at a time no later than the expiration of any free service period provided by the Equipment's installing contractor.

10. Loss and Damage; Stipulated Loss Value. Lessee assumes and shall bear the entire risk of loss and damage to the Equipment from any and every cause. No loss or damage to the Equipment or any part thereof shall impair any obligation of Lessee under this Lease, which shall continue in full force and effect.

In the event of loss or damage of any kind, to any item of the Equipment, Lessee shall, at the option of Lessor:

(a) Repair the damaged Equipment to place it in good repair, condition, and working order; or

(b) Replace the damaged Equipment with equipment in good repair, condition and working order, free and clear of all liens and encumbrances and grant Lessor the right to perfect its security interest in the replacement Equipment and such replacement shall be substituted in this Lease by appropriate modification; or

(c) If the Equipment is determined by Lessor to be lost, stolen, destroyed, or damaged beyond repair, pay Lessor a "stipulated loss value" for the Equipment in question. The stipulated loss value for each item of Equipment is (i) the original cost of such item, (ii) reduced by straight line depreciation over the useful life of such item under generally accepted accounting principles (but in no event less than seven (7) years), and (iii) the result of the foregoing then increased by ten percent (10%).

On making the payment in 10(c) this Lease shall terminate with respect to the item of Equipment paid for and Lessee shall then become the owner of such the item "AS IS, WHERE IS, WITH ALL FAULTS AND WITHOUT WARRANTY", express or implied, with respect to any matter whatsoever, and the applicable Equipment shall be removed from Exhibit "A".

11. Surrender. On expiration or earlier termination of this Lease, with respect to any item of Equipment, Lessee shall (unless Lessee paid Lessor in cash the "stipulated loss value" of the item pursuant to Section 10(c)) return the item to Lessor in good repair, condition, and working order, ordinary wear and tear from proper use excepted, in the following manner, as may be specified by Lessor:

(a) By delivering the item at Lessee's cost and expense to the place Lessor specifies within the city or county in which the item was delivered to Lessee or to which it was moved with Lessor's written consent; or

(b) By loading the item at Lessee's cost and expense on board the carrier that Lessor specifies and shipping the item, freight collect, to the destination designated by Lessor.

12. Insurance. Until the Equipment is returned to Lessor or as otherwise herein provided (and whether or not this Lease has terminated), Lessee, at its sole cost and expense, shall maintain: (i) property and casualty insurance insuring the Equipment for its full replacement value and naming Lessor and its assigns as the sole loss payee; and (ii) comprehensive public liability and third-party property insurance in such amounts and with such limits as Lessor may require and naming Lessor and its assigns as an additional insured. The insurance shall cover the interest of both Lessor and Lessee in the Equipment, as the case may be, and shall protect both Lessor and Lessee in respect to all risks arising out of the condition, delivery, installation, maintenance, use or operation of the Equipment. All such insurance shall provide for thirty (30) days prior written notice to Lessor of cancellation, restriction, or reduction of coverage. Lessee hereby irrevocably appoints Lessor as Lessee's attorney-in-fact to make claim for, receive payment of and execute and endorse all documents, checks or drafts for loss or damage or return premium under any insurance policy issued on the Equipment. Prior to installation of the Equipment, all policies or certificates of insurance shall be delivered to Lessor by Lessee. Lessee agrees to keep the Equipment insured with an insurance company which is at least "A/IX" rated by A.M. Best. The proceeds of any loss or damage insurance shall be payable to Lessor, but Lessor shall remit all such insurance proceeds to Lessee at such time as Lessee either (i) provides Lessor satisfactory proof that the damage has been repaired and the Equipment has been restored to good working order and condition or (ii) pays to Lessor the stipulated loss value. It is understood and agreed that any payments made by Lessee or its insurance carrier for loss or damage of any kind whatsoever to the Equipment are not made as accelerated rental payments or adjustments of rental, but are made solely as indemnity to Lessor for loss or damage of its Equipment.

13. Taxes. Lessee shall pay (or, as applicable, promptly reimburse Lessor for) all license and registration fees, assessments, sales and use taxes, rental taxes, gross receipts taxes, personal property taxes, and any other taxes now or hereafter imposed by any government, agency, province or otherwise upon the Equipment, the Rent, or upon the ownership, leasing, renting, purchase, possession or use of the Equipment, whether assessed to Lessor or Lessee (collectively, "Taxes"). Lessee shall, in addition, be responsible to Lessor for the payment and discharge of any penalties or interest as a result of Lessee's actions or inactions. .

14. Lessor's Payment. If Lessee does not obtain and maintain insurance required in Section 12 or timely pay all Taxes, Lessor shall have the right, but shall not be obligated, to obtain some or all the insurance, and/or pay some or all Taxes. Lessee shall, on demand, pay or reimburse the costs to Lessor together with interest on the amounts incurred by Lessor at the rate of ten percent (10%) per annum or the maximum legal rate of interest, whichever is less. This provision for interest does not excuse Lessee's breach.

15. No Warranties. LESSEE IS LEASING THE EQUIPMENT IN ITS "AS IS" AND "WITH ALL FAULTS" CONDITION. LESSOR DOES NOT MAKE AND HEREBY DISCLAIMS ANY WARRANTIES WHATSOEVER, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION THE WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. LESSEE ACKNOWLEDGES THAT IT IS NOT RELYING ON LESSOR'S SKILL OR JUDGMENT TO SELECT OR FURNISH GOODS SUITABLE FOR ANY PARTICULAR PURPOSE. LESSEE FURTHER ACKNOWLEDGES AND AGREES THAT LESSOR AND ITS REPRESENTATIVES AND EMPLOYEES HAVE NOT MADE ANY STATEMENT, REPRESENTATION OR WARRANTY RELATIVE TO THE ACCOUNTING OR TAX ENTRIES, TREATMENT, BENEFIT, USE OR CLASSIFICATION OF THIS LEASE OR THE EQUIPMENT. LESSOR SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, INCLUDING, BUT NOT

LIMITED TO, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE RELATIONSHIP BETWEEN LESSOR AND LESSEE, THIS LEASE OR THE PERFORMANCE, POSSESSION, LEASE OR USE OF THE EQUIPMENT.

16. Indemnity. To the fullest extent permitted by law, Lessee shall indemnify, protect, defend (with attorneys reasonably acceptable to Lessor) and hold Lessor and Lessor's personnel harmless, from and against any and all claims, actions, suits, proceedings, costs, expenses, damages, losses, liabilities, judgments, interest, awards, penalties, fines, costs, or expenses of whatever kind and nature, including without limitation reasonable attorneys' fees and the cost of enforcing any right to indemnification under this Lease and the cost of pursuing any insurance providers, arising out of, connected with, or resulting from

(a) the Equipment, including without limitation the manufacture, selection, delivery, possession, adequacy of, defects in, use, effects of use, operation, maintenance, performance, or return of the Equipment, or any loss of business or other special, incidental or consequential damages whether or not resulting from any of the foregoing; or

(b) any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Lessee pursuant to this Lease.

The provisions of this Section 16 shall survive the expiration, termination, cancellation or assignment of this Lease and shall be binding upon Lessee’s successors and permitted assigns.

17. Default. Each of the following events is an "Event of Default" under this Agreement:

(a) if Lessee fails to pay when due any installment of Rent or any other amount under this Lease;

(b) if Lessee defaults in the observance or performance of any other term, covenant, or condition of this Lease, on Lessee's part to be observed or performed, and Lessee fails to remedy such default within ten (10) days after notice by Lessor to Lessee of such default;

(c) if Lessee fails to observe or perform any term, covenant, or condition on Lessee's part to be observed or performed under any agreement with Lessor or its affiliates, other than this Lease, and such default continues beyond any grace period set forth in such other agreement for the remedying of such default;

(d) if Lessee's interest or any portion thereof in this Lease devolves on or passes to any person, whether by operation of law or otherwise;

(e) if Lessee:

(i) does not, or is unable to, or admits in writing its inability to, pay its debts as they become due;

(ii) commences or institutes any case, proceeding, or other action seeking relief on its behalf as debtor, or to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition, or other relief with respect to it or its debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, or relief of debtors;

(iii) commences or institutes any case, proceeding, or other action seeking appointment of a receiver, trustee, custodian, or other similar official for it or for all or any substantial part of its property; or

(iv) makes a general assignment for the benefit of creditors;

(f) if a receiver, trustee, custodian, or other similar official is appointed for any substantial part of the assets of Lessee which appointment is not vacated or stayed within thirty (30) days;

(g) if any case, proceeding, or other action is commenced or instituted against Lessee (A) seeking to have an order for relief entered against it as debtor or to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition, or other relief with respect to it or its debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, or relief of debtors, or (B) seeking appointment of a receiver, trustee, custodian, or other similar official for it or for all or any substantial part of its property, which in either of such cases (1) results in any such entry of an order for relief, adjudication of bankruptcy or insolvency or such an appointment, or the issuance or entry of any other order having a similar effect or (2) remains un-dismissed for a period of thirty (30) days;

(h) if any case, proceeding, or other action is commenced or instituted against Lessee seeking issuance of a warrant of attachment, execution, distraint, or similar process against it or all or any substantial part of its property which results in the entry of an order for any such relief which is not vacated, discharged, or stayed or bonded pending appeal within thirty (30) days from the entry thereof;

(i) if Lessee takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in Sections 17(e) through (h) above; or

(j) if Lessee sells, transfers, or disposes of all or substantially all of its assets or the Premises, or merges or consolidates or reorganizes with or to any other entity, or takes or is involved in any action that results in a change in ownership or voting control of Lessee.

18. Remedies. If an Event of Default occurs, then Lessor shall have the right to pursue and enforce, alternatively, successively and/or concurrently, any one or more of the following remedies:

(a) recover from Lessee all accrued and unpaid Rent and other amounts due and owing on the date of the default;

(b) recover from Lessee from time to time all Rent and other amounts as and when becoming due hereunder;

(c) accelerate, cause to become immediately due and recover the present value of all Rent (with any further Net Sales Rent based on the highest Net Sales Rent payable during any previous calendar month) and other amounts due and/or likely to become due hereunder from the date of the default to the end of the Term using a discount rate of four (4%) percent;

(d) cause to become immediately due and payable and recover from Lessee the stipulated loss value of the Equipment which Lessee agrees is not a penalty but rather the fair measure of Lessor's loss in or damage to Lessor's interests in the Equipment and Lease caused by Lessee's default hereunder;

(e) terminate any or all of the Lessee's rights, but not its obligations, associated with the lease of Equipment under this Lease;

(f) retake (by Lessor, independent contractor, or by requiring Lessee to assemble and surrender the Equipment in accordance with the provisions of Section 11 hereinabove) possession of the Equipment without terminating this Lease, free from claims by Lessee which claims are hereby expressly waived by Lessee. Any taking of possession shall not constitute termination of this Lease as to any or all items of equipment unless Lessor expressly notifies Lessee in writing, and Lessee shall be and remain liable for the full performance of all obligations to be performed by Lessee under this Lease. Upon repossession of the Equipment, Lessor shall have the right to lease, sell or otherwise dispose of such Equipment in a commercially reasonable manner, with or without notice, at a public or private sale. Lessor's pursuit and enforcement of any one or more remedies shall not be deemed an election or waiver by Lessor of any other remedy. Lessor shall not be obligated to sell or re-lease the Equipment. Any sale or re-lease may be held at such place or places as are selected by Lessor, with or without having the Equipment present. Any such sale or re-lease, may be at wholesale or retail, in bulk or in parcels. Time and exactitude of each of the terms and conditions of this Lease Agreement are hereby declared to be of the essence. Lessor may accept past due payments in any amount without modifying the terms of this Lease Agreement and without waiving any rights of Lessor hereunder;

(g) proceed by court action to enforce performance by Lessee of its obligations associated with this Lease; and/or .

(h) pursue any other remedy Lessor may otherwise have, at law, equity or under any statute, and recover damages and expenses (including attorneys' fees) incurred by Lessor by reason of the Event of Default.

19. Bankruptcy. Neither this Lease nor any interest therein is assignable or transferable by operation of law. If any proceeding under the Bankruptcy Act is commenced by or against Lessee, or if Lessee is adjudged insolvent, or if Lessee makes any assignment for the benefit of creditors, or if a writ of attachment or execution is levied on any item or items of Equipment and not released or satisfied within ten (10) days, or if a receiver is appointed in any proceeding or action to which Lessee is a party with, authority to take possession or control of any item or items of Equipment, Lessor shall have and may exercise any one or more remedies; and this Lease shall, at Lessor's option, without notice, immediately terminate and shall not be treated as an asset of Lessee after the exercise of Lessor's choice of action.

20. Legal Fees and Costs. In the event of any default, claim, proceeding (including a bankruptcy proceeding), arbitration, mediation, counter-claim, action (whether legal or equitable), appeal or otherwise, whether initiated by Lessor or Lessee (or a debtor-in-possession or bankruptcy trustee), which arises out of, under, or is related in any way to this Lease, or any other document, agreement or instrument executed pursuant hereto or in connection herewith, or any governmental examination or investigation of Lessee, which requires Lessor's participation (individually and collectively, the "Claim"), Lessee, in addition to all other sums which Lessee may be called upon to pay under the provisions of this Lease, shall pay to Lessor, on demand, all costs, expenses and fees paid or payable in connection with the Claim, including, but not limited to, attorneys' fees and out-of-pocket costs, including travel and related expenses incurred by Lessor or its attorneys, whether or not the Claim is pursued to judgment.

21. Assignment; Successors. Without Lessor's prior written consent of Lessor, which may be withheld

by Lessor in its sole discretion, Lessee shall not assign, transfer, pledge, or hypothecate this Lease, the Equipment, or any part thereof, or any interest therein, or sublet or lend any or all Equipment, or permit any or all Equipment to be used by anyone other than Lessee or Lessee's employees. Consent to any of the foregoing prohibited acts applies only in the particular instance; and is not consent to any subsequent like act by Lessee or any other person. Lessor may assign this Lease or mortgage the Equipment and the assignee may assign the same in whole or in part. All rights of Lessor may be assigned, pledged, mortgaged, transferred, or otherwise disposed, in whole or in part, without notice to Lessee. If Lessor assigns this Lease or rentals due or to become due or any other interest, whether as security for indebtedness or otherwise, no breach or default by Lessor pursuant to this Lease or any other agreement, shall excuse performance by Lessee. An assignee of Lessor shall not be obligated to perform any duty, covenant or condition of Lessor under this Lease unless the assignee agrees to do so, but if the assignee agrees to do so, the original Lessor hereunder shall not be liable for any of the obligations of "Lessor" under this Lease thereafter arising. Subject to the foregoing, this Lease benefits and binds Lessor and Lessee and their heirs, legatees, personal representatives, successors, and permitted assigns.

22. Ownership. Lessee shall have no ownership right, title or interest in or to the Equipment except as expressly set forth in this Lease. Lessor shall have the right to file a UCC-1 Financing Statement and other statements and notices with government entities.

23. Personal Property. The Equipment is, and shall at all times be and remain personal property even though the Equipment or any part may now be, or hereafter become, affixed or attached to, imbedded in, or permanently resting on, real property or any building, or attached by cement, plaster, nails, bolts, screws, or otherwise to what is permanent.

24. Interest; Late Charge. Any monies due to Lessor by Lessee pursuant to this Lease shall be deemed delinquent if not paid on the date provided for in this Lease, time being of the essence. If Lessee fails to pay on time, the delinquent amount shall bear interest at the lesser of the maximum lawful rate of interest for a non-personal loan in the state where the Equipment is located or ten percent (10%) per annum from the date due until the date of payment. Lessee shall also pay Lessor a late charge equal to ten percent (10%) of the delinquent amount. Lessee agrees these amounts are reasonable compensation to Lessor for delayed use of funds and additional services and expenses required due to failure to pay on time. These payments do not excuse any breach.

25. Net Lease; No Offset. This Lease is a net lease and Lessee's obligation to pay all Rent and other amounts under this Lease is absolute and unconditional and is not subject to any abatement, counterclaim, defense, deferment, interruption, recoupment, reduction, or setoff for any reason whatsoever. To the extent that the Equipment includes intangible (or intellectual) property, Lessee understands and agrees that: (i) Lessor is not a party to and does not have any responsibility under any software license and/or other, agreement with respect to any software; and (ii) Lessee will be responsible to pay all of the Rent and perform all its other obligations under this Lease despite any defect, deficiency, failure, termination, dissatisfaction, damage or destruction of any software or software license. Except as expressly provided herein, this Lease shall not terminate for any reason, including any defect in the Equipment or Lessor's title thereto or any destruction or loss of use of any item of Equipment.

26. Non-waiver. No covenant or condition of this Lease can be waived except by written consent of Lessor. Forbearance or indulgence by Lessor shall not be a waiver of the covenant or condition to be performed by Lessee and Lessor shall be entitled to invoke any remedy available to Lessor under this Lease or by law or equity despite the forbearance or indulgence.

27. Hold-Over. If, with Lessor's consent, Lessee holds possession of the Equipment after expiration of the Term, Lessee shall become a lessee from month to month on the terms herein specified but at a monthly Rent of two hundred percent (200%) of the previous month's minimum monthly Rent.

28. Entire Agreement. This Lease contains all terms and conditions agreed by the parties regarding its subject. No other agreements, oral or otherwise, shall be deemed to exist or bind the parties and all prior agreements, understandings and representations are merged into and superseded by this Lease. Lessee represents that there are no other contemporaneous agreements or understandings between the parties that are stated herein. No officer or employee or agent of Lessor has authority to make any representation or promise not stated in this Lease, and Lessee acknowledges and agrees that Lessee executed this Lease without relying on any such purported representation or promise. This Lease cannot be modified or changed except by written instrument signed by all parties.

29. Governing Law; Jurisdiction. This Lease shall be governed by the laws of the State of California, without regard to it conflict of laws principles. The undersigned and the holder hereof hereby agree that all actions or proceedings arising directly or indirectly hereunder, whether instituted by the holder hereof or the undersigned, shall be brought exclusively in any federal or state court located within the State of California, County of Orange, and each of the undersigned and the holder hereof expressly consents to the exclusive jurisdiction of any state or federal court located within said state and county, and waives any defense of forum non convenience and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Lease.

30. Severability. Whenever possible, each provision of this Lease will be interpreted in such manner as to be effective and valid under applicable law, but, if any provision of this Lease is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Lease.

31. No Strict Construction. The undersigned hereby waives the benefit of any statute or rule of law or judicial decision, including without limitation California Civil Code Section 1654, which would otherwise require that the provisions of this Lease be construed or interpreted most strongly against the party responsible for the drafting thereof.

32. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when delivered by hand, or when delivery is made by Federal Express or other overnight courier service, or three (3) business days after being mailed by registered or certified mail, return receipt requested, postage pre-paid, in each case addressed as follows: (i) if to Lessor, addressed to Lessor at the address set forth under its signature below; and (ii) if to Lessee, addressed to Lessee at the address set forth under its signature below. Notices signed by the respective attorneys of Lessor or Lessee shall be deemed sufficient without the signature of the parties themselves. Each party may change its notice address by notice to the other given in accordance with the foregoing.

33. Number. Whenever the context of this Lease requires, the singular number includes the plural. If more than one Lessee is named in the Lease, the liability of each shall be joint and several.

34. Titles. Titles to paragraphs of this Lease are solely for convenience, and are not an aid in the interpretation of the instrument.

35. Time. Time is of the essence of this Lease and each and all of its provisions.

36. Counterparts. This Lease may be executed in counterparts, each of which is deemed an original, but all of which together is deemed to be one and the same agreement. A signed copy of this Lease delivered by facsimile, email, or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Lease.

[Signature Page Follows]

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease effective as of the date first above written.

LESSOR:

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

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

By: ____________________________________
Vice President

ADDRESS:

1775 Flight Way, Suite 125
Tustin, CA 92782

LESSEE:

____

____

ADDRESS:

____

____

____

EXHIBIT G

GUARANTY

CONTINUING GUARANTY & 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 agreements with ____ ("Obligor"), including but not limited to the agreements described on attached Exhibit A, unconditionally guarantees and promises to and for the benefit of GGFL and GGFC the timely, full and faithful performance of all provisions of all agreements, any and all amendments and any and all addendums thereto, and any other agreements now or later after made between, on the one hand, GGFL and/or GGFC and on the other hand, Obligor (the "Agreements") and all obligations now or later undertaken or arising of Obligor to GGFL and/or GGFC. This is a CONTINUING GUARANTY of all present and future obligations of Obligor to GGFL and GGFC, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether 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) Guarantor(s)' obligations under this Guaranty are joint and several and independent of the obligations of 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 Obligor or whether or not Obligor is joined in such action or actions. Guarantor(s) waive the benefit of and promise not to assert the defense of any statutes 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 first against Obligor; (b) proceed at all against Obligor; (c) proceed against or exhaust any security held from Obligor; or (d) 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 Obligor or by reason of the cessation from any cause whatsoever of the liability of Obligor or by reason of GGFL or GGFC having modified the obligations of Obligor, whether expressly or impliedly, orally or in writing, or by reason of GGFL or GGFC not having notified Guarantor(s) of Obligor's breach or impending breach or failure or impending failure to perform, or by reason of GGFL or GGFC negotiating resolution with Obligor, or by reason of any act of omission of GGFL or GGFC being claimed to affect Guarantor(s) right or remedies as against Obligor, or as against any other person or entity.

c) Until all obligations of 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 later have against Obligor, and waive any benefit of, and any right to participate in any security now or later 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 Obligor, Guarantor(s) shall be liable to GGFL and GGFC for any part and for all 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, or modification of obligations, and statute of limitations and laches defenses.

d) 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 right of set-off against all monies, securities and other property of Guarantor(s) now or later 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 legally or equitably, directly or in trust, 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 neglect to exercise such right of set-off or to enforce such lien, or by any delay in doing so or by any omission 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, expressly waived or released by an instrument in writing executed by GGFL and GGFC.

2. SUBORDINATION.

Any indebtedness or obligation of Obligor now or later held by or acquired by Guarantor(s) is hereby subordinated to the indebtedness or obligation of Obligor to GGFL and GGFC. Such indebtedness or obligation of Obligor to Guarantor(s), if GGFL and GGFC 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 Obligor to GGFL and GGFC but without reducing or effecting in any manner 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/or GGFC in the enforcement of this Guaranty and or in collection and enforcement efforts against Obligor.

4. MISCELLANEOUS.

a) It is not necessary for GGFL and GGFC to inquire into the powers of Obligor or the members, managers, officers, directors or agents acting or purporting to act on behalf of the obligator, 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 agrees that recourse may be had against that person's separate property and that 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 with liberal construction to be given in favor of GGFL and GGFC as needed to advance the enforcement of this Guaranty against Guarantor(s) and not strictly for or against any party.

e) The following in this Section 4(e) is applicable only in the case of any Guarantor(s) having an interest in the Franchise that is subject to this Guaranty and completing a transfer of all Guarantor(s)' interests in the Franchise and only if indicated by the blanks being filled in and this paragraph being specially initialed. Notwithstanding anything to the contrary in this Guaranty, Guarantor's obligations and liabilities under this 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 ____________________, 20__) and Guarantor's obligations and liabilities under this Guaranty shall terminate and be of no further force or effect after ____________, 20__. Initials of Guarantor(s): ______ _______

Executed this _____ day of _________________, 20___.

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 ____________, _____.

5. Other agreement(s) and/or obligations (list here):

EXHIBIT H

ADVERTISING ASSOCIATION AGREEMENT

HAMBURGER STAND ADVERTISING ASSOCIATION AGREEMENT

This AGREEMENT is made and entered into as of _______________, 20___, by and between ______________________________________ ("Operator") and other participating operators in the area described below, 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. 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. The Association has been, or is hereby formed between Operator, 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 operators in the Association and for the benefit of GGFL.

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, provided that GGFL shall always have the right to alter the area or specify an area with modified or different boundaries, which may be geographic, non-geographic, or a combination thereof.

3. Term. This Agreement shall be effective and Operator's obligations 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 (not vetoed by GGFL) by a two-thirds (2/3) majority vote of all operators that are then members of the Association; (iii) judicial determination, or (iv) notice of termination from GGFL.

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

5. Officers. The Association shall have a President, at least one Vice President, 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 successors are elected. The President shall call and preside at all meetings and shall generally act as administrator of the Association. The Vice President shall assist the President. The Vice President (or, if there is more than one, the First Vice President) shall act as President in case of the President's death, disability that prevents the President from fulfilling the duties of President, resignation or removal of the President from office. 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, FDIC-insured bank. The Treasurer shall issue checks against these monies to pay the Association's debts. Checks shall be signed by the President or Vice President. The Association may, if it so chooses, require that all checks, or all checks above a specified amount, must be signed by at least two officers.

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;

(g) Reviewing and/or auditing and overseeing the Treasurer's reporting on the Association's revenues and expenditures;

(h) Causing the Association to pursue enforcement and collection activities and actions.

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 majority vote of a quorum of operators entitled to vote 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.

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, or more frequently as may be determined by the Association, an amount equal to three percent (3%) of the net sales of the prior month (or, for more frequent contributions, prior shorter period determined by the Association), 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 net sales of the prior month (or other shorter period as determined by the Association). Such payment shall be due and payable by the fifteenth (15^{th}) day of the calendar month (or other more frequent due date as determined by the Association) following the month (or other applicable period) 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 (7^{th}) 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. GGFL reserves the right to designate shorter periods and more frequent due dates for payment of the contribution for national/regional advertising.

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 rate of one-and-one-half percent (1½%) per month (18% per year) or, if less, 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.

The Association may vote to require contributions to be made by automated clearing house (ACH) or other electronic and/or automatic means of payment. GGFL shall have the right to require contributions for national/regional advertising to be made by automated clearing house or other electronic and/or automatic means of payment.

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, under supervision of the Advertising Committee, 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 and any other taxes chargeable to the Association or its members by reason of membership in or participation in the activities of 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. Conflict. If there is an Association that covers the DMA in which this restaurant is located, and such Association has bylaws, or minutes, that conflict with any of the terms and conditions of this Agreement, then the language of such bylaws or minutes shall control.

21. 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 OPERATORS' ASSOCIATION OF
HAMBURGER STAND NO. _______	________________________________
______________________________	By:______________________________
	Title: ____________________________
	GGFL:
______________________________ Address	GALARDI GROUP FRANCHISE & LEASING, LLC a California limited liability company
______________________________	By: Its Managing Member GALARDI GROUP FRANCHISE & LEASING, INC.
	By: ____________________________________

EXHIBIT I

PROMOTIONAL ALLOWANCE AGREEMENT

PROMOTIONAL ALLOWANCE ASSIGNMENT AGREEMENT

This AGREEMENT is made as of the _______ day of _____________, 20__, by and between GALARDI GROUP FRANCHISE & LEASING, LLC ("GGFL") and the following franchisee or limited franchisee: ____ ("Franchisee").

APPLICABLE IF FRANCHISEE IS A 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 transfers, assigns and conveys to GGFL all Franchisee's right, title and interest in and to any marketing or promotion allowances which Franchisee is or may become entitled to from any manufacturer, supplier, distributor, purveyor, vendor or other provider of products or services ("Supplier"). Each Supplier and its subsidiaries, agents or assigns is hereby directed and authorized to remit and deliver all marketing or promotion allowance payments directly to GGFL, unless otherwise notified in writing by GGFL.

APPLICABLE IF FRANCHISEE IS A 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 transfers, assigns and conveys to GGFL all Franchisee's right, title and interest in and to any marketing or promotion allowances which Franchisee is or may become entitled to from any manufacturer, supplier, distributor, purveyor, vendor or other provider of products or services ("Supplier"). Each 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 TO BOTH FULL FRANCHISEES AND LIMITED FRANCHISEES:

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

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 any 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). Franchisee waives any defense or claim of waiver, waiver by delay, waiver by laches or the like.

7. Franchisee shall execute further instruments and documents and take further actions that GGFL requests from time to time to affirm, reaffirm and assist in giving effect to this Agreement, including but not limited to executing further instructions to manufacturers, suppliers, distributors, purveyors and vendors of products and services.

8. In the event of any act or omission by Franchisee that disrupts or delays delivery of the funds to GGFL,

or receipt or retention by Franchisee of any such funds without immediately turning the funds over to GGFL, Franchisee shall be obligated to compensate GGFL for delay by delivering the funds and paying interest on the funds at the rate of one-and-one-half percent (1.5%) per month (which equates to 18% per year) from the date when the funds would or should have been received by GGFL absent such act or omission, whichever is earlier, until GGFL actually receives possession of the funds.

9. 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.

10. Headings in this Agreement are part of the Agreement to explain which provisions are applicable.

EXECUTED at Tustin, California on the date stated in the introductory paragraph.

GGFL:

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

FRANCHISEE:

RESTAURANT NO. ____

____
Name

____
Address

____
City and State

EXHIBIT J

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"), consent to the transfer by ____ ("Transferor"), of all Transferor's right, title and interest in the assets of Restaurant 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 ___________, _____, as amended, between GGFL and GGFC and Transferor is terminated and Transferee shall execute GGFL and GGFC's current form of Franchise Agreement ("Current Franchise Agreement") in the form attached as Exhibit "A."

2. As of the closing date, the Sublease dated _______________, _____, 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 _______________, _____, 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 _______________, _____, 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 _______________, _____, 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, limited or general partnership or other entity, then as of the closing date, Transferee shall execute the Continuing Guaranty ("Continuing Guaranty") in the form attached as Exhibit "F."

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

8. Transferor shall indemnify, defend and hold harmless GGFL and GGFC and the respective owners, shareholders, members, managers, directors, officers, employees, Franchisees, and personnel of each of them from and against any causes of action, 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 or omissions of Transferor or liabilities of Transferor occurring without act or omission, arising from or relating to the operation or related activity or 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 of this Agreement, 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 Promotional Allowance Assignment dated _______________, _____, 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."

11. 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.

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

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

14. 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.

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

16. 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.

17. 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.

18. This Agreement is 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.

19. 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.

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

21. 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 ____________, 20___.

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: ____________________________________
Vice President

GALARDI GROUP FRANCHISE CORP.,
a California corporation

By: __________________________________
Vice President

TRANSFEROR:

____

____

____

TRANSFEREE:

____

____

____

Attachments – Exhibits

Attach as Exhibit A, the Current Franchise Agreement

Attach as Exhibit B, the Current Sublease

Attach as Exhibit C, the Current Equipment Lease

Attach as Exhibit D, the Advertising Association Agreement

Attach as Exhibit E the Promotional Allowance Assignment

Attach as Exhibit F the Continuing Guaranty

Attach as Exhibit G the Continuing Guaranty and Subordination Agreement

EXHIBIT K
FRANCHISOR'S RIGHT TO CURE DEFAULT
(LENDER)

RIGHT TO CURE DEFAULT
(LENDER)

This AGREEMENT is made and entered into this _____ day of __________, 20___, 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:

BACKGROUND

Franchisee owns a certain parcel of real property on which a Wienerschnitzel or Hamburger Stand restaurant shall be constructed and operated by Franchisee. To construct the Wienerschnitzel or Hamburger Stand restaurant on that property, Franchisee obtained financing from Lender. Lender placed or will place encumbrances against the property and restaurant to be constructed there. To maintain continuity of operations of the restaurant and protect and maintain the reputation of the Wienerschnitzel and Hamburger Stand trademarks and of GGFC and GGFL in the restaurant business, GGFC and GGFL require that Franchisee agree and obtain 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:

AGREEMENT

1. Lender shall give GGFC and GGFL written notice of any default by Franchisee under the financing and encumbrance no later than when Lender notifies Franchisee.

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 default of Franchisee under the note or other document, within thirty (30) days after GGFC's and GGFL's receipt of the Notice of Default;

   b. Take possession of the Wienerschnitzel or Hamburger Stand restaurant and premises, provided the default is then or thereafter 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(s) 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 one-and-one-half percent (1½%) per month (which equates to 18% per year) 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.

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

Executed as of the date stated in the introductory paragraph:

FRANCHISEE:

____

____

GGFC & GGFL:

GALARDI GROUP FRANCHISE CORP.,
a California corporation

By: ______________________________________
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:_____________________________________
Vice President

EXHIBIT L

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 __________, 20__, 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:

BACKGROUND

Landlord and Franchisee have or shall enter into a lease dated _____________, 20___ for certain premises where a Wienerschnitzel or Hamburger Stand restaurant shall be operated, located at ____ ___________________________ ("Lease"). To establish the restaurant on the premises and maintain continuity of operations of the restaurant and to protect and maintain the reputation of the Wienerschnitzel and Hamburger Stand trademarks and of GGFC and GGFL in the restaurant business, GGFC and GGFL require Franchisee to 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:

AGREEMENT

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

> "If Tenant is at any time in breach of default or noncompliance under this lease, Landlord shall give written notice of the default, breach or noncompliance ("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 at the same time to:
>
> Galardi Group Franchise Corp. and
> Galardi Group Franchise & Leasing, LLC
> 1775 Flight Way, Suite 125
> Tustin, California 92782
>
> The notice shall state conspicuously "Notice of Default at Franchise Location." 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 this 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 and effect 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 _______________, 20____, the Wienerschnitzel Media Fund Agreement or, as applicable, the Advertising Association Agreement dated _______________, 20___, the Equipment Lease dated _______________, 20__ or other agreement (all such agreements collectively referred to as "GGFL Agreements"). Landlord consents to such assignment.

3. 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 and effect 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 of the date that the assignment is effective.

4. Franchisee waives any notice requirements regarding the assignment provided for in Sections 2 and 3 above. 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.

5. The lease is hereby deemed to be amended by and as provided in this Agreement. Landlord and Franchisee shall amend or execute any documents (including but not limited to the lease) as necessary to effectuate the purposes of this Agreement. Absence of such separate amendment to such documents shall not vitiate the amendment accomplished by this Agreement.

6. 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 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.

7. 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 (which equates to 18% per year) or the highest rate permitted under applicable law.

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

9. 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.

10. 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 7.

11. 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:	GGFC & GGFL:
	GALARDI GROUP FRANCHISE CORP., a California corporation
______________________________	By: ____________________________________ Vice President
______________________________	
	GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company
LANDLORD:	By: Its Managing Member GALARDI GROUP FRANCHISE & LEASING, INC., a California corporation
______________________________	
______________________________	By: ____________________________________ Vice President

EXHIBIT M

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's checks drawn on that 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 that you shall be fully protected in honoring any such check.

If any such 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 N

OPERATIONS MANUAL

TABLE OF CONTENTS

HAMBURGER STAND

OPERATIONS MANUAL CONTENTS

EXHIBIT O

LIST OF FRANCHISEES

(CURRENT & DEPARTED)

HAMBURGER STAND - LIST OF FRANCHISES
(As of December 2025)

CALIFORNIA

El Centro
HS# 385 AZ Wiener, Inc.
825 South Imperial Avenue, El Centro, CA 92243 - (760) 353-4800 (F)
(760) 353-4800; 385@galardimail.com

COLORADO

Lakewood
HS# 179 Milehigh Derlicious, Inc.
1495 Holland Street, Lakewood, CO 80215 (F)
(303) 274-6211; 179@galardimail.com

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

ARIZONA

Tucson
P.M. Sticker, Inc.
HS# 513
625 West Ajo Way, Tucson, AZ 85713 - (520) 746-9589 (F)
(520) 746-9589; 513@galardimail.com
HS# 795
1710 West Valencia Road, #170, Tucson, AZ 84746 - (520) 294-3131 (F)
(520) 294-3131; 795@galardimail.com
HS# 886
10185 East Old Vail Rd. #101, Tucson, AZ 85747 - (520) 495-5666 (F)
(520) 495-5666; 886@galardimail.com

Yuma
HS# 556 Ultimate Wieners, LLC
2820 S. Pacific Avenue, Yuma, AZ 85365 - (928) 726-9873 (F)
(928) 726-9873; 556@galardimail.com

WYOMING

Casper
HS# 451 The Original Hamburger Stand, Inc.
3930 East 2nd Street, Casper, WY 82609 - (307) 234-8604 (F)
(307) 234-8604; 451@galardimail.com

HAMBURGER STAND DEPARTED FRANCHISEES
(As of December 2025)

Franchisees whose franchises have terminated, canceled, not renewed or who have voluntarily or involuntarily ceased to do business pursuant to a franchise agreement within the last 12 months:

EXHIBIT P

ADVERTISING ASSOCIATIONS

HAMBURGER STAND ADVERTISING ASSOCIATION LIST

Advertising Association	President	Address/Phone/Email	Contribution Rate
Denver Advertising Association	Machel Cook	1775 Flight Way, Suite 125, Tustin, CA 92782 (949) 892-2671 mcook@galardigroup.com	3%

EXHIBIT Q

STATE ADMINISTRATOR INFORMATION

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 Financial Protection
and Innovation:

Los Angeles
320 West 4th Street
Suite 750
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento
651 Bannon Street, Suite 300
Sacramento, California 95811
(866) 275-2677; (916) 327-7585

San Diego
1455 Frazee Road, Suite 315
San Diego, California 92106
(619) 610-2093; (866) 275-2677

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

Commissioner of Financial Protection
and Innovation

Federal Trade Commission

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

Illinois

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62701
(217) 782-4465

Attorney General

Washington

Department of Financial Institutions
Securities Division
Post Office Box 41200
Olympia, Washington 98504-1200
(360) 902-8760

EXHIBIT R

STATE DISCLOSURE ADDENDA

California State Addendum to the FDD

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 14 DAYS PRIOR TO EXECUTION OF ANY AGREEMENT.

2. Neither the franchisor, any person or franchise broker in Item 2 of the UFDD 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.

3. California Business and Professions Code Sections 20000 - 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. Before the franchisor can ask you to materially modify your existing franchise agreement, Section 31125 of the California Corporations Code requires the franchisor to file a material modification application with the Department that includes a disclosure document showing the existing terms and the proposed new terms of your franchise agreement. Once the application is registered, the franchisor must provide you with that disclosure with an explanation that the changes are voluntary.

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 - 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act. (Business and Professions Code Sections 20000 - 20043).

9. OUR WEBSITES ARE: WWW.HAMBURGERSTAND.COM AND WWW.WIENERSCHNITZEL.COM

10. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

11. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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

13. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with this franchise.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

California State Addendum to the Franchise Agreement

This Addendum to Franchise Agreement (this "**Addendum**") dated ___________________, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "**Franchise Agreement**") dated ___________________, by and between **Galardi Group Franchise Corp.**, a California corporation, as Franchisor ("**Franchisor**"), and ______________________________, as Franchisee ("**Franchisee**"). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

For the purposes of Cal. Bus. & Prof. Code Section 20022, Franchisor and Franchisee agree that:

1. For purposes of Section 20022, franchisee is not able to provide to Franchisor "clear title and possession" to Franchisee's assets if those assets are subject to liens or encumbrances including: (i) purchase money security interests; (ii) blanket security interests; (iii) rights of first refusal; (iv) liens by Franchisee's landlord; or (v) tax liens.

2. For the purposes of Section 20022(h), Franchisor's right of offset will include the following amounts owed by Franchisee to Franchisor or Franchisor's affiliates: (i) service fees; (ii) advertising fees; (iii) technology fees; (iv) liquidated damages; (v) transfer fees; and (vi) any other type of fees or amounts owed by Franchisee to Franchisor or Franchisor's affiliates.

For the purposes of Cal. Code Regs. Tit. 10, § 310.114.1, Franchisor and Franchisee agree that:

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the Disclosure Document 14 days prior to execution of any agreement.

2. 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.

3. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. sec. 101 et. Seq.).

4. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

5. The Franchise Agreement requires the parties to resolve all disputes through negotiation, mediation and arbitration in the U.S. District for the Central District of California or any state court in Orange County, California, with the costs being borne equally by the parties.

For the purposes of Cal. Bus. & Prof. Code Section 20035, Franchisor and Franchisee agree that:

1. **"Fair Market Value of the Franchise Assets"** means the value of Franchisee's assets, valued according to the declining-balance method of depreciation. The purchase price by Franchisor for the assets will not include the cost of removal and transportation of those assets, which will be Franchisee's responsibility.

2. **"Fair Market Value Of The Franchised Business" means the "Fair Market Value Of The Franchise**

Assets” as defined above, plus goodwill. The parties agree that the value of goodwill is the amount of service fees paid by Franchisee to Franchisor within the twelve (12) month period immediately before Franchisor’s termination or failure to renew if franchisor is in violation of the California Franchise Relations Act.

California’s Franchise Investment Law (Corporations Code sections 31512 and 31512.1):
Any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FRANCHISEE	FRANCHISOR
______________________________	Galardi Group Franchise Corp.
Signature: ______________________	By: ___________________________
Print Name: _____________________	Print Name: _____________________

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. Illinois law governs the agreements between the parties to this franchise.

2. A franchisee's rights upon termination and/or non-renewal of a franchise are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

3. The Illinois Franchise Disclosure Act (815 ILCS Section 705/4) provides that "any provision in a Franchise Agreement that designates jurisdiction or venue in a forum outside of this State [Illinois] is void provided that a Franchise Agreement may provide for arbitration in a forum outside of this State [Illinois]."

4. Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

5. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ILLINOIS ADDENDUM TO THE AGREEMENTS

This FIRST ADDENDUM TO CONTRACTS ("Addendum") is made and entered into on, __________________, ____ by and between _______________ ("_____") and _________________ ("Franchisee"), subject to the following recitals:

RECITALS

A. Franchisee is a resident of the state of Illinois or a non-resident who is acquiring franchise rights permitting the location of one or more Wienerschnitzel or Hamburger Stand Restaurants in the State of Illinois.

B. The "Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Franchise Disclosure Document that Company has delivered to Franchisee, i.e.: Franchise Agreement; ______________ (collectively referred to as the "Contracts").

C. To the extent that the parties enter into any of the Contracts now or in the future, they desire to amend the Contracts in order to conform them to the requirements of Illinois law.

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Contracts.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. Illinois law governs the Franchise Agreement.

3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

4. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

6. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF the parties have executed this Addendum on the date first above written.

COMPANY:

Galardi Group ______________________

By:

Its:

FRANCHISEE:

NAME

By:

Its:

WASHINGTON ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the Franchise Agreement, the Exclusive Right to Develop Agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Act") will prevail.

2. **Franchisee Bill of Rights.** The State of Washington has a statute, the Act, which might supersede this Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There might also be court decisions which supersede the Agreement in your relationship with us, including termination and renewal of your franchise. Franchise Agreement and Exclusive Right to Develop Agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement or Exclusive Right to Develop Agreement, a Franchisee or Developer may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the Franchise Agreement or Area Development Agreement or related agreements purporting to bind you to waive compliance with any provisions under the Act or any rules or orders thereunder is void, except when executed pursuant to a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel, in accordance with the Act. In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void, except as provided for in the Act.

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the Franchise Agreement, Exclusive Right to Develop Agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, might not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable to the extent that they reflect our reasonable estimate or actual costs in effecting a transfer.

7. **Termination by Franchisee.** You may terminate the Franchise Agreement and Exclusive Right to Develop Agreement under any ground permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in Franchise Agreements, Exclusive Right to Develop Agreements or related agreements that permit the Franchisor to repurchase the Franchisee's or Developer's business for any reason during the term of the Franchise Agreement or Exclusive Right to Develop Agreement without the Franchisee's or Developer's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the Franchise Agreements, Exclusive Right to Develop Agreements or related agreements that require the Franchisee or Developer to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits Franchisees and Developers to seek treble damages under certain circumstances. Accordingly, provisions contained in the Franchise Agreement, Exclusive Right to Develop Agreement or elsewhere requiring Franchisees and Developers to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the Franchise Agreement, Exclusive Right to Develop Agreement or related agreements stating that the Franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the Franchise Agreement, Exclusive Right to Develop Agreement or related agreements requiring the Franchisee or Developer to indemnify, reimburse, defend, or hold harmless the Franchisor or other parties is hereby modified such that the Franchisee or Developer has no obligation to indemnify, reimburse, defend, or hold harmless the Franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the Franchise Agreement, Exclusive Right to Develop Agreement or related agreements require a Franchisee or Developer to reimburse the Franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the Franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a Franchisee or Developer, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a Franchisee or Developer under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement, Exclusive Right to Develop Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a Franchisor from restricting, restraining, or prohibiting a Franchisee or Developer from (i) soliciting or hiring any employee of a Franchisee or Developer of the same Franchisor or (ii) soliciting or hiring any employee of

the Franchisor. As a result, any such provisions contained in the Franchise Agreement, Exclusive Right to Develop Agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments**. No statement, questionnaire, or acknowledgement signed or agreed to by a Franchisee or Developer in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any Franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. **Prohibitions on Communicating with Regulators.** Any provision in the Franchise Agreement, Exclusive Right to Develop Agreement or related agreements that prohibits the Franchisee or Developer from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the Franchisor and is paid a fee for referring prospects to the Franchisor and/or selling the franchise. If a Franchisee or Developer is working with a franchise broker, Franchisees and Developers are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this ________________ day of ______________________________________ 20______.

______________________________________ ______________________________________

FRANCHISOR FRANCHISEE

This addendum may also be used as a rider to the Franchise Disclosure Document.

EXHIBIT S

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

CT Corporation System
330 N. Brand Blvd.
Glendale, California 91203-2336

California Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344

EXHIBIT T

SBA ADDENDA

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 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.

[1] While relationships established under license, 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(5)

EXHIBIT U

FRANCHISEE TECHNOLOGY AGREEMENT

TECHNOLOGY AGREEMENT

This TECHNOLOGY AGREEMENT (the "Agreement") is made and entered into as of the date in the signature block below by and between GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company ("GGF&L"), and __________________________ ("Franchisee of Record" or "Customer").

Customer Information

Store Number (Address):
Start Date of Agreement:

Customer is a franchisee under a Franchise Agreement that allows GGF&L to charge for various technology services that GGF&L provides to Customer, which may include, *inter alia*, point-of-sale support services (aka "GGI Helpdesk") (the "Technology Services"). Accordingly, the parties have agreed as follows:

1. Services. GGF&L shall provide to Customer access to, and/or support for, the Technology Services. With respect to the support service commonly referred to as the "GGI Helpdesk," the description of the specific support services will be outlined in Exhibit "A", and by this reference is made a part of this Agreement. GGF&L shall provide a contact person(s) to provide the Technology Services. GGF&L reserves the right to restrict Customer's access to, and support of, the Technology Services during periods of routine back-up, maintenance, scheduled downtime, weekends, holidays and other activities outside such business hours. Information relevant to Technology Services may be posted on the GGF&L internal customer website ("Website"). Technology Services information on the Website, or other GGF&L documents, may be changed or updated without notice. GGF&L may also make improvements and/or changes in the Technology Services or pricing at any time without notice.

2. Term. This Agreement shall commence on ________________________ and continue in effect for twelve (12) months (the "Term Expiration Date"). The Agreement shall automatically renew at the then current Annual Fee for Services, which may increase from the Fees outlined in the Agreement, for another twelve (12) month term upon the Term Expiration Date. Thereafter, this Agreement will continue to automatically renew at the then current Annual Fee for Services for one (1) twelve (12) month period. GGF&L shall have the right to terminate this Agreement at any time by sixty (60) days' prior written notice for any reason.

3. Fees and Payment Terms. In consideration for the Services performed pursuant to this Agreement, Customer shall pay GGF&L $1,379.00 ("Fees"). GGF&L shall automatically debit the Customer's account for the Fees via ACH funds transfer prior to the Term Commencement Date (and any subsequent Term Commencement Date(s)). The Fees shall be deemed earned when received by GGF&L and will not be subject to pro-rata refund or offset if the Technology Services are not used, or if Customer's relationship with GGF&L terminates. Any reasonable out-of-pocket travel and living expenses that may be incurred by GGF&L personnel during their performance of the Technology Services shall be reimbursed by Customer. In the event that GGF&L provides services, which it determines, in its reasonable discretion, to be outside the scope of the Technology Services, which would include, but is not limited to, software license fees, software updates, hardware updates associated with software updates, onsite services, reasonable travel and living expenses, and consulting services ("Additional Services"). Customer shall pay for all such Additional Services at the Professional Services Rates described in Exhibit "B", plus material charges. Customer shall pay for Additional Services due and owing directly to GGF&L by ACH funds transfer Customer may not withhold or set off any amount due to GGF&L. All amounts past due and owing to GGF&L 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, Customer shall pay to GGF&L a sum equal to ten percent (10%) of the delinquent

amount. Customer agrees that these amounts are reasonable compensation to GGF&L for the lost use of funds and additional services and expenses required due to the failure to pay. All amounts due (including the Fees) do not include any federal, state or local sales, use or excise taxes or other charges assessed against or payable by GGF&L in connection with this Agreement, and Customer shall pay to GGF&L the amount of any such taxes that GGF&L may be required to pay on account of its performance under this Agreement except for any franchise tax or tax based upon GGF&L's net income or personal property. GGF&L reserves the right to cease performance and assert appropriate liens, if applicable, if all amounts are not paid in full when due.

4. Customer Obligations. As a condition precedent to GGF&L performing its obligations hereunder, Customer shall have in Customer's restaurant the equipment listed on Exhibit "C" attached hereto. Customer shall also have the standard store equipment configuration as listed on Exhibit "D" attached. Customer shall timely provide the following at no charge to GGF&L: (a) access to and use of reasonable working space, facilities and utilities, and (b) any information, software, equipment, data and/or documentation (collectively, "Data") that GGF&L reasonably requests from Customer that is necessary for GGF&L to properly perform its obligations hereunder. Customer represents to GGF&L that it has the right to grant GGF&L access to such facilities and Data for the performance of the Technology Services. In the event that there are any delays by Customer in the timely providing of facilities, access, Data, or the Standard Store Configuration or there are errors or inaccuracies in the Data or the Standard Store Configuration provided, and such delays, errors or inaccuracies require additions, corrections or modifications related to GGF&L's performance hereunder, then any costs associated therewith shall be the responsibility of Customer, and GGF&L shall be entitled to appropriate adjustments. Customer shall designate two points of contact who shall be the only people to make inquiries to GGF&L under this Agreement, as set forth on the first page of this Agreement. Each Customer contact must possess, or at Customer's expense acquire the necessary familiarity, expertise and training on the Standard Store Configuration with direction by GGF&L. Prior to requesting support, Customer will comply with all published operating and troubleshooting procedures for the components of the Standard Store Configuration and, if such efforts are unsuccessful in eliminating the malfunction, Customer shall promptly notify GGF&L of any problems discovered in the operation of the Standard Store Configuration. Customer must identify the Franchise Store Number when accessing the Technology Services. Customer must cooperate with GGF&L to maintain a site activity log. Customer will perform routine preventive maintenance and cleaning of the Standard Store Configuration Customer shall be solely responsible for the accuracy of all Data collected and submitted to third party suppliers for credit card processing. Customer shall comply with such reasonable policies, procedures and rules relating to the Services as GGF&L may from time to time publish on its Website or designate in writing to Customer. Customer shall educate and train their restaurant managers in how to run their Point of Sale system. Customer will ensure that all third parties, including its employees or contractors, using the Services or any components of Customer's Standard Store Configuration abide by Customer's obligations under this Agreement in their use thereof. Any act or omission of any third party related to Customer's obligations hereunder or the use of any Services, Reports or Standard Store Configuration shall be deemed to be the act or omission of Customer for all purposes whether or not Customer had knowledge of or had authorized such act or omission. Customer acknowledges and agrees that the data entered by GGF&L is on behalf of Customer. Customer acknowledges and agrees that it is their responsibility to verify the accuracy of the data inputted by GGF&L and also to maintain and update the data as needed. Any maintenance and/or updates Customer wishes GGF&L to perform must be communicated to GGF&L in writing in order for GGF&L to perform the maintenance and/or updates

5. Confidential & Proprietary Information. Each party shall maintain in strict confidence, and not disclose or distribute to any third person any Confidential Information of the other party for a period of three (3) years from the date of disclosure (except with respect to trade secrets, which shall be kept confidential until no longer qualifying as a trade secret). "Confidential Information" shall mean the information disclosed by either party pursuant to this Agreement that is (a) stamped or otherwise marked as being confidential by the disclosing party, (b) if disclosed in oral form, identified as confidential at the time of oral disclosure and is summarized by the

disclosing party in a written memorandum marked as confidential and delivered within ten (10) business days after such disclosure, or (c) of such a nature as to put a reasonable party on notice as to the confidentiality of the information disclosed. Confidential Information does not include any information that: (i) entered the public domain through no fault of the receiving party; (ii) is rightfully received by the receiving party from a third party without similar non- disclosure obligations; (iii) is already known to the receiving party prior to disclosure by the disclosing party; (iv) is independently developed by the receiving party without reference to the Confidential Information of the disclosing party, or (v) is required to be disclosed by law, provided that the party intending to make such required disclosure shall promptly notify the other party of such intended disclosure in order to allow such party to seek a protective order or other remedy. The obligations set forth above in this Section shall not affect GGF&L's ownership of Inventions (as defined in Section 5) and all intellectual property rights therein, or GGF&L's full exercise of those Inventions and intellectual property rights, so long as GGF&L does not disclose Customer's Confidential Information. All Inventions shall constitute GGF&L's Confidential Information.

6. Proprietary Rights. GGF&L or its subcontractors or suppliers, as applicable, retain sole ownership of all designs, engineering details, data, methodologies, ideas, concepts, discoveries, inventions, improvements, works of authorship, technology or information. and all enhancements, modifications and derivative works thereof (collectively, "Inventions"), and all intellectual property rights therein, used or created by GGF&L or such subcontractors in the performance of the Technology Services, and shall have the exclusive right to determine how to protect the Inventions. Reports or other work product delivered by GGF&L to Customer under this Agreement are provided to Customer with Limited Rights. "Reports" means the written reports or work product specifically produced by GGF&L in performing the Services and specified to be an item delivered to Customer. "Limited Rights" means the right of Customer to use the Reports in operating Customer's Standard Store Configuration for Customer's own internal business purposes only, but in no event the right to make copies, modifications, enhancements or derivative works thereof or resell, distribute, exploit or sublicense such Reports or any portion thereof. GGF&L retains for itself, its parent company, affiliates and subsidiaries, the right to retain and make copies of the Reports and to make use of the contents thereof for its and their business use and, as to any portion of such contents that is not Customer's Confidential Information, to make use thereof for any purpose, whether internal or otherwise.

7. Limited Warranty. GGF&L warrants to Customer only that: (i) for a period of thirty (30) days from the date of completion of its performance of a particular task under the Services, the particular task will be performed in a good and workmanlike manner consistent with standard industry practices employed by persons knowledgeable in the field of computers and within the limits of the technology embodied in the Standard Store Configuration; and (ii) for a period of thirty (30) days from the date of delivery of a particular Report, that Report will be free from material defects in workmanship and materials, and will conform in all material respects to the applicable descriptions or specifications provided by GGF&L to Customer In the event of a breach by GGF&L of the foregoing warranty of which Customer notifies GGF&L in writing during the warranty period, GGF&L's sole obligation and Customer's exclusive remedy shall be for GGF&L to use commercially reasonable efforts to re-perform the task or to correct the portion of the Report that does not conform to such warranty. In the event GGF&L is unable to re-perform such task or to make such corrections, as applicable, the sole remedy of Customer and GGF&L's sole obligation shall be to recover the compensation actually paid to GGF&L for the Technology Service or the Report giving rise to such warranty failure. This limited warranty with respect to any Technology Services or Reports shall be voided in the event Customer: (i) makes additions to, alters, modifies, enhances, changes, repairs or disassembles or reverse engineers the Standard Store Configuration, or fails to maintain the Standard Store Configuration (or any component thereof or any equipment or facilities upon which such component depends) in good working order or the environmental conditions within the operating range specified by the manufacturer of the components in the Standard Software Configuration or GGF&L; (ii) uses the Standard Store Configuration or any Report in a manner for which it was not designed, or in an incompatible operating environment; or (iii) mishandles, abuses, misuses or damages the Standard Store

Configuration. THE LIMITED WARRANTY STATED IN THIS SECTION AND THE REMEDIES FOR A FAILURE OR BREACH OF SUCH LIMITED WARRANTY ARE EXCLUSIVE. THEY ARE GIVEN TO CUSTOMER IN LIEU OF ALL OTHER WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, ACCURACY, QUIET ENJOYMENT, NON-INFRINGEMENT, OR COURSE OF PERFORMANCE OR DEALING, WHICH GGF&L SPECIFICALLY DISCLAIMS.

8. Limitation of Damages. IN NO EVENT SHALL GGF&L (OR ITS SUPPLIERS) BE LIABLE TO CUSTOMER FOR LOST PROFITS, LOSS OR INTERRUPTION OF BUSINESS, LOSS OF DATA OR ANY SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL OR OTHER DAMAGES, HOWEVER CAUSED, AND WHETHER BASED IN CONTRACT, TORT (INCLUDING NEGLIGENCE) OR ANY OTHER THEORY OF LIABILITY. THE FOREGOING LIMITATION SHALL APPLY EVEN IF GGF&L (OR ITS SUPPLIERS) KNOW OR HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE AND NOTWITHSTANDING ANY FAILURE OR ESSENTIAL PURPOSE OF ANY LIMITED REMEDY PROVIDED FOR HEREIN. EXCEPT IN RESPECT OF INJURY TO OR DEATH OF ANY PERSON RESULTING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF GGF&L, ITS EMPLOYEES, AGENTS OR SUBCONTRACTORS (FOR WHICH NO LIMIT APPLIES), IN NO EVENT WILL GGF&L'S ENTIRE LIABILITY UNDER THIS AGREEMENT EXCEED THE GREATER OF (A) THE FEES PAID TO GGF&L FOR THE AFFECTED SERVICE OR REPORT UNDER THIS AGREEMENT OR (B) $5,000.00. IN NO EVENT SHALL GGF&L HAVE ANY LIABILITY FOR ANY COMPONENT OF THE STANDARD STORE CONFIGURATION (AS DESCRIBED IN THE GGF&L STANDARD SERVICES DESCRIPTION). IN ADDITION, GGF&L SHALL NOT BE LIABLE UNDER ANY CLAIM BROUGHT UNDER ANY THEORY OF LAW THAT AROSE MORE THAN ONE (1) YEAR PRIOR TO THE INSTITUTION OF SUIT THEREON. GGF&L SHALL NOT BE LIABLE FOR ANY LOSS OR DAMAGE CAUSED BY DELAY IN FURNISHING ANY COMPONENT OF THE STANDARD NETWORK OPERATING ENVIRONMENT, ANY REPORTS, ANY SERVICES, OR ANY OTHER PERFORMANCE UNDER OR PURSUANT TO THIS AGREEMENT. EACH PARTY ACKNOWLEDGES AND AGREES THAT THE FOREGOING LIMITATIONS ON LIABILITY ARE ESSENTIAL ELEMENTS OF THE BASIS OF THE BARGAIN BETWEEN THE PARTIES AND THAT IN THE ABSENCE OF SUCH LIMITATIONS, THE MATERIAL AND ECONOMIC TERMS OF THIS AGREEMENT WOULD BE SUBSTANTIALLY DIFFERENT.

9. Default. If any material breach of this Agreement continues uncorrected for more than five (5) days after written notice from the aggrieved party describing the breach, the aggrieved party shall be entitled to declare a default, suspend performance, terminate this Agreement, and pursue any and all other remedies available at law or equity, except as specifically limited elsewhere in this Agreement.

10. Notices. Notices, authorizations and other official communications under this Agreement shall be transmitted in writing by prepaid United States certified mail, return receipt requested, or overnight receipted courier, to GGF&L, at the address and attention of the person set forth on the first page of this Agreement for GGF&L and to Customer, to the billing address and attention of the person set forth on the first page of this Agreement for Customer. Any notice given pursuant to this Section shall be deemed to have been received, in the case of certified mail, on the date of receipt as evidenced by the U.S. Postal Service return receipt card, and, in the case of overnight courier, on the next business day after sending, unless documented otherwise by recipient. All notices must be in the English language.

11. Assignment. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by either party, in whole or in part, without the prior written consent of the other party, such consent not to be unreasonably withheld. Notwithstanding the preceding sentence, either party may assign this Agreement to its

parent company or another affiliated company without the consent of the other party but upon written notice to the other party; provided that the successor unconditionally agrees in writing to be bound by the terms and conditions of this Agreement.

12. Subcontracting. GGF&L reserves the right to subcontract such portions of the Services to subcontractors of GGF&L's choice as it deems appropriate, provided that no such subcontract shall relieve GGF&L of primary responsibility for performance of such Services.

13. Reserved Rights. GGF&L's service offerings are continually evolving. Accordingly, GGF&L reserves the right to make service substitutions and modifications and to modify or amend its standard description of services for each Service Level at any time by publication including posting on its Website or written notice to Customer. All Services will be delivered in English.

14. Indemnification. Each party shall indemnify, defend and hold harmless the other with respect to any third party claim alleging bodily injury, including death, or damage to tangible property, to the extent such injury or damage is caused by the gross negligence or willful misconduct of the indemnifying party. Customer shall indemnify, defend and hold harmless GGF&L, at Customer's expense, from and against any action brought against GGF&L by a third party, to the extent that such action is based on a claim relating to Customer's Standard Store Configuration, Data or the performance of Technology Services hereunder. A condition precedent to any obligation of a party to indemnify shall be for the other party to promptly advise in writing the indemnifying party of the claim and turn over its defense. The party being indemnified must cooperate in the defense or settlement of the claim, but the indemnifying party shall have sole control over the defense or settlement. If the defense is properly and timely tendered to the indemnifying party, then the indemnifying party must pay all litigation costs, reasonable attorney's fees, settlement payments agreed to by the indemnifying party and any damages finally awarded by a court; provided, however, that this shall not be construed to require the indemnifying party to reimburse attorney's fees or related costs that the indemnified party incurs either to fulfill its obligation to cooperate, or to monitor litigation being defended by the indemnifying party.

15. Independent Contractor. Nothing in this Agreement shall be interpreted or construed so as to create any relationship between the parties other than that of independent contracting entities. Neither party shall be authorized to obligate, bind or act in the name of the other party, except to the extent GGF&L is expressly authorized to do so in this Agreement.

16. Non-Solicitation. Customer shall not solicit or otherwise seek, directly or indirectly, to induce any of GGF&L's employees or contractors to work for Customer for a period of one (1) year after the employee or contractor ceases to be employed or otherwise utilized by GGF&L or one (1) year after the termination of this Agreement, whichever is greater. Prohibited solicitation includes, but is not limited to, the direct solicitation of any individual or contracting with a third party to intentionally solicit an individual covered by this Section.

17. Similar Services. Customer acknowledges that GGF&L is free to offer services or work product similar to the Services or Reports to other GGF&L customers or third parties without restriction or royalty to Customer.

18. Applicable Law. The rights and obligations of the parties and all interpretations and performance of this Agreement shall be governed in all respects by the laws of the State of California except for its rules with respect to the conflict of laws.

19. Force Majeure. In no event shall either party have any liability for failure to comply with this Agreement if such failure results from the occurrence of any contingency beyond the reasonable control of the party and which delays, interrupts or prevents such party from performing its obligations under this Agreement, including,

without limitation, strike or other labor disturbance or shortage, riot, theft, flood, lightning, storm, any act of God, power failure, war, delays or failure of third party equipment, software or service suppliers, national emergency, interference by any government or governmental agency, embargo or seizure. The party affected by a force majeure event shall give notice thereof to the other party within ten days following the occurrence thereof and shall apprise the other party of the probable extent to which the affected party will be unable to perform or will be delayed in performing its obligations hereunder. The affected party shall exercise due diligence to eliminate or remedy the force majeure cause and shall give the other party prompt notice when that has been accomplished. Except as provided herein, if performance of this Agreement by either party is delayed, interrupted or prevented by reason of any event of force majeure, both parties shall be excused from performing hereunder while and to the extent that the force majeure condition exists after which the parties' performance shall be resumed.

20. Waiver. Failure by either party to require performance by the other party or to claim a breach of any provision of this Agreement will not be construed as a waiver of any right accruing hereunder or of any subsequent breach, and will not affect the effectiveness of this Agreement or any part hereof, or prejudice either party regarding any subsequent action.

21. Invalidity. If any provision of this Agreement is held invalid, the remaining provisions shall continue in full force and effect and the parties shall substitute for the invalid provision a valid provision which most closely approximates the economic effect and intent of the invalid provision.

22. Attorneys' Fees. In any dispute or litigation between the parties, the prevailing party shall be entitled to reasonable attorneys' fees and all costs of proceedings incurred in enforcing this Agreement.

23. Entire Agreement. This Agreement constitutes the entire agreement between GGF&L and Customer with respect to the subject matter hereof and supersedes all previous negotiations, proposals, commitments, writings, advertisements, publications and understandings of any nature and in any manner whatsoever relating thereto, but does not amend or supersede any Franchise Agreement between GGI and Customer. No agent, employee or representative of GGF&L has any authority to bind GGF&L to any affirmation, representation, or warranty concerning the Services and unless such affirmation, representation or warranty is specifically included within this Agreement, it shall not be enforceable by Customer or any assignee or sublicensee of Customer. Any terms and conditions on any Customer purchase order form or other document issued by Customer to implement this Agreement that are in addition to or in conflict with the terms and conditions of this Agreement shall be null and void, even if acknowledged in writing by GGF&L. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument, and facsimile signature shall be treated as originals.

The authorized representatives of Customer and GGF&L, intending to be legally bound, agree to the terms and conditions of this Agreement, including without limitation documents incorporated by reference, as of the Effective Date.

GGF&L:	**Customer:**
Signature:______________________________	Signature:______________________________
Printed Name:__________________________	Printed Name:__________________________
Title:__________________________________	Title:__________________________________
Date:__________________________________	Date:__________________________________

EXHIBIT "A"

DESCRIPTION OF GGI HELPDESK SERVICES – STANDARD SERVICE LEVEL

The following two paragraphs provide a listing of common types of support that are covered, and not covered under this Agreement. These sections are not intended to provide a complete list of supported and non-supported tasks, but are intended to provide examples of each.

Items Covered:

- Resolution or explanation of Micros application generated error messages
- Remote assistance with user problems that occur during normal operation
- Remote Guidance with basic or day to day application programming steps like price changes or discount changes
- Remote Guidance with database or application backup restoration
- Researching and reporting Micros software or application defects to R&D
- Assistance of reprint reports or journals
- User account management to Galardi e-mail, trouble ticket database or Windows user accounts
- Remote assistance to scan the server for virus
- Remote assistance with basic troubleshooting hardware problems
- Remote assistance in adding approved new device (workstation or printer)

Items Not Covered:

- Training performed on site or over the phone
- Installation of a new software module
- Installation of Micros applications, release supplements, service packs or hot-fixes
- The cost of application upgrades, service packs or patch release
- Re-posting of any Micros sales totals, including credit card sales
- Re-key or recovery of credit cards in case they were lost
- Rebuilding of database tables, total files, re-post of totals or any manual manipulation to the database
- Maintain the existence of database backup or Download the Windows security updates or Norton anti-virus updates
- Any cost associated of dispatch a technician to solve a software or hardware problem like a virus or a corruption of software
- Any cost associated with replacing a point of sales hardware

Helpdesk Hours of Operation:

- **NORMAL - Monday to Friday, 7:00 a.m. to 5:00 p.m. (PST)**
- **EMERGENCY - Everyday, 7:00 a.m. to 10:00 p.m. (PST)**

The Helpdesk will determine whether an issue is emergent and, if so, will return the call ASAP. Common emergencies include: (a) backoffice server is down; (b) more than 50% of registers are not operational; (c) POS system is not accepting/processing credit card transactions; and (d) more than 50% of the KDS are down. Emergencies do not include: (a) inability to run reports; (b) receipt or office printer is down; (c) missing data from GGI sales; (d) adding a new employee; or (e) training or "how to" questions. The Helpdesk will provide the assistance via telephone, e-mail and/or remote connection.

EXHIBIT "B"

FEES SCHEDULE

Any service performed by the GGF&L Helpdesk outside of the scope of this Agreement will be billed at the following rates:

- Helpdesk rate $60 per hour
- Networking rate $120 per hour
- Development rate $200 per hour

EXHIBIT "C"

REQUIRED EQUIPMENT

- Valid PCI Compliant Micros 3700 (list of PA-DSS validated product can be found in the link below) http://www.micros.com/ServicesAndSupport/InformationSecurity/
- Valid Micros keyless license

EXHIBIT "D"

STANDARD STORE CONFIGURATION

Standard Store Configuration:

- Back of house system.
- Two front counter POS terminals
- Two drive thru POS terminals
- Four receipt printers
- Five KDS systems
- Back office printer
- Finger print reader

EXHIBIT V

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration as of the Effective Date stated below:

State	Effective Date
California	________
Hawaii	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

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT W

RECEIPTS

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 FINANCIAL PROTECTION AND INNOVATION, 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 THOMAS J. HALDORSEN, VICE PRESIDENT, AT GALARDI GROUP FRANCHISE CORP., 1775 FLIGHT WAY, SUITE 125, TUSTIN, CALIFORNIA 92782, TELEPHONE (949) 892-2629 and TELEPHONE (949) 892-2684, RESPECTIVELY.

ISSUANCE DATE: APRIL 6, 2026, AS AMENDED MAY 29, 2026

I received a Disclosure Document dated, __________________, 202__ that included the following Exhibits:

A.	Financial Statements	L.	Franchisor Right to Cure Default & Consent to Assignment (Landlord)
B.	Franchise Agreement	M.	Direct Debit Agreement
C.	Offer to Purchase	N.	Operations Manual Table of Contents
D.	Sublease	O.	List of Current & Departed Franchisees
E.	Promissory Note	P.	Advertising Association
F.	Equipment Lease	Q.	State Administrators
G.	Guaranty	R.	State Disclosure Addenda
H.	Advertising Association Agreement	S.	Agent(s) for Service of Process
I.	Promotional Allowance Assignment	T.	SBA Addendum
J.	Consent to Transfer	U.	Technology Agreement
K.	Franchisor Right to Cure Default (Lender)	V.	State Effective Dates
		W.	Receipts

Dated:____________________________

____
(Signature)

____
(Printed Name)

RETURN THE DATED AND SIGNED RECEIPT TO GALARDI GROUP FRANCHISE CORP., 1775 FLIGHT WAY, SUITE 125, TUSTIN, CALIFORNIA 92782.

RECEIPT
(Franchisor's Copy)

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Dated:___________________________

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(Signature)

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(Printed Name)

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