

FRANCHISE DISCLOSURE DOCUMENT

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Fresh Start Franchising, Inc. ("FSF," "franchisor," "we," "us," or "our" as the context requires) offers for sale franchises for the establishment, development and operation of Jreck Subs retail restaurant establishments that prepare, offer and sell assorted, made-to-order specialty submarine sandwiches, salads, wraps, chili, soups and other quick serve food and beverage items.

The total investment necessary to begin operation of a Jreck Subs franchise ranges from \$127,500 to \$428,500. This includes \$18,500 that must be paid to the franchisor.

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

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

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

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

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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 E.
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 C 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 Jreck Subs 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 Jreck Subs franchisee?	Item 20 or Exhibit E 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 a 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, that 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 D.

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 requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in New York State. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in New York State than in your own state.
2. **Personal Guaranties.** The franchise owners and their spouses must each sign personal guaranties making each spouse jointly and severally liable for all obligations of the franchisee. These guaranties place each franchise owner's and each spouse's personal assets at risk.

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.

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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Fresh Start Franchising, Inc., the franchisor of the Jreck Subs franchise, is referred to in this disclosure document as “FSF,” “franchisor,” “we,” “us,” or “our” as the context requires. A franchisee means the person or entity purchasing the franchise and may be referred to in this disclosure document as “franchisee,” “you” or “your” as the context requires. If the franchise will be owned by a corporation, partnership, limited liability company or other type of entity, “franchisee,” “you” and “your” also means the shareholders of the corporation, partners of the partnership, members of the limited liability company or equity owners of another type of entity, as applicable, as well as their spouses.

FSF is a corporation formed under the laws of the State of Delaware on July 2, 2018. Our principal business address is 215 Washington Street, Suite 215, Watertown, New York 13601. We are doing business under our corporate name.

We offer for sale franchises for the establishment, development and operation of Jreck Subs retail restaurant establishments that prepare, offer and sell assorted, made-to-order specialty submarine sandwiches, salads, wraps, chili, soups and other quick serve food and beverage items (the “Franchised Business”).

You will be granted the right to use the Marks (defined below) and the System (defined below) in the operation of the Franchised Business. You are granted the right to operate the Franchised Business from a single restaurant location within the Territory (defined below).

Our agent to receive service of process, if any, is: The Corporation Trust Company located at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, in addition to the state agency listed in Exhibit D to this disclosure document.

We have no affiliates and we have not previously and do not engage in any other business activities or line of business or offer franchises in any line of business other than Jreck Subs franchises under this disclosure document. We do not operate any businesses of the type being franchised under this disclosure document.

A predecessor, Focus Franchising, Inc. (“FFI”), previously offered and sold sandwich shop franchises under the Jreck Subs brand. FFI was a Florida corporation which, based on public records available from Florida’s Division of Corporations, was formed in March 2013. These records also indicate that FFI had a principal address at 531 Washington Street, Ste 4124, Watertown, New York 13601. Based on public records, we understand that FFI acquired all rights to the Jreck brand from the founders of the brand, Jreck Subs, Inc. (“JSI”), which was incorporated in the State of New York in 1974 and dissolved by proclamation/annulment of authority in January 2012. Other than as set forth above, we are not aware of any other business operations or experience of FFI or JSI.

FFI is neither related to nor an affiliate of FSF. FSF acquired the right to offer Jreck franchises when it purchased certain of FFI’s trademarks and other tangible and intangible rights

and assets relating to the Jreck Subs brand. FFI forfeited these assets in connection with a federal criminal matter pursuant to court order dated September 9, 2019. FSF successfully purchased these assets from the U.S. Marshals Service at a public sale which closed on December 30, 2019.

Thirty-two existing Jreck Subs restaurant locations of FFI continued to operate while the Jreck brand assets were under control of the U.S. Marshals Service.

Other than the identity of these former FFI franchisees and the forms of franchise disclosure and other documents used by FFI and other assets acquired in the public sale, we have no further information regarding FFI (other than what may be learned based on publicly available records) which may permit us to provide any further disclosures regarding FFI.

Nearly all of the former FFI franchisees have become franchisees of FSF. Because those former FFI franchisees who were then currently operating existing Jreck Subs restaurant locations had, among other things, an existing location and a demonstrated history of operating a Jreck Subs restaurant, FSF offered such former FFI franchisees certain terms and conditions which were more favorable than those offered to new franchisees to the Jreck Subs brand. All cost and other estimates as set forth in this disclosure document, unless expressly provided otherwise, refer to the terms and conditions offered to franchisees new to the Jreck Subs brand.

The general market for the products to be offered by a franchisee include all individuals (generally and primarily from age 16 and up) who purchase menu items that are the same as or similar to those offered for sale in the Franchised Business. The market is well-developed and competitive. A Franchised Business will be in direct competition with other national, regional and local franchised and independent sandwich shops, restaurants and supermarkets which offer similar and competitive products, and other quick serve food outlets and restaurants.

In addition to laws and regulations which apply to businesses generally, a Franchised Business will operate a restaurant which is subject to federal, state and local regulations and guidelines governing the food service industry, including, but not limited to, those established by the Food & Drug Administration, the United States Department of Agriculture, the New York State Department of Health, the National Restaurant Association, and other food industry organizations.

You must be familiar with all federal, state and local laws and regulations regarding health and consumer protection, food preparation, baking, handling, storage, menu item names and product labeling, nutritional claims, compliance with Americans With Disabilities Act, data privacy and other privacy laws, and compliance with the federal Fair Labor Standards Act, the Occupational Safety and Health Administration, Equal Employment Opportunity Commission, New York State Division of Human Rights, minimum wage, and other federal, state and local labor and/or employment laws and regulations. You will also need to comply with local zoning rules, in particular as they relate to locations of restaurants and impacts on design features such as building facades and signs. You may also be required to register to obtain authority to collect and remit sales tax on sales of products from the Franchised Business. You should review and examine these and all other applicable laws, rules and regulations with your attorney.

ITEM 2

BUSINESS EXPERIENCE

Co-Chairman and President of Fresh Start Franchising, Inc.: Matthew G. Darrah

Mr. Darrah has served as Co-Chairman and President of FSF since its formation in July 2018. He is also a member of FSF's board of directors. Since 2012, he has and continues to serve as a consultant to Enterprise Holdings, Inc. ("EHI"), the owner of Alamo, National and Enterprise car rental brands, which is headquartered at 600 Corporate Park Drive, St. Louis, Missouri 63105. Prior to that, Mr. Darrah served as Executive Vice President of North America for EHI from 2007 until 2012. EHI Mr. Darrah is also currently the Vice Chairman and rising Chairman for the University of Mount Union Board of Trustees, which is located at 1972 Clark Ave., Alliance, Ohio 44601.

Co-Chairman and Vice President of Fresh Start Franchising, Inc.: Michael Jude Renzi

Mr. Renzi has and continues to serve as Co-Chairman and Vice President of FSF since its formation in July 2018. Since 1999, Mr. Renzi has and continues to serve as Chief Executive Officer of Renzi Foodservice, a broadline foodservice distributor located at 901 Rail Drive, Watertown, New York 13601.

Secretary and Treasurer of Fresh Start Franchising, Inc.: Stephen J. Zaremba

Mr. Zaremba has served as Secretary and Treasurer of FSF since its formation in July 2018. He is also a member of FSF's board of directors. Since March 2004, Mr. Zaremba has and continues to serve as Chief Financial Officer of Paul de Lima Company, Inc., a specialty coffee roaster located at 7546 Morgan Rd, Liverpool, NY 13090. Additionally, since June 2001, Mr. Zaremba has served as Chief Financial Officer for Renzi Foodservice, a broadline foodservice distributor located at 901 Rail Drive, Watertown, New York 13601.

ITEM 3 **LITIGATION**

No litigation regarding FSF is required to be disclosed in this Item.

As referenced in Item 1 above, FFI, which previously owned the Jreck brand assets, forfeited these assets pursuant to court order to the U.S. Marshals Service following the 2016 guilty plea by the principal of the Jreck brand on wire fraud and tax evasion counts in the federal criminal case of *United States v. Christopher Swartz*, with such plea agreement filed on September 19, 2016 in the U.S. District Court for the Northern District of New York (Case No. Case Number: 5:16-cr-00264-DNH). Pursuant to a Judgment filed July 19, 2017, the principal was ordered to serve time in federal prison and pay restitution in the amount of approximately \$25,000,000 in connection with the matter. Following forfeiture of the Jreck branded assets, the U.S. Marshals Service operated the brand until the assets were sold at a public sale to FSF which closed December 30, 2019. We are not aware of any other prior or pending litigation involving FFI or JSI.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 **INITIAL FEES**

Except as set forth in the next paragraph, all franchisees will pay us a nonrefundable franchise fee of \$18,500 for their first Franchised Business. The current fee for a franchisee's second and each additional Franchised Business which is granted to you by FSF, if any, is \$12,500 per Franchised Business. The initial franchise fees are due in lump sum when you sign the Franchise Agreement ("Initial Franchise Fee"). The Initial Franchise Fee is fully earned by us when paid and is non-refundable to you.

We reserve the right to waive or reduce the Initial Franchise Fees for certain franchisees, including the former FFI franchisees, and franchisees who acquire "non-traditional" / "institutional feeder" locations as referenced in Item 12 below, and franchisees owned in whole or in part by family members of the principals of FSF or other related parties.

ITEM 6 **OTHER FEES**

<u>TYPE OF FEE</u>	<u>AMOUNT</u>	<u>DUE DATE</u>	<u>REMARKS</u>
Royalty Fee (Note 1)	6.5% of Gross Sales	Payable Monday of each week based on Gross Sales during the previous week	See definition of Gross Sales in Note 1. Payments will be drawn directly from your bank account via electronic funds transfer ("EFT").
Advertising Contribution (Note 1)	3% of Gross Sales	Payable Monday of each week based on Gross Sales during the previous week	Advertising Contributions will be paid into the Marketing Fund and utilized in accordance with the details provided below in Item 11. Payments will be drawn directly from your bank account via EFT.
Product Purchases (Note 2)	On Price List	Pay by check or electronic transfer with each order	Payment for products purchased from us, if any. Includes cost of goods, taxes, shipping and handling

<u>TYPE OF FEE</u>	<u>AMOUNT</u>	<u>DUE DATE</u>	<u>REMARKS</u>
Interest	Lesser of 1½% per month or maximum legal rate	Payable immediately on all past due amounts	Begins to accrue from date an amount becomes past due and is payable on all past due amounts
Late Fee for Failure to Provide Financial Information	\$150 per month	Payable immediately for each month that financial information or tax returns are overdue	Begins to accrue the next calendar month after the required information became overdue
Auditing Costs (Note 3)	Cost of an audit, plus interest on any underpayment	Upon demand	If you fail to provide us with reports or if we determine that you have been deficient by more than 1% on reported Gross Sales
Insufficient Funds	\$20 for each event where there are insufficient funds to pay any charges	Payable when assessed	If you fail to have sufficient funds to pay any amount via EFT
Additional Training and Assistance (Note 4)	Reasonable fee up to \$250 per day per person and all expenses	Upon request or as we require	For additional training or assistance that you need or request
Third Party Training and Certification Programs (Note 5)	Cost of obtaining such training and certifications, and all expenses	Pursuant to terms agreed with applicable third party	For training and certification programs critical to your operations
Renewal Fee	50% of the then current initial franchise fee	Upon renewal	Payable at time of renewal, to the extent a renewal term is granted pursuant to the Franchise Agreement
Transfer Fee	50% of the then current initial franchise fee (unless the transfer is to a business entity you form, in which case the transfer fee is \$1,500)	Upon transfer	Payable on certain transfers of your interest in the franchise as set forth in the Franchise Agreement
Management Fee (Note 6)	\$400 per day	Payable on Monday of each week	If we elect to operate the Franchised Business following your death or disability (if your estate does not or is unable to meet our criteria to do so)

<u>TYPE OF FEE</u>	<u>AMOUNT</u>	<u>DUE DATE</u>	<u>REMARKS</u>
Indemnification	All costs and expenses, including attorneys' fees and all damages and losses; will vary under circumstances	Defense costs to be paid as incurred; damages and losses to be paid on settlement or other conclusion of applicable claim or action	You must defend and indemnify us if we are held liable for claims or losses arising out of, among other things, unpaid taxes, your operation of the Franchised Business and your design, construction, conversion, remodeling, renovation, buildout or outfitting of the location of your Franchised Business.
Costs and Attorneys' Fees	All costs and expenses, including attorneys' fees; will vary under circumstances	As incurred	Reimbursement due (1) for all costs and expenses in enforcing your obligations under the Franchise Agreement and related agreements, and (2) for all costs and expenses defending any claims when you do not comply with the Franchise Agreement and we have to seek assistance to enforce the Franchise Agreement and related agreements. We may also charge you for all costs and attorneys' fees that we incur in connection with any relocation of your Franchised Business (which we must approve in writing).
Costs to Cure Your Defaults	Reimbursement of the cost of the payment made on your behalf and all related expenses	Upon demand	If we elect, in our discretion, to cure any default by you under the Franchise Agreement.
Arbitration Fee	Cost of Arbitration and attorneys' fees	Upon demand	If we prevail in any arbitration proceeding

<u>TYPE OF FEE</u>	<u>AMOUNT</u>	<u>DUE DATE</u>	<u>REMARKS</u>
Taxes (Note 7)	Actual costs	Upon demand	

Except as otherwise noted above, all fees are uniformly imposed by us, are payable to us and are non-refundable.

Note 1: **Royalty Fee and Advertising Contribution.** "Gross Sales" means all revenue you collect from operating the Franchised Business, whether from cash, check or credit transactions, including, but not limited to, all sales of products, merchandise and services, and all whether sold or performed at your Franchised Business location or off-site, and regardless of whether sales were made in compliance with this Agreement, but excluding all federal, state or municipal sales taxes, use taxes or service taxes collected from customers and paid to the appropriate taxing authority and excluding customer refunds, gift card sales (upon redemption, however, the gift card amount redeemed at your Franchised Business will be included in Gross Sales), adjustments, credits and allowances actually made by you in accordance with the guidelines in the Manual (defined below). You must authorize us to initiate debit entries and / or credit correction entries to your business bank account for payments of all Royalty Fees, Advertising Contributions and all other amounts due under the Franchise Agreement including, but not limited to, late charges or interest owed on such sums that are past due. You must make the funds available in your bank account for our withdrawal by electronic transfer no later than the date the payments are due (Royalty Fees and Advertising Contributions being due no later than Monday each week with respect to the previous week). If you do not report Gross Sales for any week, we will transfer from your bank account an amount we calculate based on our reasonable estimate of your Gross Sales during that week. If at any time we determine that you have underreported or underpaid amounts due, we can immediately initiate a transfer from your bank account in the appropriate amount using this electronic fund transfer procedure (including any interest on the underreported or underpaid sums). We will credit any overpayment directly to your bank account through a credit, effective as of the first reporting date after we determine the credit is due.

Note 2: **Product Purchases.** You are required to purchase from us or our approved suppliers. The prices and terms and conditions of all of these items to be purchased from us, if any, will be included on a price list that we will supply to you from time to time ("Price List"). We reserve the right to update the Price List and change the terms and conditions for these purchases at any time on 30 days' notice. All of the individuals who guarantee the Franchise Agreement must also guarantee all of your purchases of products and equipment from us. You must pay for all taxes, shipping and handling costs. If you fail to pay for any products or equipment when payment is due, we can require you to pay for future products and/or equipment on a C.O.D. basis or withhold shipment of products and/or equipment in addition to requiring you to pay interest. You must also purchase reasonable quantities of test products in connection with any test marketing that we conduct from time to time.

Note 3: **Audit.** We or our designee have the right to copy and inspect your books and records, including, but not limited to, your tax returns. This right shall extend to all third party vendors, such as those that provide or assist with online ordering, catering and/or deliveries. If we audit your Franchised Business and you understated Gross Sales by 1% or more for any period, you must pay the additional amounts owing, plus interest and the cost of the audit. We may also, subject to the terms of the Franchise Agreement, terminate the Franchise Agreement based on such defaults.

Note 4: **Additional Training and Assistance.** We reserve the right to charge you a reasonable amount for any training we provide to you, your managers or your employees after the opening of the Franchised Business, whether requested by you or imposed by us from time to time. You will also be responsible for any travel, meals, incidental, and lodging expenses incurred by persons conducting the training programs

and attending the training programs. We will make available continuing advisory assistance in a manner we deem appropriate, and we can charge a reasonable fee for it. We may also require you and your manager to attend conferences, conventions or other training sessions and you will be responsible for all expenses of your personnel that attend.

Note 5: Third Party Training and Certification Programs. We reserve the right to require you to enroll in and successfully complete additional training and certification programs (such as the ServSafe certification program in food safety principles and Hazard Analysis Critical Control Point (HACCP) concepts, and/or CPR certification) for those of your employees which we specify, all as set forth in the Manual or otherwise. All amounts paid for such training and certification programs will be paid directly to the providers of such programs.

Note 6: Management Fee. From the date of death or disability of a franchisee until a fully trained and qualified Business Manager assumes full-time operational control of the Franchised Business, we may assume full control of and operate the Franchised Business. If we do so, then during this period, we will be entitled to deduct our expenses for travel, lodging, incidentals, meals, and all other expenses and fees from the Gross Sales and pay ourselves a management fee of \$400.00 per day. This management fee will be in addition to the Royalty Fees and Advertising Contributions due us.

Note 7: Taxes. You agree to indemnify and/or reimburse us for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable state or local governmental authority as a result of the conduct of the Franchised Business or the license of any of our intangible property to you (whether required to be paid by us, withheld by you or otherwise). Your obligation to indemnify or reimburse us for these taxes does not extend to income-type taxes which a state or local government imposes on us.

ITEM 7 **ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	\$18,500	Lump Sum	When you sign the Franchise Agreement	Us
Rent and Security Deposit, including CAM/taxes/utilities (Note 2)	\$1,500 – \$15,000	Lump Sum	Prior to Opening and Monthly	Landlord
Construction / Leasehold Improvements (Note 3)	\$50,000 - \$250,000	As Agreed	Prior to Opening	Approved Vendors, Contractor or Landlord
Equipment, Fixtures, Furnishings, Signage and Point of Sale System (Note 4)	\$40,000 - \$90,000	Lump Sum	Prior to Opening	Approved Suppliers

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Opening Inventory & Supplies (Note 5)	\$3,000 - \$10,000	As Agreed	Prior to Opening	Approved Suppliers
Insurance (Note 6)	\$2,500 - \$5,500	As Required	Prior to Opening	Your Insurance Company
Professional Fees	\$1,000 - \$5,000	As Incurred	Prior to Opening	Accountants, Lawyers and Other Professional Advisors
Permits, and Licenses	\$500- \$1,500	As Required	As Required	Government agencies, etc.
Training Expenses (Note 7)	\$500 - \$2,500	As Incurred	Prior to Opening	Transportation companies, hotels, restaurant, personnel salaries
Grand Opening Advertising (3 months) (Note 8)	\$2,500 - \$5,500	As Incurred	As Required	Vendors, Advertisers and Media
Additional Funds (3 months) (Note 9)	\$7,500 - \$25,000	As Incurred	As Incurred	Advertisers, Media, Employees and Approved Suppliers
TOTAL (Note 10)	\$127,500 to \$428,500			

Note 1. Initial Franchise Fee. The initial franchise fee is \$18,500 and is nonrefundable. If you are granted the right to operate one or more additional Franchised Businesses, the current initial franchise fee for each additional Franchised Business is \$12,500. Further, those who acquire by sale or assignment a Franchised Business as permitted under the Franchise Agreement and who pay a Transfer Fee need not pay a new Initial Franchise Fee at the time of executing the then-current franchise agreement as part of the sale/assignment process.

Note 2. Rent and Security Deposit, including CAM/taxes/utilities. Rents vary dramatically from market to market and across geographical regions and are subject to various other factors, such as, among others, your ability to negotiate with your landlord, the age and condition of the premises, and the specific location of the premises. Franchised Business locations operating as a “kiosk” or within a convenient store are likely to fall at the lower end of the ranges for rent. If you do not own or acquire your own location, you will have to lease or sublease an acceptable and approved location generally in the 1,500 to 4,500 square foot range in a suitable strip mall, enclosed mall, free standing unit, or other approved facility for your Franchised Business. Given the factors described above, we cannot provide a precise estimate of your rental costs. However, we estimate that your monthly rental costs can range widely between \$1,500 to \$15,000 per month. Our estimate includes your security deposit, common area maintenance (CAM) charges, tax and utilities. Utilities companies may also require you to pay a deposit prior to installing and/or connecting your utilities. To more closely estimate rental cost for your Franchised Business location, apply the square footage requirements to the local real estate rental costs in your area and Territory where there are suitable and comparable buildings.

Note 3. Construction / Leasehold Improvements. Your cost of construction and/or leasehold

improvements for the location of your Franchised Business will vary based on several factors. The cost of construction and/or leasehold improvements includes items such as floor coverings, wall treatments, counters, ceilings, painting, window coverings, electrical, HVAC, carpentry work and related contractors and subcontractors' fees. These costs will vary based on geographical territory, design layout, store size, property condition and how much of these costs the landlord will pay (if any). We will provide you with a sample layout and design specifications for the interior of a typical Franchised Business for the type of location that you will be operating. Furniture, fixtures, equipment and décor for your Franchised Business location must be approved by us and you must employ architects, designers, engineers and all other professionals necessary to complete and adapt or modify the Franchised Business location that are also approved by us and conform to the layout and specifications that we determine appropriate. Generally, you and the contractors involved will negotiate and determine the fee amount and a payment schedule. You may not modify the design, plans, fixtures, equipment, signage or décor at your location at any time without our advance written permission. The range provide is a reasonable estimate, and will potentially be on the high-end of this range if grease traps, hood exhaust/fan systems and other major structural improvements are required.

Note 4. Equipment, Fixtures, Furnishings, Signage and Point of Sale System. You must purchase various models and brands of foodservice equipment as well as furnishings and signage for your Franchised Business that are approved by us from approved suppliers. Such equipment and furnishings include, but are not limited to, freezers, coolers, meat slicers, grills, hoods, ovens, tables and chairs. The low end of the range assumes that you take over an existing restaurant space that may contain some of these items or that you can lease some of the items. The high end of the range assumes that you purchase all new items. In addition, you must purchase at your own expense the approved Point of Sale System that we specify for you. This Point of Sale System will include related hardware, software, telephone and power lines, and any other required or related accessories, peripherals and equipment that we specify. Software licensing fees and the cost of one terminal and cash drawer are included within the range specified. Costs may be higher if additional registers or equipment, etc. is required for the operation of your Franchised Business.

Note 5. Opening Inventory and Supplies. We will designate the amount and nature of the opening inventory of required products, supplies, equipment, materials and services for your Franchised Business. Such inventory includes, but is not limited to, food and beverage products, paper and plastic products, and food service containers and other materials and supplies. You agree to purchase this opening inventory before the commencement of operations of your Franchised Business. After that, you agree, at all times during the term of the Franchise Agreement, to maintain an inventory of food, beverages, and other materials and supplies sufficient in quantity and variety to meet sales volumes and to realize the full potential of the Franchised Business. The difference between the low and high numbers in the range is due to the difference in the size of Franchised Businesses and the related inventory of food products, materials and supplies necessary to open your Franchised Business under our required standards and specifications.

Note 6. Insurance. You must obtain, at a minimum, the insurance coverage that we require and to meet the other insurance-related obligations, all of which are described in detail in the Franchise Agreement. This range represents approximately one-half the cost of the insurance for the first year. Your insurance costs will vary based on the carrier selected, the location of your Franchised Business, your insurance claims history and other factors. The range provided does not include the cost of any legally required insurance coverage, such as workers' compensation and disability insurance. Failure to maintain at all times the required insurance may result in our termination of the Franchise Agreement.

Note 7. Training Expenses. You must arrange and pay for all costs and expenses for you and your personnel to attend our required training. The costs will vary depending on the particular types and quality of transportation, hotels and restaurants you select and the number of personnel that attend the training. The distance you travel to the training and the salaries of those who attend the training are additional factors that

will determine the total training expenses you will incur.

Note 8. Advertising (3 Months). During the one month before and after the scheduled opening of your Franchised Business location, you must spend at least \$2,500 on grand opening advertising. This includes grand opening announcements and media advertising. You may also elect to begin a radio or television advertising campaign. Former FFI franchisees will not be required to spend any amount on grand opening advertising for locations which were in existence and operated as franchises of FFI.

Note 9. Additional Funds. This item estimates your initial start-up expenses during the initial period of 3 months of the operation of your Franchised Business. These expenses include rent, payroll costs, benefits, debt service, additional supplies, etc., but do not include Royalty Fees, Advertising Contributions, or any other expenses which are already listed in the charts above and do not include living expenses or an owner's salary or draw. These figures are estimates only utilizing information based on the experiences of former FFI franchisees, and you may have additional expenses in order to start the Franchised Business. Your costs will depend on factors including how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rates; competition; and sales level reached during the initial period.

Note 10. Total. Costs and expenses can vary depending on factors like local cost of labor and whether you already own or lease a business location that could be used to operate the Franchised Business. The expenses may differ based on geographical regions or territories. Except as described above, none of the fees or expenditures paid to us which are listed in this Item are refundable. Fees and expenditures paid to third parties may or may not be refundable; this will be governed by the terms of your contracts with such third parties. Your financial condition and arrangements negotiated by you and the business decisions made by you will also affect these costs. There can therefore be no assurance that the experience of a particular franchisee will correspond with the information presented above. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

We do not offer, either directly or indirectly, financing to you for any items. (See Item 10 of this disclosure document.) The availability of third party financing will depend upon various factors, including, but not limited to, availability of financing generally, your creditworthiness, other security that you may have, your relationship with potential lenders, and the requirements of lending institutions concerning the type of business to be operated by you.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Franchised Business according to our distinctive system specifications and standards (the "System"). We will provide you with specifications regarding certain specific types and brands of products and services to be utilized in the operation of the Franchised Business. For example, you will be required to use and offer certain brands and types of food and beverage and use other equipment and supplies in the storage, dispensation and sale of food and beverages.

You are required to purchase all food and non-food products, services, supplies, inventory, computer software and hardware, equipment, and materials required for the operation of the Franchised Business from us or from manufacturers, suppliers, or distributors we approve, or from other suppliers who meet our specifications and standards. The required computer hardware and

software is described in Item 11. Specification of a supplier may be conditioned on requirements relating to, among other things, frequency of delivery, standards of services, including prompt attention to complaints, as well as payments, contributions, or other consideration to us and may be temporary, in each case in our discretion. We may, from time-to-time, withhold, condition and/or revoke our approval of particular items or suppliers in our reasonable discretion. We may receive rebates and other benefits from suppliers in relation to items purchased by you and other franchisees. We have the right to condition or revoke your right to participate in any supplier programs if you are in default under the Franchise Agreement.

You are required to purchase food and non-food products from, among other suppliers, Renzi Foodservice. Our Co-Chairman and Vice President, Michael Jude Renzi, owns an interest in Renzi Foodservice.

Approved types and brands of products and services and approved suppliers may be designated in the Confidential Operations Manual (the “Manual”) or otherwise communicated by us to you in writing. We may modify the list of approved brands, products, services and suppliers, and will notify you of any modification. We reserve the right to modify and/or substitute products, services or suppliers. If we do so, we will inform you of any changes by updates or supplements to the Manual or otherwise communicated to you in writing.

If you wish to purchase or lease any goods, products, equipment or supplies not approved by us as meeting our specifications, you must first notify us in writing. We evaluate proposed suppliers based on price, service, quality, and other commercially reasonable benchmarks, and within a reasonable time will give you written notice of our approval or disapproval of a proposed supplier. Suppliers are evaluated, approved or disapproved, and revoked based on a variety of factors, including price, payment terms, quality of merchandise, dependability, references, delivery policies, location, warranty, reputation, and duration of business operations. The criteria and forms we require you to use for proposed suppliers are in the Manual. We currently do not charge a fee to evaluate a proposed new supplier provided the new proposed supplier timely provides us with sample merchandise and information supportive of the evaluation criteria generally described above, however, we reserve the right to in the future charge a fee to review a proposed supplier. If we determine that a formerly approved supplier no longer is keeping to our approval criteria, we will send you notice of the supplier losing approval status. Following such, you must stop doing business with that supplier in a commercially reasonable time frame (which may not exceed ninety (90) days) unless the basis for the revocation is such that continued association or conduct of business with such supplier will be detrimental to the image or reputation of the System or present a risk of injury or danger to persons or property, in which case you must immediately cease doing business with such supplier.

You must fully comply with our requirements, specifications and standards (which we may issue as part of the Manual or otherwise in writing from time to time, and we may modify from time to time), including, but not limited to, with respect to the following: (a) the recipes and the processes and techniques for preparation of sandwiches and other food and beverage offerings from the Franchised Business, including presentation, taste and size of portion; (b) food offerings/menu options; (c) inventory quantities; (d) cleanliness, sanitation and maintenance of the Franchised Business; (e) exterior and interior design, layout and appearance of the Franchised

Business location, including signage, furniture, displays and menu boards; (f) participation in advertising, promotional, coupon and discount, gift card, online ordering, catering, delivery, customer survey, feedback and complaint, and other programs; (g) supplies, materials and products used to prepare, store, dispense, offer, serve, package and sell food and beverages; (h) training, uniforms and demeanor of employees; (i) days and hours of operation; (j) recordkeeping and use of forms; and (k) use of our intellectual property.

We may, from time to time, enter into exclusive supply agreements with providers of food, beverages and/or other products or services. In such event, you will be required to exclusively utilize the applicable goods and services. Currently, we have an agreement in place with Pepsi pursuant to which franchisees are required to offer and sell only Pepsi-brand beverages.

Currently you must purchase or lease an approved Point of Sale System and all related software and hardware through our approved supplier.

We reserve the right to negotiate with various vendors for quantity discount contracts which may include rebates to us under these contracts in the future. You may or may not find the contracts to your advantage. We have the right to affiliate ourselves with suppliers, and/or receive revenues from purchases made by you and other franchisees. Certain suppliers make rebate payments to us based on the volume of purchases made by all Franchised Business locations. Such payments will be based on a percentage of the amounts paid to such supplier. We will be entitled to receive and retain 100% of such rebate payments. In fiscal year 2021, we received \$190,137 in payments from suppliers because of purchases from Franchised Business locations. This represented 12% of our total gross revenues in fiscal year 2021, which totaled \$1,594,928. The foregoing revenue figures are taken from our audited financial statements as of December 31, 2021.

There are currently no purchasing or distribution cooperatives, but we reserve the right to establish these in the future. We may, but are not obligated to, negotiate purchase arrangements with suppliers (including price terms) for the benefit of the System. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

In addition to the purchases or leases described above, you must buy and maintain, at your own expense, insurance coverage that we require and to meet all other insurance-related obligations, all of which are described in detail in the Franchise Agreement. “Fresh Start Franchising, Inc.” and others must be named as the first named, additional insured on the policies. As discussed in greater detail in the Franchise Agreement, you must obtain and maintain the minimum types and amounts of insurance coverage. The cost of coverage will vary depending on the insurance carrier's charges, terms of payment and your history. Proof of compliance with our insurance requirements must be provided (1) prior to commencing any construction, conversion, remodeling, renovation, buildout or outfitting of the location of your Franchised Business, (2) on an annual basis, and (3) as may be requested by us from time to time. You are required to provide copies of all insurance policies to us at our request.

We estimate that the purchases and leases required of you described above for goods and services in the operation of the Franchised Business to be between 60% and 75% of the operating

expenses required to operate a Franchised Business.

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 FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEMS
a.	Site selection and acquisition/lease	Sections 6.01, 6.02 and 6.05	Items 7 and 11
b.	Pre-opening purchases/leases	Sections 8.01, 8.09, 8.10, 9.01 and 10.03	Items 7, 8 and 16
c.	Site development and other pre-opening requirements	Sections 6.03, 6.06, 6.07 and 6.08	Items 7 and 11
d.	Initial and ongoing training	Sections 7.02, 7.03, 7.06, 7.07 and 8.18	Item 11
e.	Opening	Sections 6.07 and 8.01	Items 7 and 11
f.	Fees	Sections 5.01, 5.02 and 5.10	Items 5 and 6
g.	Compliance with standards and policies/ Operations Manual	Sections 7.01, 8.08, 8.09, 8.22, 8.29 and 10.01	Items 8, 11 and 16
h.	Trademarks and proprietary information	Sections 16.01-16.08 and 12.01	Items 13 and 14
i.	Restrictions on products/services offered	Sections 3.03 and 8.09	Item 8, 11 and 16
j.	Warranty and customer service requirements	Not Applicable	Not Applicable
k.	Territorial development and sales quotas	Sections 3.01-3.04	Item 12
l.	Ongoing product/service purchases	Section 8.09	Items 6 and 8
m.	Maintenance, appearance and remodeling requirements	Sections 6.07, 8.01, 8.03 and 14.02	Items 8 and 16
n.	Insurance	Sections 9.01-9.05	Items 7 and 8
o.	Advertising	Sections 10.01-10.05	Items 6, 7 and 11
p.	Indemnification	Sections 6.09, 8.14 and 15.04(C)	Items 6, 13 and 14
q.	Owner's participation/ management/ staffing	Section 8.07	Items 11 and 15
r.	Records and reports	Section 11.01 and 11.02	Item 11
s.	Inspections and audits	Sections 6.01, 6.07, 8.15 and 11.02	Items 6, 11 and 13
t.	Transfer	Sections 15.02-15.06	Item 17
u.	Renewal	Sections 4.02 and 14.01-14.03	Items 6 and 17
v.	Post-termination obligations	Sections 13.02 and 19.01	Item 17
w.	Non-competition covenants	Sections 13.01-13.07	Items 15 and 17
x.	Dispute resolution	Sections 30.01-30.05	Item 17
y.	Limitation on Business Entity Purpose/Activities	Section 8.17	Item 16

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guaranty or offer any assistance with respect to any note, lease or other obligation you may incur.

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

Except as listed below, FSF is not required to provide you with any assistance.

Before you open the Franchised Business, we will:

1. Designate your Territory (Franchise Agreement – Section 3.01).
2. Grant you a franchise to operate a Franchised Business from a specific location in the Territory. (Franchise Agreement – Sections 3.01 and 6.01). We will provide you with written notice of our approval or disapproval of your proposed site location for your Franchised Business in your Territory within 30 days of receipt of notice from you identifying your proposed site location. If you and we cannot agree on a site for your Franchised Business location within 90 days after signing the Franchise Agreement, then we can terminate the Franchise Agreement and your Initial Franchise Fee is nonrefundable.

We consider the following factors in determining whether or not to approve a proposed site location: the size of your prospective territory; the market potential and estimated volume of your prospective business; the general location and neighborhood and proximity to customers; store visibility; traffic patterns; parking; co-tenant attractiveness; size of the space; age and condition of building in which the proposed location is situated; ingress and egress; the availability of locations and necessary zoning; the location of competitors; and expected overhead.

3. If applicable, approve the lease for the location of the Franchised Business in writing, which such lease must include the provisions required by us in the Franchise Agreement.
4. Provide (a) a list of approved suppliers or minimum standards, and (b) preliminary plans specifications for interior design and décor, furniture, fixtures, store equipment and Point of Sale System as well as products and services and initial inventory you need to equip and operate your Franchised Business (Franchise Agreement – Sections 6.06, 8.09 and 8.10).
5. We will consult with you, to the extent we consider necessary, on the construction and equipping of the location of the Franchised Business.
6. We will review and either approve or disapprove of your final plans and specifications for the location of the Franchised Business to assess compliance with our design standards.
7. Provide to you an initial training program for the operation of the Franchised Business. This training is described in greater detail later in this Item 11 (Franchise Agreement – Section 7.02).

8. Loan you one copy of the Manual or grant you access to an online version described below (Franchise Agreement – Section 7.01).

Time for Opening of the Franchised Business

We estimate that the typical length of time between signing of the Franchise Agreement and the opening of a Franchised Business is between 4 - 6 months. Factors affecting the length of time can include satisfactorily site selection, completing the training, obtaining all necessary equipment, supplies and employees, obtaining all necessary licenses or permits, weather conditions, shortages, delayed installation of equipment, fixtures and signs, zoning and local ordinances, and negotiation of a lease or purchase agreement to acquire a location. You must open within 180 days after you sign the Franchise Agreement, or we will have the right to terminate your Franchise Agreement, in which you will not be entitled to a refund of your Initial Franchise Fee.

During the Operation of your Franchised Business, we will:

1. Provide on-site opening assistance, at your expense, consisting of at least one person, for a period of up to 3 days with you in your Territory sometime within 30-60 days after the opening of your Franchised Business. (Franchise Agreement – Section 7.03).

2. At our election, furnish you with additional guidance and assistance if so requested. We reserve the right to charge a reasonable fee for any additional guidance and assistance we elect to provide. (Franchise Agreement – Section 7.03).

3. Furnish you, at our election, certain field support services and, for a fee, certain consultation services. (Franchise Agreement – Sections 7.04 and 7.05).

4. Furnish you with all specifications for required products and services. (Franchise Agreement – Section 8.09).

5. Review and consider whether or not to approve all proposed promotional and advertising materials, in our sole discretion (Franchise Agreement – Sections 10.01 and 10.02).

6. Administer the Fund (defined below) (Franchise Agreement – Section 10.04).

7. Continue to loan you one copy of the Manual. (Franchise Agreement – Section 7.01).

The Manual is confidential and remains our property. You will operate your Franchised Business in strict compliance with those operational systems, procedures, policies, methods and requirements found in the Manual which are designated as mandatory and in any supplemental bulletins and notices, revisions, modifications or amendments thereto, either in document or electronic form, all of which are a part of the Manual.

You must treat the Manual, any other manuals or written materials provided by us for use in the operation of the Franchised Business (in any format whatsoever, including but not limited to electronically, via the Internet, hard copy, etc.) and the information contained in them, as confidential, and must use your best efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Manual must be kept in a secure place within your Franchised Business. It must be returned to us upon termination or expiration of your Franchise Agreement.

We have the right to make additions to, deletions from or revisions to the Manual, which you have to comply with at your own cost. You must ensure that the Manual is kept current at all times. If there is any dispute as to the contents of the Manual, the terms of the master copy maintained by us, at our principal office, will be controlling. The table of contents of the Manual, including allocation of pages to each subject, is included as Exhibit B to this disclosure document. As of the date of this disclosure document, the Manual is 94 pages in length.

ADVERTISING

Marketing Fund

You must pay the Advertising Contribution (as provided in Item 6 above) to the Jreck Marketing Fund ("Fund"). We agree that the Advertising Contribution amounts received from you will be used by the Fund, in our sole discretion, for the payment of costs associated with the creation, production, distribution, media placement and administration of local, state, and regional advertising programs and for any taxes incurred on such uses of amounts in the Fund. The Fund may be used for the maintenance and upkeep of the website and advertising using media such as television, radio, direct marketing mailings, the Internet, social media and the newspaper. Authorized FSF employees or representatives, a regional media, public relations and/or advertising agency or an independent contractor may be utilized to provide, coordinate and administer these advertising services. Direct costs and fees relating to administering these advertising services will be provided for through the Fund.

The Fund is intended to maximize recognition, acceptance and use of the System. We are not obligated in administering the Fund, or otherwise, to make expenditures for you which are: (i) equivalent or proportional to your contribution; or (ii) spent in your Territory or any particular area or territory. The Fund will not spend any money principally to solicit new franchisees. We do not have to spend the money in the Fund during any specific time period. Advertising may be handled by the outside advertising agency which we select, or any qualified internal associate or third party that we deem capable. All sums received for the Fund shall be maintained in an account separate from our other money and shall be used only as so provided. The Fund is a restricted asset. The Fund is not a trust. We have a contractual obligation to hold all monies in the Fund for the benefit of the System and to use contributions only for their permitted purposes described in this Item 11. We have no fiduciary obligation to you for administering the Fund. Within 120 days following the close of our fiscal year, we will prepare an unaudited statement of contributions and expenditures for the Fund, which will be made available to franchisees who submit a written request for a copy to us. There is no requirement for the Fund to be independently audited.

All Franchised Business locations, including any location owned by us, are required to contribute to the Fund on the same basis. If we do not use all of the funds in a particular fiscal year, the remaining funds will be carried over to the next fiscal year and be included in that year's advertising budget. We are entitled to reimbursement from the Fund to cover our administrative and overhead expenses associated with operating the Fund.

We do not have any advertising cooperatives or a franchisee advisory council that advises us on advertising policies, however we reserve the right to establish advertising cooperatives or franchisee advisory council in the future.

Your Own Advertising

In addition to your required Advertising Contributions to the Fund and the Grand Opening Advertising described below, you can spend additional amounts for advertising, marketing and promotion of your Business. You must provide proof of your expenditures if we request to review your books and records. You must submit all your own advertising, marketing and sale promotion materials to us or our advertising agency or other designated third party, for prior written consent. If you do not receive written approval within 10 days after you send the proposed materials, the materials will be deemed to be disapproved. You will not advertise or use in advertising or other form of promotion, the Marks without the appropriate trademark, and service mark registration symbols for those Marks which are registered and as otherwise required by us. You may not advertise your products or services or use the Marks on the Internet except with our prior written consent. You are not permitted to have a presence on the Internet or on social media (unless otherwise approved by us in writing or if we in the future require you to establish and maintain a subpage on our website or your own website) or other methods we approve in writing. Any advertising on the Internet shall be pre-approved by us and on terms specified by us in writing. Further, you shall not use the Marks (or any marks or names confusingly similar to the Marks) as an Internet domain name or in the content of any other website.

Grand Opening Advertising

During the one month before and after scheduled opening of your Franchised Business location, you must spend at least \$2,500 on grand opening advertising. This includes obtaining and sending out grand opening announcements. You may also elect to begin a radio advertising campaign. As with all advertising, the grand opening announcements, radio advertising campaign (if applicable) and all other grand opening advertising is subject to our prior written approval as to form and content. Additionally, you must provide to us, within 180 days after the opening of the Franchised Business, proof of your advertising and sales promotion expenditures in the form, and with the detail, including copies of all grand opening advertising materials and receipts, as we request.

COMPUTER SYSTEM

Before your Franchised Business opens, you must procure and install, at your expense, and from approved vendors, the point of sale system/electronic cash register hardware, software

(including, without limitation, polling software), and required dedicated telephone, Internet connection and power lines and other computer-related accessories, peripherals and equipment that we specify in our Manual or otherwise (collectively, the “Point of Sale System”). You are responsible for all costs of installation, ongoing connection fees, and all other costs relating to the Point of Sale System, including but not limited to, in connection with any ongoing support, maintenance or repairs to the Point of Sale System.

The Point of Sale System is estimated to cost in the range of between \$5,000 to \$10,000.

We have independent, unlimited access to all information generated or stored by the Point of Sale System. The types of business information which will be accessed, reviewed, collected and copied will include, but is not limited to, orders, customer information, pricing, sales information, tax information, discounts, coupon, gift card redemptions, vendor invoicing, inventories, and days and hours of operation. We will have independent access to information or data in or created by the Point of Sale System and there are no contractual limitations on our right to access, copy and retain the information. If any of the information that we are entitled to access, review, collect and copy is not accessible or provided through the Point of Sale System for any reason, you must provide such information to us in a different manner as we may direct.

We have the right to change any aspect of the Point of Sale System at any time in our sole discretion. There are no contractual limitations on the frequency or cost of your obligation to comply with all such changes we may require. We will not reimburse you for any of these costs. In the future, you may be required to change, update, upgrade or modify the type of computer hardware and/or software or other aspect of the Point of Sale System at your expense. We may condition any license of proprietary software to you or your use of technology that we may require, develop or maintain, on your signing an agreement or similar document that we or the vendor may require to regulate the use of the software.

You must also provide to us, in addition to the information we can access and obtain from the Point of Sale System, certain financial and other records, including, but not limited to, financial statements, profit and loss statement, balance sheet and tax returns, and comply with certain auditing and reporting requirements as set forth in the Manual and as otherwise prescribed by us from time to time.

TRAINING

We will provide you (and the manager of the Franchised Business if other than you) with training at least three weeks prior to opening your Franchised Business location. Training programs are not held on regularly scheduled dates, but are instead scheduled to be conducted for each franchisee. During all training, you are responsible for our and your employees, if any, expenses, including salary, food, lodging, travel, etc. See Item 7 above for further information.

Our training program is as follows:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introduction / Operations Manual	4.0	0	Watertown, New York FSF Corporate Offices
Management Jreck Subs Team	4.0	0	Watertown, New York FSF Corporate Offices
Systems and Procedures	4.0	0	Watertown, New York FSF Corporate Offices
Policies and Hiring	6.0	0	Watertown, New York FSF Corporate Offices
Cleanliness (Interior / Exterior)	4.0	0	Watertown, New York FSF Corporate Offices
Food Prep / Handling & Storage	0	25.0	Watertown, New York FSF Corporate Offices or Store Location
Point of Sale System / Recordkeeping / Reporting, etc.	6.0	5.0	Watertown, New York FSF Corporate Offices or Store Location

All training will be conducted by personnel approved by us, and will be overseen by our

Director of Operations, Jake Renzi. The training program will be coordinated with the assistance of other designated Franchised Business franchisees and/or employees. Mr. Renzi, who has been with FSF since May 6, 2021, will have completed extensive training himself in each of the subject matters identified above prior to providing and coordinating the initial training program to you. All trainers, whether one of our employees, a representative of a franchisee or other third party, will have a minimum experience of at least 6 months working in the restaurant / food service industry. The subjects taught in the training program are integrated and there is no definitive starting and stopping times when these subjects are taught. Some training might occur at a designated Franchised Business location and/or at FSF's corporate office.

You (and your manager if someone other than you) must complete the initial training to our satisfaction, in our sole discretion, at least 3 weeks prior to opening your Franchised Business. We may elect, in our discretion, to require you to complete additional training or require reduced training depending on your level of experience and abilities.

At your request, we will furnish additional guidance and assistance and, in such a case, may charge the per diem fees (up to \$250 per person) and charges we establish from time to time. If you request, or if we require, additional or special training for your employees, all of the expenses that we incur in connection with such training, including per diem charges and travel and living expenses for our personnel, will be your responsibility.

We may also require you and your manager to attend conferences, conventions or other training sessions and you will be responsible for all expenses of your personnel that attend.

ITEM 12 **TERRITORY**

You will be granted a specific Territory in which to locate and operate your Franchised Business. There is no minimum territory granted to you. We will typically identify the boundaries of each franchisee's Territory by a radius from the Franchised Business location (e.g., a one mile radius) or by streets and highways, political subdivisions or geographical boundaries such as zip code numbers, state lines, county lines, municipal lines, natural features of the land or a combination of these. We will describe your Territory in detail in an exhibit to be attached to your Franchise Agreement. Except as set forth below, we will not conduct or grant others the right to operate a Franchised Business in your specific Territory so long as you are not in default under your Franchise Agreement; provided, however, that at any time, we may modify your rights with respect to the Territory if we obtain your written consent. Furthermore, by the terms of the Franchise Agreement, you acknowledge and agree that consumers may freely choose with whom they wish to transact business, which means that customers in your Territory may freely choose to transact business with us or other franchisees, and that neither we nor other franchisees can regulate or prevent this. Further, third party meal delivery service providers may deliver products to consumers located within your Territory which are purchased from locations outside of your Territory. Any relocation of your location, whether within or outside of your specific Territory, is subject to our prior written approval and will be permitted only if we determine, in our discretion, that the relocation meets our criteria and does not conflict with the rights of other existing

franchisees. You have no rights to acquire any additional Franchised Business locations other than the one to be located at the location with your Territory. The definition of your Territory may not be changed without our and your written consent.

Notwithstanding the foregoing, FSF reserves the right to open or permit franchisees to open Franchised Business locations within your Territory as it deems appropriate at certain “non-traditional” / “institutional feeder” restaurant locations, including, but not limited to, at or within malls, airports, hospitals, stadiums, college campuses, hotels, theme parks, military bases, fairs, factories, workplace cafeterias, museums, casinos, beaches, parks and other venues. Such restaurants may include, but are not limited to, cafeterias, lunchrooms, dining rooms, snack bars, lounges, food/beverage dispensing carts or kiosks, mobile food dispensaries, and “snack trucks.” These restaurants may be of a permanent or temporary nature. You will be granted no rights with respect to any such non-traditional / institutional feeder locations or restaurant types.

In addition, we reserve the right to permit other franchisees to enter the Territory, with each franchisee being limited to no more than a total of 3 weeks per calendar year in other franchisees’ territories (including your Territory), to operate a concession, booth, mobile cart or structure or any other temporary unit which has been from which products are sold, and which has been approved by us, in our sole discretion, in each instance (“Limited Use”).

Except as limited above in this Item 12, we reserve and retain all rights with respect to the Marks, the System, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate Franchised Businesses anywhere outside of your Territory even if it is immediately proximate to, adjacent to or abutting the boundary of your Territory (and also within your Territory as it relates to “non-traditional” / “institutional feeder” restaurant locations and as permitted as a Limited Use); (2) the right to operate or license others to operate similar businesses or any other businesses under trademarks or service marks other than the Marks in any location, both inside and outside of your Territory; (3) the right to operate or license others to operate businesses that are not similar to the Franchised Business under the Marks in any location, both inside and outside of your Territory; and (4) the right to offer any products or services (including the products and services you offer) through other channels of distribution (including, but not limited to, the Internet, catalogs, grocery stores, retail and convenience store, and concession rights) both inside and outside of your Territory. We are not required to pay or provide any consideration to you if we exercise any of the rights specified above inside your Territory.

We have the right to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Franchised Businesses operating under the Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within your Territory, near your Territory, or near the location of your Franchised Business).

We may sell ourselves, our assets, our Marks and/or our System to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire

other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. If we assign our rights in the Franchise Agreement, we are not required to remain in the Jreck Subs business.

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

You may not conduct any business in any area other than your location within the Territory without our prior written consent. You do not receive the right to acquire additional franchises either within or outside your Territory, but we may consider granting you multiple franchises. If you are granted the right to purchase multiple franchises, you must sign a separate Franchise Agreement for each Franchised Business location and Territory.

While the Franchise Agreement is in effect and you are not in default, we will not, in your Territory, operate a company-owned unit or grant a franchise for a similar or competitive business to the Franchised Business other than as expressly provided for above.

The rights granted with respect to your Territory do not depend on achieving a certain sales volume or market penetration.

Except as otherwise noted below, although we have the right to do so, we have not owned, operated or franchised, and have no current plans to own, operate or franchise, other businesses selling similar products or services under trademarks or service marks other than the Marks.

ITEM 13 **TRADEMARKS**

We grant you the right and license to operate your Franchised Business under the Marks. "Marks" means such service marks, trademarks, trade dress, trade names and copyrights and all configurations and derivations, as may presently exist, or which may be modified, changed, acquired or developed by or for us in connection with the operation of Franchised Businesses. The Marks used to identify the Franchised Business include: (1) "Jreck Subs", (2) "The Great New York State Sub", (3) "A Meal For Your Money, Not A Snack", (4) "Admiral J", (5) "JRECK" (stylized), (6) Schoolbus logo, and (7) "It's How You Spell Delicious". Each of the "Jreck Subs", "The Great New York State Sub", "A Meal For Your Money, Not A Snack", and "Admiral J" Marks are registered on the Principal Register with the United States Patent and Trademark Office. Each of the "JRECK" (stylized), Schoolbus logo, and "It's How You Spell Delicious" Marks are not registered, but an application with the United States Patent and Trademark Office has been filed for each, each of which is currently pending. The registered Marks and Marks pending registration are set forth in the charts below:

Registered Marks

<u>Trademark</u>	<u>Registration Number</u>	<u>Registration Date</u>
Jreck Subs	2870951	8/10/2004
The Great New York State Sub	5473092	5/22/2018
A Meal For Your Money, Not A Snack	2788537	12/02/2003
Admiral J	2237548	4/06/1999

Marks Pending Registration

<u>Trademark</u>	<u>Application Number</u>	<u>Filing Date</u>
JRECK (stylized)	90693006	5/06/2021
Schoolbus Logo	90693018	5/06/2021
It's How You Spell Delicious	90693027	5/06/2021

All affidavits required to be filed by FSF with respect to the Marks, if any, have been filed. The "Jreck Subs", "A Meal For Your Money, Not A Snack", and "Admiral J" marks have all been renewed. The "The Great New York State Sub" mark has not yet needed to be renewed. The Marks which are pending registration have also not yet needed to be renewed.

The Marks which are pending registration were all filed as "intent to use" applications with the United States Patent and Trademark Office. We do not have a federal registration for these Marks. Therefore, these Marks do not have many benefits and rights as a federally registered trademark. If our right to use these Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

FSF owns the Marks. We will license the Marks to you under the Franchise Agreement. You must follow our rules when you use the Marks, including giving proper notices of trademark or service mark registration and obtaining assumed and fictitious name registration required by law. You cannot use a name or mark as part of a corporate name or other business name with modifying words, designs or symbols except for those which we license to you without our prior written approval. You may not use the Marks in connection with the sale of an unauthorized product or service or in any other manner not authorized in writing by us, including, but not limited to, as part of any domain name, homepage, electronic address, or otherwise in connection with a website.

Even with respect to the Marks which are registered on the Principal Register, if our right to use these Marks is challenged, we may require you to change to one or more alternative trademarks, which may increase your expenses.

There are currently no effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court, and no pending infringement, opposition or cancellation proceedings, and no pending material federal or state court litigation involving our use of or ownership rights in the Marks.

There are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the System.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or any claim by any person of any rights in or relating to any Mark. This includes, but is not limited to, any use of or claims of rights to any marks identical to or confusingly similar to a Mark and use of Marks by those who you know or reasonably believe are not entitled to use them. We will have the sole right to decide whether to take any action, and the sole right to take any action as we deem appropriate and the right to exclusively control any litigation or administrative proceedings arising out of such infringement, challenge or claim. You must execute any and all instruments and documents, provide such assistance, and take any action that may be necessary or advisable to protect and maintain our interest in any litigation or other proceeding or otherwise to protect and maintain our interest in the Marks. Subject to the terms of the Franchise Agreement, we will take action we consider necessary to protect and defend you against the intellectual property claims and indemnify you against any loss, cost or expense incurred in connection with any such claims, so long as the claim is based solely on any alleged infringement, unfair competition, or similar matter relating to the use of the Marks. Other than this, we have no obligation to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative proceedings or litigation involving a Mark or claim of unfair competition or if the proceeding or litigation is resolved unfavorably to you.

If we decide to modify or discontinue the use of the Marks and/or to use one or more additional or substitute names or marks, you must make the changes we require of you at your own expense and without claim against us; provided, however, that if this happens we will reimburse you for your reasonable documented expenses of compliance, such as changing signs, stationery, etc.; provided the same are approved by us in advance in writing. There is no limit on our ability to make or frequency of making any such changes. You will need to comply within a reasonable time after being directed to do so.

We do not currently know of any superior prior rights or infringing uses that could materially affect your use of the Marks in the state where your Franchised Business will be located.

We have the right, at all reasonable times, to enter upon (and allow our agents and representative to enter upon and inspect) your Franchised Business location to: (1) observe the way that you are using and displaying the Marks; and (2) observe the manner in which you conduct operations and confer with your employees and customers, and select ingredients, food and non-food products, beverages, and other items, products, materials and supplies for test of content and evaluation purposes to make certain that the services, ingredients, products, materials, equipment and operations are satisfactory and meet our specifications and standards. All such inspections and operational audits are to determine compliance with the Franchise Agreement and our policies, procedures, programs, standards, specifications and techniques as set forth in our Manual.

As set forth in Item 11 above, you may not use the Marks without the appropriate trademark and service mark registration symbols for those Marks which are registered and as otherwise required by us.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We own no rights in or licenses to any patents which are material to the franchise. We have no pending patent applications which are material to the franchise.

We claim common law copyright rights in the Manual, sales material, logos and brochures, and related items used in operating a Franchised Business. You may use these items while operating your Franchised Business (and must stop using them if we direct you to stop or if your Franchise Agreement expires or is terminated).

These materials are not registered with the U.S. Registrar of Copyrights and we have not filed an application for a copyright registration for these materials. Item 11 describes limitations on the use of the Manual by you and your employees. You must also promptly tell us when you learn about unauthorized use of this proprietary information or any of our copyrighted materials.

We are aware of no infringing uses of the copyrighted materials or proprietary information which would materially affect your use of the same.

We are not obligated to take any action to protect or defend copyrights, although we intend to do so if we decide it is necessary. You must notify us immediately of any apparent infringement or challenge to your use of any copyrights or proprietary information, or any claim by any person of any rights in or relating to any copyrighted materials or proprietary information. We will have the sole right to decide whether to take any action, and the sole right to take any action as we deem appropriate and the right to exclusively control any litigation or administrative proceedings arising out of such infringement, challenge or claim. You must execute any and all instruments and documents, provide such assistance, and take any action that may be necessary or advisable to protect and maintain our interest in any litigation or other proceeding or otherwise to protect and maintain our interest in the copyrighted materials and proprietary information (including the modification and/or discontinuance of the use of the subject copyrighted materials and/or proprietary information). The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative proceedings or litigation involving copyrighted materials or proprietary information or if the proceeding or litigation is resolved unfavorably to you.

The Franchise Agreement provides that you acknowledge that the System and the methods of operation licensed by us for the operation of a Franchised Business are proprietary, confidential trade secrets of ours, and you agree to maintain the confidentiality of all materials and information loaned or otherwise furnished to you by us at all times, including after the termination or expiration of the Franchise Agreement, for any reason. You may not use any of the foregoing for any purpose other than to operate your Franchised Business. The Franchise Agreement also provides that all ideas, concepts, techniques, or materials concerning the franchise, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us, and without the payment of any compensation or other

consideration to you. To the extent any item does not qualify as a "work made-for-hire" for us, you agree to assign and assign ownership of that item and all related rights to that item, to us and must take whatever action (including signing assignments or other documents) we request to show our ownership or help us obtain intellectual property rights in the item.

Our confidential information includes, but is not limited to, recipes and methods, procedures and techniques for preparing, packaging, and serving submarine sandwiches and other food products; methods, techniques, specifications, procedures, information systems, knowledge and experience in developing, operating and franchising Franchised Businesses; marketing and advertising programs for Franchised Businesses; and knowledge of current and concluded test, research and development programs. All of the preceding are valuable trade secrets of FSF. Designated suppliers of goods and services to the Franchised Business may use our proprietary and trade secret recipes and formulas, such as, for example, to produce submarine sandwich rolls used in the operation of the Franchised Business. We do not disclose these recipes and formulas to franchisees.

Further, according to the Franchise Agreement, you agree that you will not, during the term of the Franchise Agreement (other than to the extent necessary to operate the Business) or after its expiration or termination, for any reason, communicate or divulge to any others, any information or knowledge concerning the System and any trade secrets except those in the public domain other than due to your disclosure. You also agree not to use our confidential information in an unauthorized manner and to exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of the Franchise Agreement. We may regulate the form of agreement that you use with your employees or agents and we will be a third party beneficiary of those agreements with independent enforcement rights. None of your employees or agents shall be deemed to be our employees or agents.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL

OPERATION OF THE FRANCHISE BUSINESS

You recognize the importance of the Principal Owner's participation in the management of the Franchised Business and that the Principal Owner's agreement to so participate in the management of the Business is a material inducement for us to enter into the Franchise Agreement. "Principal Owner" means you if you are a sole proprietor, your majority shareholder of voting stock if you are a corporation, a partner owning a majority of the voting partnership interests if you are a partnership, or member or manager owning the majority of the voting membership interests in a limited liability company if you are a limited liability company. In the Franchise Agreement, you will agree that the Principal Owner is required to use his or her best efforts and is personally responsible for the management of the Franchised Business on a day-to-day basis, unless otherwise approved by us. We, in our sole discretion, may allow you to hire a qualified manager to operate the day-to-day affairs of the Franchised Business, however, your Principal Owner must remain actively involved in the operations and management of the Franchised Business. Any manager, including any successor manager(s), must satisfactorily complete the initial training to our

satisfaction. You must pay for such training as set forth in the Franchise Agreement. The Principal Owner is required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of the Franchised Business. The designated manager who will operate the Franchised Business as well as other supervisory personnel are required to sign a confidentiality and non-competition and non-solicitation agreement. We may regulate the form of agreement that you use with such individuals and we will be a third party beneficiary of those agreements with independent enforcement rights.

If you are a corporation, limited liability company or partnership, your owners and their spouses must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. The form of personal guarantee agreement is included as an exhibit to the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those services or products that we have approved, and you are required to offer and sell all such services and products unless we otherwise agree in writing in our sole discretion. We have the right to change the types of required and/or authorized services or products and you will be notified by a bulletin or supplement to the Manual or otherwise communicated to you in writing. You are prohibited from offering or selling any products or services not authorized or approved by us in the operation of a Franchised Business in compliance with the Franchise Agreement, and may not use your Franchised Business location for any purpose other than operating the Franchised Business. We, in our discretion, may approve or deny your request to eliminate some or add other services or products. We may from time to time set maximum prices, but otherwise you will set the prices at which you will sell your services and products. You also agree to add such equipment and make such alterations, at your expense, as may be necessary to equip the Franchised Business for sale of such products and services as we may require from time to time in our sole discretion. You recognize that you may need to make an additional investment to do so. You must maintain your premises and equipment to our appearance and cleanliness standards and keep them in good repair and condition at all times.

You are not permitted to solicit business outside of your Territory without our written consent. You must make sales to customers only, and not to retailers. Other than the foregoing, we do not impose any other restrictions or conditions that limit your access to customers.

If you are a corporation, limited liability company or other similar legal, business entity, you are required in your organizational documents to confine your purposes and activities exclusively to the operation of the Franchised Business.

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.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a.	Length of the franchise term	Section 4.01	Commences on our signing the Franchise Agreement and ends the earlier of 10 year from commencement or the expiration or termination of your lease or sublease for your Franchised Business, unless sooner terminated as set forth in the Franchise Agreement.
b.	Renewal or extension of the term	Section 4.02	You can renew for one additional term if we are franchising in your State and you (a) notify us between 9 and 12 months before expiration; (b) follow required notice procedures; (c) comply with the Franchise Agreement and Manual and did not receive two or more Notices of Default within 2 years of the expiration date; and (d) satisfy all monetary obligations to us, and you met these obligations on time throughout the Initial Term.
c.	Requirements for franchisee to renew or extend	Section 14.02	Give notice; upgrade equipment and otherwise bring Franchised Business into compliance with then-current standards; pay renewal fee; complete then-current training; sign a release and sign a renewal franchise agreement that may contain terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements; and maintain or renew your lease.
d.	Termination by franchisee	Section 6.03	None except by operation of law.
e.	Termination by franchisor without cause	Not Applicable	The Franchise Agreement does not provide for termination without cause.
f.	Termination by franchisor with cause	Section 18	Material, uncured breaches of the Franchise Agreement.
g.	"Cause" defined – curable defaults	Section 18.04	Failure to comply with terms of Franchise Agreement, including, but not limited to, failure to pay amounts when due.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
h.	"Cause" defined – non-curable defaults	Sections 18.02 and 18.03	Unauthorized transfer, failure to complete training, failure to timely begin operation of the Franchised Business, abandonment, insolvency bankruptcy, misrepresentation on your application, misuse of Marks or proprietary information, continued violation of health, sanitation or other applicable laws, rules or regulations.
i.	Franchisee's obligations on termination/non-renewal	Sections 19 and 20	Pay all fees and other amounts due and owing (prior to and as a result of the termination / non-renewal), cease operating the Franchised Business, assign your lease if we desire, cease using the Marks and System, cease advertising, de-identify the Franchised Business premises, turn over to us the Manual and all other confidential information, sell personal property and/or assets to us if we elect to exercise our purchase rights, continue to be bound by the confidentiality and non-compete provisions of the Franchise Agreement and transfer your telephone number.
j.	Assignment of contract by franchisor	Section 15.01	No restriction on our ability to assign the Franchise Agreement or any interest in it or any related agreement. If we assign, we will not have any further liability under the Franchise Agreement or other assigned agreement.
k.	"Transfer" by franchisee – defined	Section 15.02	Transfer of Franchise Agreement or rights thereunder, transfer of assets, or any ownership change of entity if entity owns the franchise.
l.	Franchisor approval of transfer by franchisee	Section 15.03	All transfers require our written approval and fulfillment of all transfer conditions.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
m.	Conditions for franchisor approval of transfer	Section 15.04	You must provide notice of the proposed transfer, the transferee must meet all of our qualifications and we must approve the transferee, transferor must sign a release, transferee must sign a then-current franchise agreement which might contains terms different from the original Franchise Agreement, transferee must satisfactorily complete training and the transfer fee must be paid to us.
n.	Franchisor's right of refusal to acquire franchisee's business	Section 15.06	We have a right of first refusal to match any good faith offer to buy your Franchised Business.
o.	Franchisor's option to purchase franchisee's business	Section 20	After termination we can, but are not obligated to, purchase your personal property (including, but not limited to, equipment, supplies and inventory) at the lesser of the depreciated book value of such property and the fair market value of such property.
p.	Death or disability of franchisee	Section 15.05	Rights pass to heirs, beneficiaries or legal representatives and estate may continue to operate if an approved Business Manager and other criteria are met or sell the franchise (subject to our right of first refusal).
q.	Non-competition covenants during the term of the franchise	Section 13.01	You may not have a direct or indirect interest in a competitive business while you are a franchisee or divert or attempt to divert any business to a competitor.
r.	Non-competition covenants after the franchise is terminated or expires	Section 13.02	24 months within your Territory or the territory of any other Franchised Business (whether owned by us or another franchisee) you may not own, maintain, consult with or otherwise assist any competitive business.
s.	Modification of agreement	Section 27.02	Franchise Agreement can only be amended by a writing signed by you and us. We can modify the Manual and System in writing in our sole discretion.
t.	Integration / merger clause	Section 27.01	Only the terms of the Franchise Agreement and other related agreements are binding (subject to state law). No other representations or promises are binding or enforceable.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
u.	Dispute resolution by arbitration or mediation	Section 30.01	All disputes where the amount in dispute is \$100,000 or less subjected to arbitration other than (a) disputes involving the Marks; (b) any dispute involving immediate termination of the Franchise Agreement; (c) any dispute involving enforcement of the confidentiality provisions; (d) any dispute involving enforcement of the covenants not to compete and not to solicit; and (e) any judicial proceeding in equity seeking temporary restraining orders, preliminary injunctions or other interlocutory relief.
v.	Choice of forum	Section 30.05	Jefferson County, New York.*
w.	Choice of law	Section 30.04	New York law applies, however, disputes relating to the Marks will also be governed by the federal Lanham Act.*

*If a state regulator requires us to make additional disclosures related to the information contained in this disclosure document, these additional disclosures are contained in a State Law Addendum included in this disclosure documents as Exhibit F.

ITEM 18 **PUBLIC FIGURES**

We do not currently use any public figures to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make 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 Matthew Darrah, 215 Washington Street, Suite 215, Watertown, New York 13601, (315) 782-0760, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table #1
Systemwide Outlet Summary
For Years 2019-2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019*	32	32	0
	2020	32	31	-1
	2021	31	28	-3
Company- Owned	2019*	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	2019*	32	32	0
	2020	32	31	-1
	2021	31	28	-3

* In connection with purchasing FFI's assets, we learned that there were thirty-two outlets that continued to operate while under the control of the U.S. Marshals Service in 2019. Based on this, which is the only information available to us, we have assumed for purposes of the information included in the chart that all thirty-two were franchised outlets and were operating at both the start and end of 2019.

Table #2
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2019 to 2021

State	Year	Number of Transfers
All States	2019*	0
	2020	0
	2021	6
TOTAL	2019*	0
	2020	0
	2021	6

* We do not have information regarding the number of outlets transferred from franchisees to new owners (to FFI or otherwise) for 2019. This information was not provided to us when we purchased FFI's assets from the U.S. Marshals Service on December 30, 2019. Accordingly, we have inserted "0" to indicate that we do not have this information.

Table #3
Status of Franchised Outlets
For Years 2019 to 2021

State	Year	Outlets at start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations - Other Reasons	Outlets At End of The Year
NY	2019*	32	0	0	0	0	0	32
	2020	32	0	0	0	0	1	31
	2021	31	0	0	0	0	3	28
Total	2019*	32	0	0	0	0	0	32
	2020	32	0	0	0	0	1	31
	2021	31	0	0	0	0	3	28

* In connection with purchasing FFI's assets, we learned that there were thirty-two outlets that continued to operate while under the control of the U.S. Marshals Service in 2019. Based on this, which is the only information available to us, we have assumed for purposes of the information included in the chart that all thirty-two were franchised outlets and were operating at both the start and end of 2019. No information regarding the number of outlets opened, terminations, non-renewals, reacquisitions by FFI or those that ceased operation in 2019 is available.

Table #4
Status of Company-Owned Outlets
For Years 2019 to 2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets At End of The Year
	2019*	0	0	0	0	0	0

	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Total	2019*	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

* We do not have information regarding the number of company-owned outlets which were in existence at the start or end of 2019. This information was not provided to us when we purchased FFI's assets from the U.S. Marshals Service on December 30, 2019. No information regarding the number of outlets opened, outlets reacquired from franchisees, outlets closed or outlets sold to franchisees is available. We have assumed for purposes of the information included in the chart that all outlets were franchised, and none were company-owned.

Table #5
Projected Openings As Of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
NY	0	2	0
Total	0	2	0

Exhibit E lists the names, addresses and telephone numbers of all of our current franchisees. Exhibit E also lists the name, addresses and the current business telephone numbers (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, transferred or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have not signed confidentiality clauses with any former franchisees which would restrict them from speaking openly with you about their experience with us.

There are no trademark-specific franchisee organizations associated with the franchise system at this time.

ITEM 21

FINANCIAL STATEMENTS

Our fiscal year end is December 31st. Attached to this disclosure document as Exhibit C are our audited financial statements for the fiscal years ending December 31, 2019, December 31, 2020 and December 31, 2021. Exhibit C includes the following:

- Independent auditor's report
- Balance sheets
- Statements of income and retained earnings and cash flows

ITEM 22
CONTRACTS

The following are attached to this disclosure document:

- Exhibit A: Franchise Agreement (with exhibits)
- Exhibit G: Confidentiality and Non-Competition Agreement
- Exhibit H: Form of Release
- Exhibit I: Guarantee Agreement
- Exhibit J: Authorization Agreement for Prearranged Payments (Direct Debits)

ITEM 23
RECEIPTS

Two copies of a detachable acknowledgement of receipt are attached as Exhibit L. Please execute both copies, return one to us and retain the other for your records.

Exhibit A

Franchise Agreement

FRANCHISE AGREEMENT

This Franchise Agreement (this “Agreement”) is made on this ____ day of _____, ____ between Fresh Start Franchising, Inc., a Delaware corporation with a principal office at 215 Washington Street, Suite 215, Watertown, New York 13601 (“we,” “us,” “our” or “Franchisor”) and _____, a _____ located at _____ (“you,” “your,” or “Franchisee”).

RECITALS

- A. The Franchisor developed and owns a proprietary method relating to owning, establishing and operating quick serve Jreck Subs Shop restaurant locations that specialize in providing submarine sandwiches, wraps, salads and other food and beverage items.
- B. The Franchisee desires to be granted a right and franchise to establish and operate one Jreck Subs restaurant location. The location will be selected by the Franchisee within the Territory (defined below), which must be approved by the Franchisor.
- C. The Franchisee acknowledges that it has received our Franchise Disclosure Document and its attachments, including this Agreement (collectively, the “FDD”). You also acknowledge that you have carefully reviewed the FDD and had sufficient time to consult with an independent lawyer, accountant, or other professional advisor of your choice in connection with all aspects of this Agreement. You represent to us that you are of legal age, you are a citizen or permanent resident of the United States, and that you have the legal capacity to enter into this Agreement and independently operate a quick serve restaurant business.
- D. You acknowledge and represent that no employee, agent, or any representative of Franchisor has made any oral, written or visual representations and/or projections to you of actual or potential sales, earnings, or net or gross profits.
- E. You acknowledge to us that you are fully aware of the risks of owning and operating a Jreck Subs restaurant location, including, but not limited to, those set forth in the FDD, and you are willing and able to accept such risks. You recognize that your future success relating to operating a Jreck Subs restaurant location will be fully dependent on your own skills, efforts, abilities and business acumen. Our grant of a right and franchise to you to establish and operate a Jreck Subs restaurant does not guarantee any form of success for your business and/or restaurant location.
- F. You understand and agree that we are relying on your representations in these Recitals.

1. INTRODUCTION

1.01 The Jreck Subs Business and System

As a result of the expenditure of time, skill, effort and money, we have developed a proprietary system for developing, opening and operating a business (“Jreck Subs Business”) that operates restaurants/shops specializing in the offer and sale of submarine sandwiches and a variety of food products and related services (the “Jreck Subs System” or the “System”).

The Jreck Subs System includes, without limitation, systems, techniques and methods, as we may further develop and update from time to time, for the operation of a retail food service business; food and beverage preparation, service and storage; procedures; recipes and ingredients; menus; portion sizes; offering and selling food and beverage products; packaging, display, merchandising and marketing of food and non-food products; operating procedures for sanitation and maintenance; distinctive exterior and interior design, décor, color scheme and furnishings; marketing methods; market research; management assistance; operations and administrative systems; promotional programs; advertising; training programs; business and reporting forms; bookkeeping and accounting materials; management and control systems; office procedures; staffing procedures; integrated use of computer software and hardware; equipment specifications; and, in general, a style, system and technique of business operation and procedure developed through our business experience.

1.02 The Proprietary Marks

We own certain trademarks, service marks and trade names, related emblems, designs, labels, signs and symbols appearing on or used in connection with the Jreck Subs Business; various copyrighted materials; and, other intellectual property, all of which are associated with the operation of an authentic Jreck Subs Business; constitute an integral part of the Jreck Subs System; and, are licensed to you under this Agreement. This Agreement refers to all such names, marks, logotypes, emblems, designs, labels, signs, symbols, copyrights and other intellectual property which we will license to you under this Agreement as the “Proprietary Marks.” The principal Proprietary Marks which you will use to identify and operate your Jreck Subs Business, which we will license to you under this Agreement, and we may change from time to time, are set forth in Exhibit A. We continue to develop, use and control the use of the Proprietary Marks to identify for the public the source of services and products marketed under the Proprietary Marks and to represent the high standard of quality associated with these services and products.

1.03 The Franchise

You wish to be granted a license to establish and operate one Jreck Subs Business under the Proprietary Marks and the Jreck Subs System from the Shop Location (defined below) in the Territory (the Jreck Subs Business operated from your Shop Location is referred to herein as the “Shop”). We wish to grant you such license, on and subject to the terms and conditions of this Agreement.

2. GRANT OF FRANCHISE AND LICENSE

2.01 Grant of Franchise

We grant you, and you accept, a license to operate one Jreck Subs Business (the “Franchised Business”) from your Shop Location, subject to the terms and provisions of this Agreement and all related agreements. We also grant you a license to use the Jreck Subs System, as we may change, improve, modify or further develop it from time to time, solely in the operation of the Franchised Business. The license grant under this Agreement is limited to the establishment and

operation of the Shop Location within the Territory. You have no rights to acquire any additional licenses to operate any additional franchised business other than the one granted hereunder.

2.02 Grant of License to Proprietary Marks

We grant you, and you accept, a non-exclusive license to use and display the Proprietary Marks (so long as we do not subsequently designate them as being withdrawn from use and the license granted to you), together with such other and further Proprietary Marks which we may later designate in writing, subject to the terms and provisions of this Agreement and all related agreements. The rights under this license may be exercised solely in the operation of your Franchised Business and the offer and sale of approved products and services at and from the Shop. The rights under this license are limited to the Territory.

3. TERRITORY

3.01 Territorial Grant

Your right to establish and operate a Franchised Business is restricted to the geographic area described in Exhibit B (the “Territory”). You may operate your Franchised Business from only one Shop Location within the Territory, which you must select, and we must approve in writing (as further described in Section 6 below). You must operate your Shop continuously without interruption throughout the entire term of this Agreement. Due to certain rights that we have reserved for us our self and our Affiliates, your Territory is not exclusive.

3.02 Our Restrictions; No Marketing Exclusivity

Except as otherwise set forth in this Agreement, we and our affiliates, subsidiaries and designees (together, the “Affiliates”) will not operate or grant a franchise for the operation of a similar or competitive business in the Territory, so long as you are not in default under this Agreement and all other related agreements. These restrictions will terminate immediately upon the expiration or termination of this Agreement for any reason.

You acknowledge and agree that this Agreement does not confer any marketing exclusivity in the Territory during the term of this Agreement, and that all Jreck Subs Businesses (whether owned by us individually or with others, franchised or otherwise) may solicit, service, advertise and offer their products and services to any individual or entity, regardless of your or its geographic location, including your Territory.

You further acknowledge and agree as follows: (a) that consumers may freely choose with whom they wish to transact business, which means that customers in your Territory may freely choose to transact business with us or other franchisees, and that neither we nor other franchisees can regulate or prevent this or have any obligation to account to you for this; and (b) to the extent that we require you to participate in programs using third party meal delivery service providers, such providers may deliver products purchased at other shops to consumers located within your Territory.

3.03 Your Restrictions

You may only engage in the Retail Sale of food and beverages at your Shop; the Retail Sale of take-out food at the Shop; and, the Retail Sale of food items and non-food items which we approve or require for sale at the Shop. You further agree that the Shop will not sell any prepared food products for Wholesale Sale or Distribution.

You further understand and agree that you are expressly prohibited from engaging in the Retail Sale of products and services under the Proprietary Marks through any of the following “alternate distribution channels”: mail order; catalogues; television sales; and/or any other channel of distribution that is not approved by us, with the exception of direct sales to the public from your Shop.

You are prohibited from engaging in the Wholesale Sale or Distribution of any franchise service, product, equipment or other Component which is now or in the future part of the Jreck Subs System, or any related product or service.

The following definitions apply with respect to the terms of this Section. “Retail Sale” means any sale by you directly to an ultimate consumer. “Wholesale sale or distribution” means any sale or distribution by you to a third party for resale, retail sale, or further distribution. “Component” means any constituent part, ingredient, element, segment or derivative.

3.04 Rights We Reserve

You will only have the right to operate the Franchised Business subject to the terms and conditions of this Agreement. We specifically reserve all other rights to ourselves and our Affiliates, including, without limitation, with respect to the Proprietary Marks, the System, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire. For example, and without limitation, we and our Affiliates have the right, now or in the future:

- A. To own, operate, situate Jreck Subs Businesses anywhere outside the Territory (and also within your Territory as it relates to Institutional Feeders (defined below) and as otherwise permitted in this Agreement) as we or our Affiliates consider appropriate. The territories and/or locations of these Jreck Subs Businesses may be immediately proximate to, adjacent to or abutting the boundary of the Territory.
- B. To grant franchises, licenses, contracts, and/or enter into joint venture agreements for the operation of Jreck Subs Businesses outside the Territory (and also within your Territory as it relates to Institutional Feeders and as otherwise permitted in this Agreement) as we or our Affiliates consider appropriate. The territories and/or locations of these Jreck Subs Businesses may be immediately proximate to, adjacent to or abutting the boundary of the Territory.
- C. To allow other franchisee(s) to enter the Territory, with each franchisee being limited to no more than a total of 3 weeks per calendar year in other franchisees’ territories, to operate a concession, booth, mobile cart or structure or any other temporary unit which has been from

which products are sold, and which has been approved by us, in our sole discretion, in each instance.

- D. To offer and sell services and products within the Territory that are not part of the Jreck Subs System through any distribution method, exploiting our and our Affiliates' Proprietary Marks, name, reputation and know how.
- E. To offer and sell (either directly or through other franchisees), through channels and methods of distribution other than a dedicated Jreck Subs Shop, the same services and products which you will offer and sell under this Agreement, to any customer wherever located, including customers in your Territory and including customers near your Shop Location. These other channels and methods of distribution may include, without limitation, and except as otherwise provided in this Agreement: electronic marketing such as solicitations via the Internet or other on-line networks; catalogues; grocery stores; food stores; mass gathering venues; boutiques; concession rights or licensed departments on the premises of another retail enterprise which also sells the products of third parties unrelated to us or our Affiliates; retail and convenience stores and, other retail establishments of any kind other than a dedicated Jreck Subs Shop.
- F. To purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that network's chains or business facilities, and to operate, franchise or license those businesses and/or facilities as Jreck Subs Businesses operating under the Proprietary Marks or any other marks following the purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which may be within the Territory, and proximate to your Shop Location.
- G. On the termination or expiration of this Agreement, within the Territory, to establish Jreck Subs Businesses (either directly or through franchises, licenses, joint ventures or any other business combination) which will establish shop(s) and offer and sell those products and services which this Agreement contemplates you will offer and sell. In addition, prior to termination or expiration of this Agreement, we may operate or designate others to operate your Shop Location at any time you are in default and we exercise our rights under Section 19.01 below.
- H. To license the Jreck Subs System to Institutional Feeders whose licensed locations may be situated anywhere in the world (including the Territory and proximate to your Shop Location). "Institutional Feeders" are defined as third parties which are entitled (through ownership, license or otherwise) to operate stores, shops, cafeterias, lunchrooms, dining rooms, snack bars, lounges, food/beverage dispensing carts or kiosks, mobile food dispensaries, "snack trucks" or any other type of food or beverage retail outlet whatsoever, on the premises of what are customarily referred to as "institutions," including (without limitation) airports, hotels, malls, theme parks, casinos, hospitals, colleges and universities, schools, fairs, factories, workplace cafeterias, federal or state military bases, stadiums, theaters (movie or stage), federal, state or local government buildings and establishments, museums, beaches, parks and other seasonal facilities, and any other such institution. We reserve the right, at our sole option, to negotiate a license agreement with any such Institutional Feeder serving an institution within and/or outside your Territory. We also reserve the right to establish and operate our own Jreck Subs Businesses in the types of

locations and areas identified above rather than pursuant to a license with an Institutional Feeder. The locations referenced above in this section may be of a permanent or temporary nature. You understand and acknowledge that this Agreement does not grant you any rights with regard to any such Institutional Feeders.

- I. To own, operate, franchise or license within and outside the Territory: (1) businesses of any type whatsoever, including similar businesses, other than a Jreck Subs Business operating under marks other than the Proprietary Marks; and (2) businesses that are not similar to a Jreck Subs Business under the Proprietary Marks.

To the fullest extent permitted by law, you waive and release us and our Affiliates from any claims, demands or damages arising from or related to any of the above activities, including, without limitation, any claim of divided loyalty; breach of fiduciary duty; fraud; unfair competition; tortious interference; unjust enrichment; breach of contract; and/or, breach of the implied covenant of good faith and fair dealing. You promise never to begin or join in any legal action or proceeding or arbitration, or register a complaint with any governmental agency, directly or indirectly contending otherwise or in any way complaining of the above activities. The essence of this provision is that the boundary of the Territory conferred under this Agreement is to be considered for all purposes a strict boundary and not subject to further judicial or other construction, implication or attempts to expand the boundary of the Territory, directly or indirectly, and outside of which (or within which, to the extent provided above) we and/or our Affiliates may engage in any business activity whatsoever. We are not required to pay or provide any consideration to you if we exercise any of the rights specified above inside your Territory.

4. INITIAL TERM AND RENEWAL AGREEMENTS

4.01 Initial Term

The initial term of this Agreement will commence on the date we execute this Agreement (provided that you have already executed it) (the “Effective Date”) and will end on the earlier of ten years from the Effective Date, or the expiration or termination of your Lease (defined below) for your Shop Location, whichever is sooner, unless this Agreement is sooner terminated in accordance with its provisions (“Initial Term”).

4.02 Renewal Term

You will have the right, but not the obligation, to request to renew the Initial Term for one additional term, which will end on the earlier of ten years from the effective date of renewal, or the expiration or termination of your Lease for your Shop Location, whichever is sooner, unless this Agreement is sooner terminated in accordance with its provisions. In order to be granted a renewal term, you must be in strict compliance with all terms and conditions of this Agreement and comply with all requirements of this Agreement relating to such renewal.

5. PAYMENTS TO FRANCHISOR

5.01 Initial Franchise Fee / Renewal Fee

When you execute this Agreement, you will pay us a lump sum initial non-refundable franchise fee in the amount of \$18,500 (the “Initial Franchise Fee”). The Initial Franchise Fee will be fully earned when paid.

Upon the date of any renewal of this Agreement, you agree to pay us a renewal fee equal to fifty percent (50%) of the then current initial Franchise Fee that is in effect at the date of renewal. The renewal fee is non-refundable and fully earned when paid.

5.02 Royalty Fees

You agree to pay us a weekly royalty fee equal to six and one half percent (6.5%) of the “Gross Sales” generated from your Franchised Business throughout the entire term of this Agreement (“Royalty Fees”). “Gross Sales” means all revenue you collect from operating the Franchised Business, whether from cash, check or credit transactions, including, but not limited to, all sales of products, merchandise and services, and all whether sold or performed at your Shop Location or off-site, and regardless of whether sales were made in compliance with this Agreement, but excluding all federal, state or municipal sales taxes, use taxes or service taxes collected from customers and paid to the appropriate taxing authority and excluding customer refunds, adjustments, credits and allowances actually made by you in accordance with the guidelines in the Manual (defined below).

The Royalty Fees will be payable to us beginning on the Monday of the week following the week during which your Shop commenced operations, and on Monday of each successive week after that based on the Gross Sales for the preceding week. As used in this Agreement, “week” means the seven-day period beginning on Sunday and ending on Saturday. Notwithstanding the preceding, we reserve the right to change the frequency of such payments.

5.03 Advertising Contributions

You agree to pay us a weekly advertising contribution equal to three percent (3.0%) of the Gross Sales generated from your Franchised Business throughout the entire term of this Agreement (“Advertising Contributions”). The Advertising Contributions from you and other franchisees will fund the Jreck Marketing Fund (the “Fund”). We will utilize the Advertising Contributions in the Fund in our sole judgement to provide for local, state and/or regional marketing programs including print, visual or any other media source, and to pay all costs associated with the creation, production, distribution, media placement and administration of such advertising programs, as well as for any taxes incurred on such uses of amounts in the Fund. These Fund may be used for the maintenance and upkeep of the website, advertising using media such as television, radio, direct marketing mailings, the Internet (including on-line ordering capabilities and functions), social media and the newspaper. A regional advertising agency, employee or independent contractor may provide the advertising services. These services will be paid for from the Fund. Other direct costs and fees relating to administering these services will also be paid for from the Fund.

The Fund is intended to maximize recognition, acceptance and use of our System. We are not obligated in administering the Fund, or otherwise, to make expenditures for you which are: (i) equivalent or proportional to your contribution; or (ii) spent in your Territory or any particular area or territory. The Fund will not spend any money principally to solicit new franchisees. We do not have to spend the money in the Fund during any specific time period. Advertising may be handled by the outside advertising agency which we select, or any qualified internal associate or third party that we deem capable. All sums received for the Fund shall be maintained in an account separate

from our other money and shall be used only as so provided. For accounting purposes, the Advertising Fund is not considered to be a restricted account or a trust account. We will maintain separate bookkeeping accounts for the Fund. We have a contractual obligation to hold all funds for the benefit of the contributors and to use contributions only for the purposes permitted herein. We have no fiduciary obligation to you for administering the Fund. We may also negotiate programs with suppliers that stipulate advertising contributions be placed into a fund to be utilized for advertising and related expenses for the benefit of franchisees. We do not have any advertising cooperatives or a franchisee advisory council that advises us on advertising policies, however we reserve the right, in our sole discretion, to establish advertising cooperatives or a franchisee advisory council in the future.

5.04 Reporting

You understand, acknowledge and agree that we have the right, and you will allow us, to access your Point of Sale System (defined below) systems at all times in order to enable us to electronically obtain data, information and supporting records that will be utilized, among other things, as a basis for calculating applicable Royalty Fees and Advertising Contributions that are due to us under the terms of this Agreement. There are no contractual limitations on our right to access, copy and retain such information.

In the event that our direct access into your Point of Sale System is not available for any reason, you agree to and shall, without notice from us, submit a certified weekly report to us to be received by us by Monday of each week either electronically or in writing as we request. The weekly report will consist of a statement that reports Gross Sales of the Franchised Business for the preceding week and such other data, information and supporting records that we deem necessary.

By the fifteenth day of each calendar month, you must provide us with a profit and loss statement for the Franchised Business for the previous calendar month, exact copies of all state tax returns filed with any state tax department reflecting sales of the Franchised Business for the previous calendar month and proof of payment of any amounts due pursuant to such sales tax returns.

Within 60 days after the end of your fiscal year, you must provide us with a fiscal year-end balance sheet and an annual profit and loss statement for such fiscal year, reflecting all year-end adjustments. We reserve the right to request other financial information in our sole discretion.

5.05 Bank Account and Payment

You agree that all Royalty Fee Payments and Advertising Contributions and all other payments required under this Agreement will be remitted to us via electronic funds transfer (“EFT”). You

agree to deposit all revenues generated from the operations of your Franchised Business into a segregated bank account (the “Bank Account”) that is utilized solely for the operation of your Franchised Business. The Bank Account must have the capacity to make payments and receive credits via EFT. You agree to provide all information regarding the Bank Account to us. You may not change the Bank Account without our prior written approval. You agree that we are authorized, and agree to execute and deliver all necessary documents to permit us, to initiate debit entries and/or credit entries to the Bank Account for payment of Royalty Fees, Advertising Contributions and all other amounts due under this Agreement including, but not limited to, any and all interest and other costs and fees that may be owed on or related to such sums.

5.06 Timing Of Payments

The Royalty Fees and Advertising Contributions will begin to accrue on the date that you first actually commence operations of your Franchised Business. Commencement of operations of your Franchised Business means the earliest of the following dates: (1) the first day that you receive any revenues directly or indirectly relating to your Franchised Business; (2) the first day that you offer any products for sale at or from your Franchised Business; or (3) the first day that you conduct any of the activities contemplated by this Agreement following the opening of your Franchised Business from the Shop Location. Sales reports used to calculate your Royalty Fees and your Advertising Contributions will be generated by us each Monday for the preceding week’s activity. Royalty Fees and Advertising Contributions will be drawn by us from your Bank Account via EFT every Thursday for the preceding weeks activity. If Thursday falls on a legal holiday, the funds will be withdrawn on the next business day.

If, at any time, we determine that you have underreported or underpaid any amounts due under this Agreement, we may immediately initiate a transfer from the Bank Account in the appropriate amount using the same withdrawal procedures outlined above (including any related interest and other fees relating to the underreported or underpaid amounts).

If, at any time, you determine that we have electronically over withdrawn funds from your Bank Account for any payments due under the terms of this Agreement, you must notify us in writing of such an occurrence and supply all required back-up documentation to substantiate your claim. If approved by us, we will credit any overpayment amount against your next week’s EFT withdraw that become due and payable to us under the terms of this Agreement.

Any and all other payments due to us will accrue on the dates specified within this Agreement, or if not specified herein, in the Manual.

5.07 Interest Charges

You agree that interest charges at the rate of the lesser of 1½% per month or the maximum legal rate shall accrue on all past due amounts under the terms of this Agreement. Such interest will become payable immediately on all past due amounts under this Agreement and you agree to pay all such interest charges.

5.08 Insufficient Funds Charges

If you fail to have sufficient funds to pay any amounts due via EFT under the terms of this Agreement, there will be a \$20.00 fee for each event / occurrence where there are insufficient funds to pay your amounts due. This fee will become immediately payable when assessed by us.

5.09 No Adjustments Or Withholding To Payments Required

You are prohibited from withholding or adjusting any payment amount that is due to us under the terms of this Agreement on the basis of alleged non-performance or alleged breach of any of our responsibilities under this Agreement, or any related agreement, including agreements for the sale of products or services by us to you.

5.10 Audit Fees

You agree that we will have the right to examine your books and records, including, but not limited to, copies of your tax returns, and any electronic data necessary to perform an audit or other analysis pertaining to your Franchised Business. This right shall extend to all third party vendors, such as those that provide or assist with online ordering, catering and/or deliveries. Our audit may be conducted by our own internal staff or by utilizing an independent, third party. You agree that we and our designees shall be entitled to examine, without prior notice to you, all records of your purchases from any supplier and review all of your business operations and records at such times and places as we request. You also agree to provide us and our representatives or agents with access to all areas of your Shop Location without prior notice at any time that you or your employees are on the premises of your Shop Location. If we determine that you have been deficient by more than 1% on reported Gross Sales, you agree to immediately reimburse us through EFT transfer of funds from your Bank Account for the applicable amount of any payments due based on the terms of this Agreement. In addition to the underpaid amounts due as a result of the underreported Gross Sales, you also will owe us interest charges at the maximum rate allowed by law. You will be fully responsible for any fees incurred in connection with an audit where it is determined that you were deficient by more than 1% on Gross Sales (i.e., audit fees related to either an internal audit conducted by our staff and / or an audit provided by an independent third party). Such audit fees will become due upon demand. Our rights under this Section are without limitation with respect to any other rights and remedies we have under this Agreement, any related agreement, and at law or in equity.

6. SITE SELECTION, LEASEHOLD IMPROVEMENTS, FIXTURES, EQUIPMENT & SIGNS

6.01 Shop Location

You may operate your Franchised Business only from your shop location, meaning the location you have proposed for our consideration and we have approved in writing (the “Shop Location”), from which you must operate your Franchised Business continuously and without interruption throughout the term of this Agreement. You may use the Shop Location for no other purpose than the operation of the Franchised Business.

If you have a Shop Location which we have approved prior to or at the time of execution of this Agreement, then the Shop Location will be as set forth on Exhibit C to this Agreement. If you have not proposed a Shop Location which we have approved before the execution of this Agreement, then the following provisions will apply:

You agree to use your best efforts to find an acceptable shop location within the Territory, using your own resources, skills and know-how. You further agree to comply with all our System specifications, requirements, and restrictions in our Manual or otherwise relating to the proposed location. The proposed shop location will be subject to our prior written approval, and our determination will be final. You are required to submit maps, completed checklists, photographs, copies of proposed leases, diagrams of the premises with measurements and other information and materials which we may reasonably require to evaluate your proposed shop location. We will provide you with written notice of our approval or disapproval of your proposed shop location for Franchised Business. If we approve your proposed shop location, you and us will execute the Shop Location Addendum in the form attached as Exhibit D to confirm the approved Shop Location.

It is of the essence of this Agreement that you select a proposed shop location and obtain our prior written approval within 90 days from the Effective Date of this Agreement. It is also of the essence of this Agreement that you obtain our prior written approval prior to executing a lease, and that you execute the lease approved by us or provide proof of ownership, as applicable, for your Shop Location within 90 days following the Effective Date of this Agreement.

If you do not secure a Shop Location within the time limits specified in this Article 6, this will be a material breach of this Agreement which will entitle us to terminate this Agreement immediately on notice to you, with no opportunity to cure. If we terminate the Agreement for this reason, then we will retain the entire Initial Franchise Fee.

You acknowledge that any advice we have given you regarding the site selection (whether as part of our System or Manual, in response to your proposals or inquiries, or otherwise); our proposal or suggestion of any Shop Location; and/or our exercise of our rights of inspection or approval, are primarily for our benefit and not yours, and are not meant to be relied on or construed in any way as a representation, express or implied warranty, or any other indicia of the prospective profitability, viability or merit of any location. To the fullest extent permitted by law, you waive, and release us and our Affiliates from, any and all claims to the contrary.

6.02 Shop Location Lease

Promptly following our written approval of your Shop Location, you agree to deliver to us a copy of any proposed lease or sublease for the Shop Location and any proposed related documents. Any lease, sublease or other rental agreement for the Shop Location (each, a “Lease”) will be subject to our prior written approval, which we will not unreasonably withhold or delay; provided that it contains the required provisions as described below in this Agreement. If we do not

approve of the Lease, or the landlord will not modify the Lease so it is acceptable to us, we shall have the right to revoke our approval of and/or reject the Shop Location.

If you lease or sublease the Shop Location:

1. You may not create any obligations on our behalf, grant any rights against us or agree to any other term, condition, or covenant which is inconsistent with the provisions of this Agreement or any related agreement.
2. You agree to duly and timely perform all terms, conditions, covenants and obligations under the lease or sublease.
3. You shall refrain from any activity which may jeopardize your right to remain in possession of, or to renew, the Lease.

Except as otherwise provided in this Agreement, you may not assign, charge, encumber or transfer your Lease, or sublet all or any part of the Shop Location, without our prior written approval. All leases you enter into to secure the Shop Location must contain provisions acceptable to us which provide that:

1. After the expiration or termination of this Agreement for any reason, we will have the option for 30 days to elect to cure any defaults within a reasonable period of time; at our election, either to assume the obligations of and replace you as the lessee under the Lease, or to have another franchisee, licensee, joint venture partner or other designee of ours assume the obligations of and replace you as the lessee under the Lease; and, if we have assumed the obligations of and replace you as the lessee under Lease, to reassign the Lease to another franchisee, licensee, joint venture partner or other designee of ours.
2. The lessor or sublessor will furnish to us written notice specifying any default and the method of curing the default; allow us no less than 30 days after receipt of the notice to cure the defaults (except that if the default is the non-payment of rent, we will no less than fifteen days from receipt of notice to cure the default); and, to allow us to exercise our option for us or another franchisee, licensee, joint venture partner or other designee of ours to succeed to your interest in the Lease.
3. The lessor or sublessor will accept us or another franchisee designated by us as a substitute tenant under the Lease upon notice from us that we are exercising our option for us or another franchisee, licensee, joint venture partner or other designee of ours to succeed to your interest in the Lease and/or to reassign the Lease to another franchisee following our assumption of obligations under the Lease.
4. The required provisions in 1., 2. and 3. above are rights but not obligations for us to assume your rights and responsibilities under the Lease.
5. The lessor or sublessor acknowledges that you alone are responsible for all debts, payments and performances under the Lease before we or another franchisee, licensee, joint venture partner or other designee of ours takes actual possession of the premises and assumes the Lease in writing.
6. The Lease may not be modified or amended without our prior written consent, which we may not unreasonably withhold. The lessor or sublessor will promptly provide us

with copies of all proposed modifications or amendments and true and correct copies of the executed modifications and amendments following our approval.

7. The Lease prohibits you from subleasing or assigning all or any part of your occupancy rights or extending the term of or renewing the Lease without our prior consent.
8. The lessor or sublessor agrees to furnish us with copies of any and all letters and notices sent to you pertaining to the Lease and the premises, at the same time that these letters and notices are sent to you.
9. The Lease restricts use of the premises solely to the operation of a Jreck Subs Shop.
10. If the premises are in a strip center, the lessor or sublessor consents to provide you with exclusivity in the submarine sandwich and delicatessen style sandwich categories.
11. The initial term of the Lease, or the initial term together with extended terms, shall be for not less than ten (10) years.
12. A provision consenting to your use of such Jreck branded property and signage as we may now or hereinafter prescribe for your Shop Location.
13. A provision granting us the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System, or to cure any default under this Agreement or under the Lease.

At least thirty (30) days prior to the earliest time you may exercise any renewal, extension of term rights or any similar provision under the Lease, you shall send to us a notice stating the same. If you do not intend to renew or otherwise extend the term of the franchise granted pursuant to this Agreement to the extent permitted under this Agreement, you shall, upon our request, effectuate the assignment of the Lease, effective at the time the franchise granted pursuant to this Agreement expires and properly exercise or assist us in the exercise of any renewal or extension of the Lease.

You acknowledge that our acceptance of the Lease is not a guarantee or warranty, express or implied, of the successful operation or profitability of a Jreck Subs Shop operated at the Shop Location and indicates only that we believe that the Lease's terms meet the acceptable criteria that we have established at the time of our acceptance.

6.03 Government Approvals, Consents and Licenses

It will be your sole responsibility to promptly investigate the need for, seek and obtain all government and quasi-government approvals, consents and licenses required to open and operate your Franchised Business and occupy and operate from the Shop Location. You undertake to use all possible efforts to obtain all required approvals, consents and licenses. We make no representation or warranty that you will be able to obtain all required approvals, consents and licenses. If you are unable to do so by the scheduled date of commencement of operations pursuant to Section 8.01, then either party will have the right to terminate this Agreement immediately upon notice to the other party. If either party terminates the Agreement for this reason, then all funds paid us will be considered earned by us and are non-refundable.

6.04 Restriction Of Your Franchised Business

You may not relocate your Franchised Business to another Shop Location without first obtaining our written approval for the new location. If you relocate the Franchised Business with our approval subject to the terms of this Section 6.04, the new location will be the “Shop Location” of the franchised shop as that term is used in this Agreement. Any relocation will be at your expense. We may charge you for any costs, including legal fees, that we incur in connection with the relocation. All leases, subleases or other agreements that you enter into to relocate the Shop Location must conform to the provisions of Section 6.02.

6.05 Our Right To Master Lease The Shop Location

We reserve the right to master lease any Shop Location selected by you and then sublet the premises to you. We will not do so unless you and we make arrangements satisfactory to both of us regarding the fees, rents and deposits which we will charge you for our assumption of this obligation. The terms of any such sublease will generally be the same terms as the prime lease; provided, however, that we reserve the right to require changes to the sublease, including, but not limited to, with respect to the term of the lease and our termination rights. You acknowledge that our exercise of our rights to master lease the Shop Location, sublease it to you and derive a profit from doing so will not give rise to any liability on our part. It shall also not be construed as a representation or implied warranty with regard to the viability, profitability or merit of the Shop Location.

6.06 Your Buildout Obligations; Layout And Specifications

We will provide you with a sample layout for the interior of a typical Jreck Subs Shop and a set of typical preliminary plans and specifications for furniture, fixtures, equipment and/or décor. The sample layout and preliminary plans and specifications will not include considerations with respect to or assure compliance with the requirements of any federal, state or local law code or regulation, including, but not limited to, those concerning the Americans With Disabilities Act (the “ADA”) or similar rules governing public accommodations for persons with disabilities. The sample layout and preliminary plans and specifications will not contain the requirements of, and may not be used for, construction drawings or other documentation necessary to obtain permits or authorizations to build your Franchised Business.

You agree, at your expense, to employ architects, designers, engineers or others as necessary to complete, adapt, modify or substitute the layout, plans and specifications for your Shop Location. You agree to submit to us a complete set of final plans and specifications before commencing construction of the Shop Location. We will review the final plans and specifications promptly and either approve them or provide comments to you. You may not begin construction of the Shop Location until we have approved the final plans and specifications in writing.

Our approval will be limited to review of your final plans and specifications to assess compliance with our design standards for franchised Jreck Subs Shops, including such items as trade dress, presentation of the Proprietary Marks and the provision to your potential customers of products and services that are central to the functioning of franchised Jreck Subs Shops. Our review will not be designed to assess compliance with federal, state or local laws or regulations, including, but not limited to, the ADA, since compliance with these laws and regulations is your

responsibility alone. Before we approve your final plans and specifications, your architect must certify to us that the plans and specifications for the Shop Location comply with the ADA, the architectural guidelines under the ADA, and all applicable state and local codes for accessible facilities.

You agree, at your expense, to make all leasehold improvements and install all fixtures, furniture and equipment at the Shop Location required to comply with our current requirements and specifications, as well as changes to our requirements and specifications which we may make from time to time.

You agree that any plans and specifications you prepare and submit to us will be our property. We may distribute these plans and specifications to other present and future franchisees for their use, and we and our Affiliates may use these plans and specifications for businesses we or they operate. You agree that we, our Affiliates or franchisees will not, as a consequence, be liable to you in any way, whether for compensation or otherwise.

We will consult with you, to the extent we consider necessary, on the construction and equipping of the Shop Location. It will, however, be your sole responsibility to diligently design, construct, equip, ready and open the Shop.

6.07 Construction, Inspection And Opening

You agree to use a licensed general contractor reasonably satisfactory to us to perform construction work at the Shop. If we request, you must immediately furnish the following to us before commencing construction, remodeling or refurnishing, and after that on request: the names and addresses of any sub-contractor and/or vendor to be involved in these activities; copies of all permits, licenses, contractors' liability insurance certificates or other items required for the construction, remodeling, equipping and operation of the Shop; and, copies of all construction or remodeling contracts and documents, and originals of all lien waivers, as we may require.

We will not be responsible for delays in construction, remodeling, equipping or decoration or for any loss resulting from the Shop Location design or construction. You must obtain our written approval for all changes to the Shop Location plans that you furnished before construction or implementing the changes. We will have access to the Shop Location while work is in progress. We may require any reasonable alterations or modifications of the construction of the Shop Location that we consider necessary or desirable in our reasonable business judgement. If you fail to promptly begin the design, construction, equipping and opening of the Shop with due diligence, this will be grounds for the termination of this Agreement.

Upon completion of construction and before the commencement of operations of the Shop Location, your architect and general contractor must provide us with a certificate stating that the as-built plans for the Shop Location comply with the ADA; the architectural guidelines under the ADA; all applicable state and local codes for accessible facilities; and, all other federal, state and local laws, rules or regulations applicable to the Shop Location.

We will have the right, but not the obligation, to conduct a final inspection of the completed Shop Location. We may require any corrections and modifications we consider necessary to bring the

Shop Location into compliance with the plans and specifications we approved. The Shop Location will not be allowed to open if it does not conform to the approved plans and specifications, including changes we approved. If you do not promptly correct any unauthorized variance from the approved plans and specifications, this will be grounds for termination of this Agreement.

6.08 Furniture, Fixtures, Equipment, Signage And Décor

We will furnish to you specifications for the fixtures, equipment (including, without limitation, cooking, storage, packaging and servicing equipment), signage, image, color scheme and décor required to be utilized by you in the Shop Location. These specifications do not limit your obligation to provide all required fixtures, furniture, equipment, signage and décor for the Shop Location solely at your own expense. If we suggest manufacturers or suppliers, we will do so only as an accommodation to you. Certain fixtures and décor elements may only be available through single sources which we specify, and you will not be allowed to substitute your own manufacturers or suppliers for these items. You may substitute manufacturers and suppliers and purchase any required fixtures, equipment, signage, and décor from any source, so long as the items purchased are in strict accordance with our specifications. You must obtain our prior written consent before making any substitutions. You agree to make any changes in the design, construction, utilities, or installations made necessary by any substitutions, at your expense.

All exterior and interior signs used in connection with the franchised Shop must conform to our sign criteria as to typeface, illumination, color, size, design and location. All signs must be approved in writing by us before installation or display.

We reserve the right to change our specifications and criteria from time to time, and you agree that you shall be responsible for continued compliance with any such changes at your sole cost and expense.

6.09 Indemnification

You will be strictly responsible for all acts, errors, neglects and omissions of your contractors, subcontractors and others when designing, constructing, converting, remodeling, renovating or otherwise performing any work within, upon or around the Shop Location. We will have no responsibility for the acts, errors, neglects or omissions of your contractors, subcontractors or other third parties performing such work. We will not be liable for any loss or damage arising from the design or plan of the Shop Location, whether because of our approval of plans and specifications or for any other reason. We will not in any fashion be considered responsible for compliance with any law, rule or regulation applicable to these activities by virtue of our engaging in those activities specified in this Article 6. In addition to your indemnification of obligations under Section 8.16 and elsewhere in this Agreement, you agree to indemnify us and the other Indemnitees (defined below) from and against any and all Claims, Losses and Expenses (defined below) which any of the Indemnitees sustain arising out of, caused by or related to your acts, errors, neglects or omissions and/or of your contractors or subcontractors or other third parties arising out of, caused by or related to the design, construction, conversion, remodeling, renovation, buildout or outfitting of the Shop Location, whether or not approved by us. The

indemnification obligations set forth in this Section will survive the expiration or termination of this Agreement.

6.10 Right of First Refusal

If you or any of your affiliates (each a “Seller”) owns the land and/or building (the “Real Property”) at which the Shop Location is located and desires to accept a bona fide offer from a third party to purchase the Real Property, you shall notify us in writing of such offer, shall provide such information and documentation relating to the offer as we may require and shall comply with the terms of this Section before such sale may be effectuated. We (or our designee) shall have the right and option, exercisable within thirty (30) days after receipt of such notification and all background materials concerning the proposed transfer that we shall reasonably request, to send notice to the Seller that we intend to purchase the Real Property on the same terms and conditions offered by the third party. If we elect to purchase the Real Property, the closing on such purchase shall occur within sixty (60) days from the date of notice to the Seller of our election to purchase. If we decline to purchase the Real Property, you shall have ninety (90) days after we fail to timely exercise our right of first refusal to close on the transfer of Real Property to the third party pursuant to the third party’s offer. Failure to effect a transfer with the third party within the ninety (90) day period, or any material change thereafter in the terms of the offer prior to closing, shall constitute a new offer subject to the same right of first refusal by us as in the case of the third party’s initial offer.

If we do not elect to exercise our option to purchase the Real Property, you or your affiliate may sell the Real Property to a third party, provided that the purchase agreement specifically includes a covenant approved by us and which is expressly enforceable by us as a third-party beneficiary, that the purchaser shall not, for a period of five (5) years after the termination or expiration of this Agreement, use the Shop Location for the operation of a business whose method of operation is similar to that employed by a Jreck Subs Business.

7. FRANCHISOR’S OBLIGATIONS

7.01 Confidential Operations Manual

We will lend you one copy of our Confidential Operations Manual (the "Manual") during our Initial Training Program (defined below). The Manual may be in the form of one or more of the following: one or more loose-leaf or bound volumes; bulletins; facsimiles; notices; videotapes; CD-ROMs and/or other electronic media; computer disks; online postings; e-mail and/or other electronic communications; or, any other such written documents.

You agree to operate your Franchised Business in strict compliance with the Manual, including, without limitation, with all operational systems, procedures, policies, methods and requirements prescribed in the Manual.

We retain the right to prescribe additions to, deletions from and modifications and revisions of the Manual (the "Supplements to the Manual"), all of which will be considered a part of the Manual. All references to the Manual in this Agreement will include all Supplements to the Manual. Supplements to the Manual will become binding on you as if originally set forth in the Manual,

upon being delivered to you. You agree to immediately comply with Supplements to the Manual and, as applicable, to adopt and use the services, products, programs, materials, standards, specifications, policies, methods, procedures and techniques set forth in Supplements to the Manual, all of which shall be at your sole cost and expense.

The Manual may include (but need not be limited to, nor necessarily include all of) the following subjects: components, requirements, duties, standards, procedures, policies, methods, operational systems, techniques, guidelines and specifications pertaining to the Jreck Subs System and to the operation of a Jreck Subs Business; products embraced by the Jreck Subs System and authorized for sale by you; systems and techniques for the operation of a retail food service business and for food and beverage preparation, service and storage; recipes and ingredients; menus; portion sizes; methods and techniques for offering and selling food and non-food products; special techniques for packaging, display, merchandising and marketing of food and non-food products; operating procedures for sanitation and maintenance; specifications, layouts and plans for distinctive exterior and interior design, programs, procedures and guidelines; quality assurance programs; supervision systems; recordkeeping systems and materials; advertising and public relations systems and materials; purchasing procedures; proprietary books, catalogues, literature and other writings and manuals; bookkeeping and accounting materials and techniques; information regarding current and concluded test, research and development programs; management and control systems; personnel qualifications; revenue reports; display of signs and notices; authorized or required equipment, appliances and appurtenances; days and hours of operation; required uses of Proprietary Marks; insurance requirements; license requirements; required attire; required manner of offering and selling services, products and programs; standards of maintenance and appearance; participation in food delivery service programs; participation in gift card and other customer programs; customer satisfaction; staff training requirements; training specifications; and, additions to, deletions from, modifications to and variations of the services, products, programs and other components constituting the Jreck Subs System, including standards and specifications related to the System.

You acknowledge that we are the owner of all proprietary rights in the Jreck Subs System, the Manual and all Supplements to the Manual, and that you are acquiring no property or other right to them other than a license to use them and comply with them during the term of this Agreement. The Manual and all Supplements to the Manual will remain our property at all times. You agree that the Manual and the information contained in it is confidential; you will use your best efforts to maintain this information as secret and confidential; and you at no time will copy, duplicate, record or otherwise reproduce the Manual or Supplements to the Manual, in whole or in part; and, you will not make the Manual, Supplements to the Manual or information in them available to any other person (other than to your employees to the limited extent necessary for such individuals to perform their duties with respect to the Franchised Business). You are responsible for and liable to us for any authorized disclosures of the Manual or any of its contents by you or your employees. Upon the expiration or termination of this Agreement, you must immediately return the Manual and all Supplements to the Manual to us, or at our direction obliterate or destroy them.

You agree to ensure at all times that your copy of the Manual and the Supplements to the Manual are current and up-to-date. If there is any dispute as to your compliance with the provisions of the Manual and any Supplements to the Manual, the master copy of the Manual and any Supplements to the Manual maintained at our principal office will control.

7.02 Initial Training Program

After you secure a Shop Location and at least three weeks before the opening of the Franchised Business, the Principal Owner (defined below) and your Shop Manager must attend and successfully complete to our satisfaction, in our sole discretion, an initial training program which we will provide (the "Initial Training Program"). The training program will include classroom instruction and field training; be furnished at our training facility, a Jreck Subs Shop, and/or your Shop Location; and, will last for at least three weeks. We may elect, in our discretion, to require you to complete additional training or require reduced training depending on your level of experience and abilities.

The fees for the Initial Training Program for two people is included in the Initial Franchise Fee. If you request that the Initial Training Program be provided to additional personnel after the Franchised Business, the fee shall be up to \$250 per person per day plus, if we agree to provide the training on-site at your Shop Location, the expenses of our trainer(s) for travel, lodging, incidentals and meals must also be paid. This fee will cover the training of up to three of your trainees at the same time. You agree to pay all expenses incurred by your trainees and yourself (if an individual) in connection with training, including, but not limited to, salaries and benefits, transportation costs (including local transportation expenses), meals, lodging and other living expenses.

If we reasonably conclude that either the Principal Owner or your Shop Manager has failed to attend or successfully complete our Initial Training Program, then that person may re-enroll in our next scheduled Initial Training Program at no additional charge. We will have the right to terminate this Agreement if, following your Initial Training Program (including re-enrollment as provided for in the preceding sentence), we determine that your Principal Owner or Shop Manager has failed to attend or successfully complete our Initial Training Program. This failure will be a material breach of this Agreement which will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure. If we terminate the Agreement for this reason, the Initial Franchise Fee and all other amounts you paid us will be considered earned by us and are non-refundable.

At our sole option, we may offer to provide our Initial Training Program to any Shop Managers you hire or appoint after the commencement of operation of the Franchised Business, but we will have no obligation to do so. If we provide such training, it is required that any such Shop Managers attend and satisfactorily complete such training. If you wish us to provide this training and we agree to do so (based on our sole judgment such factors as the availability of our personnel, the time of year, and our assessment of the need for such training), you must pay an additional charge to us for training replacement Shop Managers no greater than \$250 per day plus the expenses of our trainer(s) for travel, lodging, incidentals and meals, and you must pay all expenses incurred by your replacement Shop Managers in connection with training, including, but

not limited to, salaries and benefits, transportation costs (including local transportation expenses), meals, lodging and other living expenses.

We will not pay any compensation for any services performed incidental to training by trainees in any training program. We reserve the right to determine and modify from time to time the duration and subject matter of our training programs and the right to train any number of individuals from any number of franchised or non-franchised Jreck Subs Businesses at the same time.

7.03 On-Site Training or Assistance

We will provide up to 3 days of on-site opening assistance which will take place both prior to and within 30-60 days after the opening of your Shop. You may request additional on-site training or assistance at any time in accordance with all guidelines we may specify in the Manual or otherwise. We will not be obligated to provide such additional on-site training or assistance, but if we elect to do so, we may impose a fee for each day of on-site training or assistance we agree to provide. The timing of all advice, consultation and training provided for in this Agreement will be subject to the availability of our personnel.

7.04 Field Support Services

Following the commencement of operation of your Franchised Business, we may furnish to you the field support services that we alone consider advisable. Our representatives may render field support services on-site, off-site, by telephone; through electronic communications; or, through other communication devices. Field support services may include advice with respect to programs, procedures, guidelines, systems, specifications or techniques pertaining to the operation of your Franchised Business. The timing of all field support services, if any, will be subject to the availability of our personnel.

7.05 Consultation Services

If you request, we may, but are not obligated to, offer you, for a fee, consultation services beyond the field support services described in Section 7.04. Our representatives may render consultation services on-site, off-site, by telephone, through electronic communications or through other communications modes, subject to scheduling availability. Consultation services may include specialized advice related to the operation of your Franchised Business; on-site reviews of your operations and the furnishing or retraining as needed; on-site retraining of your Shop Manager and other personnel; and, other specialized assistance as may be requested by you. You agree to pay us for any consultation services performed at your request on the terms, at the times and in the amounts that we set forth at the time of offer or sale, in our Manual or otherwise. The timing of all consultation services will be subject to the availability of our personnel.

7.06 On-Going Training

We may from time to time conduct and require attendance at conferences, conventions and/or training sessions. We will determine the duration, curriculum and location of these. Your Principal Owner and your Shop Manager must attend such annual conferences, conventions and

training sessions as directed by us. You agree to pay all related expenses of your attendees, including, but not limited to, transportation costs (including local transportation expenses), meals, incidentals, lodging and living expenses.

7.07 Required Training and Certification From Local Third Party Providers

You will be responsible for obtaining from third party providers in your area, at your expense, all training and certification programs which are required by law. In addition, we reserve the right to require you to enroll in and successfully complete additional training and certification programs (such as the ServSafe certification program in food safety principles and Hazard Analysis Critical Control Point (HACCP) concepts, and/or CPR certification) for those of your employees which we specify, all as set forth in our Manual or otherwise.

7.08 Accounting and Management Information Systems

We will specify the electronic and/or written accounting and management information systems, procedures, formats and reporting requirements which you will utilize to account for your Franchised Business; maintain your financial records and merchandising data; and, generate reports for both you and us. In addition to operating reports, payroll, cash management and general ledger accounts, these systems must be tailored to provide computerized point-of-sale ("POS") scanning and invoice entry (see Section 8.10 below).

7.09 Test Marketing

We may, from time to time, conduct market research and testing to determine consumer trends and the desirability of new products and services. You agree to cooperate with us by participating in any such market research programs, test marketing new products and services in your Shop Location, and providing us with timely reports and other relevant information which we may request regarding such market research. You agree to participate in any such market research programs and to test market new products and services in your Shop Location, all without compensation from us. You further agree to provide us with timely reports and other relevant information which we may request regarding such market research. In connection with any such test marketing, you agree to purchase for your Shop Location a reasonable quantity of test products as specified by us in the Manual or otherwise, and to effectively promote and make a reasonable effort to sell such test products.

7.10 Pricing

To enhance the inter-brand competitiveness of the Jreck Subs System; to enable competitive and multi-territorial "price point" advertising; and, to benefit franchise customers, we may, at our sole option, from time to time establish maximum prices above which your Franchised Business may not offer and sell products and/or services under this Agreement (and we will also have the right from time to time to revise or eliminate any maximum prices at our sole option). You will otherwise have the sole right to determine the prices which you will charge your customers.

You must adhere to any maximum price requirement we impose. We may, at our sole option, advertise specific products or services as for sale throughout the Jreck Subs System at maximum

prices "or less." Under no circumstances, however, will we establish or advertise any minimum prices below which you may not offer or sell your products or services.

In addition, or alternatively, we may from time to time suggest prices for products or services offered and sold by your Franchised Business. You and we agree that any list or schedule of prices we suggest will be recommendations only and will not be mandatory unless we expressly label any or all of the prices as a maximum price (as provided above). You understand and agree that our suggested or maximum prices, fees, markups or margins may or may not increase or optimize the revenues or profitability of the Franchised Business.

You agree to inform us of all prices you charge for services and products, and to promptly inform us of any new prices you establish. You agree to research the prices charged by competitors in the Territory from time to time pursuant to instructions in our Manual, and to provide this information to us.

7.11 Nature of Obligations

All our obligations under this Agreement are to you alone. No other person or entity is entitled to rely on, enforce or obtain relief for breach of any of our obligations under this Agreement, either directly, by subrogation or otherwise.

8. FRANCHISEE'S OBLIGATIONS

8.01 Commencement of Operations

You agree to commence the operation of your Franchised Business within 180 days of the Effective Date. Before commencing operations, you agree to fulfill all the pre-opening obligations called for by this Agreement, including (but not limited to) your obligations to:

1. Attend and satisfactorily complete (and your Shop Manager to attend and satisfactorily complete) our Initial Training Program;
2. Obtain all required business, building, zoning and other permits and licenses;
3. Obtain and complete all required training and certifications from third party providers;
4. Acquire a Shop Location or procure and enter into a Lease for a Shop Location; complete construction, remodeling, refurbishing and/or decorating of your Shop Location, which includes, but is not limited to, installing all furniture, fixtures, signs, equipment, furnishings, and telephone and computer systems;
5. Employ and train all staff of the Franchised Business;
6. Complete all other acts necessary to make the Franchised Business ready to begin operation from the Shop Location; and
7. Obtain our written approval for the commencement of operation of the Franchised Business.

Your failure to commence operation of the Business within this 180 day period will be a material breach of this Agreement, which will entitle us to terminate this Agreement immediately upon notice to you, without opportunity to cure. You agree to open the Franchised Business at the Shop Location for business within five days after we determine that the Shop Location is in suitable condition.

8.02 Manner of Operation

Your Franchised Business and Shop Location must be in compliance at all times with every provision of this Agreement, the Jreck Subs System, the Manual and all Supplements to the Manual.

You acknowledge that every component of the Jreck Subs System is vital to us, to other franchisees and to the operation of the Franchised Business. You further acknowledge that your compliance with the Jreck Subs System is of the essence to this Agreement. You therefore agree to conduct the activities and operations of your Franchised Business and Shop Location at all times in compliance with the Jreck Subs System, including all standards, procedures and policies we establish from time to time (in our Manual or otherwise), as though specifically set forth in this Agreement. You agree to offer and sell to the public all services, products and programs which we specify and which are part of the Jreck Subs System, and to disseminate to the public all promotional and other materials, which we specify and which are part of the Jreck Subs System, all as the same may be modified from time to time by us in our sole discretion.

8.03 Maintenance and Repair

At all times throughout the term of this Agreement, you agree, at your own expense, to maintain the interior and exterior (including the surrounding areas) of your Shop Location and all equipment, furniture, decorating, signs and appurtenances in or at the Shop Location, in the highest degree of cleanliness, maintenance, condition and repair, both as required by the Manual and as may otherwise be desirable or necessary. You may make no material alteration, addition, replacement or improvement in or to the interior or exterior of the Shop Location without our prior written consent. No vending, video machines, lottery ticket dispensing or other machines may be placed or installed in the Shop Location.

8.04 Modifications to the System

You understand and agree that the Jreck Subs System must not remain static if it is to meet unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends; economic trends and other marketplace variables and if it is to best serve our interests and that of our franchisees. Accordingly, you agree that we may from time to time change any or all of the components of the Jreck Subs System and the requirements applicable to the System, including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of the System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which the Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other shop construction, design, appearance and operating

attributes which you are required to observe under this Agreement; and, changing, improving, modifying or substituting the Proprietary Marks.

You agree to comply with any such modifications, additions, deletions, substitutions and alterations; provided, however, that the changes will not materially and unreasonably increase your obligations under this Agreement. No aggregate expenses during the Initial Term less than or equal to \$25,000 will be considered material or unreasonable. If your total expenses exceed that amount, but we agree, at our discretion, to reimburse you for the excess, then your expenses will not be considered material and/or unreasonable.

You agree to accept, use and effectuate any such modifications to, or substitution of, the elements of the System promptly following their introduction as if they were part of the System at the time that this Agreement was executed.

Unless we agree to reimburse you, we will not be liable to you for any costs, expenses, losses or damages you sustain as a result of any of the modifications, additions, deletions, substitutions and alterations contemplated by this Section. To the fullest extent permitted by law: (a) you promise not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications, additions, deletions, substitutions and alterations or seeking expenses, losses or damages caused by any of the same; and (b) you expressly waive any claims, demands or damages arising from or related to the above activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

8.05 Dual Branding

In addition to modifications, additions, deletions, substitutions and alterations of the Jreck Subs System, we may, from time to time, co-brand one or more brands or concepts operated by us or our Affiliates with Jreck Subs System Shops and/or offer for sale in Jreck Subs System Shops products sold under and/or utilizing such brands or concepts by us and/or our Affiliates (collectively, "Dual Branding"). This Dual Branding may involve changes to the Proprietary Marks, and may require modifications to, among other things, the building and premises of your Shop Location and to the furnishing, fixtures, equipment and signage at your Shop Location. After you receive written notice that we are instituting Dual Branding, you will have the option to implement the Dual Branding at your Shop Location, subject to such additional terms as we may require as a condition of such participation.

8.06 Compliance with Laws, Rules and Regulations

A. You agree to operate the Franchised Business and Shop Location at all times in strict compliance with all applicable federal, state and local laws, rules and regulations of all governmental authorities; comply with all applicable wage, hour and other employment-related laws and regulations of federal, state and local governments; prepare and timely file all necessary tax returns; pay all taxes imposed on you related to the Franchised Business; obtain and keep in good standing all necessary licenses, permits and other required forms of governmental approvals required to operate your Franchised Business, to operate from the Shop Location, and to offer and sell the services and products which now or in the future are part of the Jreck Subs System; pay or cause to be paid prior to delinquency all taxes, fines, fees and/or assessments arising out of or in connection with the operation of the Franchised Business and Shop Location; and, otherwise be

responsible for compliance, at your sole expense, with all governmental or quasi-governmental requirements, restrictions, duties and responsibilities, including, without limitation, the Occupational Safety and Health Act (“OSHA”), the ADA and/or any state or local counterparts. If at any time during the term of this Agreement you receive any complaint, claim or notice alleging a failure to comply with OSHA, the ADA or any state or local counterparts, you agree to provide us with a copy of the complaint, claim or notice within five days after your receive it and take all steps necessary to resolve the complaint, claim or notice without causing any detriment to your operations.

B. You understand and agree that the operation and maintenance of your Shop Location and Franchised Business, and their supplies, equipment and utensils; the conduct and appearance of your personnel; and, the sale of any food and beverage products from your Shop Location and Franchised Business are governed by federal, state and local statutes and regulations which seek to insure that the products distributed by you are wholesome, pure and unadulterated and are prepared, handled and stored at all times in a lawful manner. To this end, you acknowledge and agree that you owe an obligation to your customers, to us, and to yourself, to fully and faithfully comply with the statutes, rules and regulations of all applicable governing authorities, all of which are made a part of this Agreement as if fully set forth herein.

You agree to obtain and keep in good standing all necessary food and beverage serving licenses and health permits and other related required forms of governmental approval required for you to offer and sell the products and services which now or in the future are part of the Jreck Subs System. You agree to post such licenses and permits on the premises of your Shop Location as required by law. You further agree to forward copies of all health or sanitation or other regulatory agency reports to us immediately upon receipt thereof and to take prompt and effective action to correct any violation set forth in a notice issued by any governmental or municipal authority concerning such licenses and permits.

C. You agree that in the event any product or products stored, handled, prepared, and/or dispensed by you under this Agreement evidence dilution or adulteration from the standards of our System or in violation of applicable laws or regulations, or in the event that products, premises, equipment, utensils, personnel or operation of the Franchised Business fail to be maintained in accordance with the governmental requirements incorporated into this Agreement as aforesaid, you will immediately cease operations, search out and destroy all contaminated, adulterated or diluted products, eliminate their source and remedy all unsanitary conditions present, recommencing such operations only after our inspection and/or laboratory analysis of your products (from samples obtained for that purpose by us) evidences compliance with all applicable governmental requirements and with all our standards. All costs associated with this process will be your sole responsibility.

8.07 Your Participation in the Operation of the Franchised Business

A. You agree that the Principal Owner, who shall be designated by you in writing to us, shall personally and directly supervise the operation of the Franchised Business, unless we otherwise permit in writing. You agree that the Principal Owner will devote the amount of your time, attention and best efforts to the performance of his or her duties under this Agreement that is necessary for the proper and effective operation of the Franchised Business on a day-to-day basis, and be

responsible for all business decisions relating to the Franchised Business. The failure of the Principal Owner to do so will be a material breach of this Agreement which will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure. "Principal Owner" means you if you are a sole proprietor, your majority shareholder of voting stock if you are a corporation, a partner owning a majority of the voting partnership interests if you are a partnership, or member or manager owning the majority of the voting membership interests in a limited liability company if you are a limited liability company. You must list the name of your Principal Owner and the names of all of your other owners of on an attachment in the form of Exhibit E attached hereto.

If you are licensed to operate more than one Jreck Subs Business, you agree that the Principal Owner will devote the amount of your time and attention to the performance of such duties under this Agreement that is necessary for the proper and effective operation of all Jreck Subs Businesses that you operate.

You may not change your designated Principal Owner without our advance written permission unless such Principal Owner becomes incapable, due to physical or mental incapacity, of continuing to fulfill his or her duties.

B. We, in our sole discretion, may allow you to hire a qualified manager to operate the day-to-day affairs of the Franchised Business, however, your Principal Owner must remain actively involved in the operations and management of the Franchised Business. You must inform us in writing as to the identity of your Shop Manager and any successor Shop Managers. Each Shop Manager must receive our prior written approval. Your Shop Manager will have day-to-day management responsibility for the Franchised Business, exercise on-premises supervision and personally participate in the direct operation of the Franchised Business. The Shop Manager must devote all of his or her business time to the management of the Franchised Business. The definition, duties, required hours and responsibilities of the Shop Manager will be set forth in our Manual. Each Shop Manager must complete to our satisfaction the Initial Training Program.

You must designate a successor or acting Shop Manager no later than ten days following the death, disability or termination of the predecessor Shop Manager. Each successor Shop Manager must receive our approval, possess any required credentials in our Manual, attend and successfully complete our next scheduled Initial Training Program (or, if none is scheduled, a special training program we conduct for the new Shop Manager) and complete any other reasonable training at the times we specify. This training will be at your expense. If you do not employ and train a successor Shop Manager, this will be a material breach of this Agreement, which, unless you cure the breach as provided in Section 18.03, will result in this Agreement being terminated immediately.

8.08 Staffing Requirements and Qualifications

You agree to staff the Franchised Business in accordance with all criteria, specifications and directions we set forth in our Manual or otherwise concerning the selection, qualifications, hiring, training, pre-training and post-training duties of your Shop Managers and other personnel. All personnel you employ must maintain the standards of appearance, manner and demeanor we establish in our Manual or otherwise.

8.09 Requirements Concerning Products and Services

A. *Services and Products Sold by You*

You agree to offer and sell all services, products and programs which are part of the Jreck Subs System and all other services, products and programs which we in the future incorporate into the Jreck Subs System. You are prohibited from offering or selling any service, product or program which is not a part of the Jreck Subs System or which we delete from the System. You may not use the franchise name or the Proprietary Marks for the benefit of any business other than the Franchised Business. You may not conduct (or permit anyone else to conduct) any business other than the business contemplated by this Agreement at or from the Shop Location without first obtaining our written consent, which we may withhold for any reason or for no reason.

In preparing, dispensing and selling Jreck Subs Shops products, you may use only the equipment and those product recipes, components, ingredients, flavorings and garnishes which meet our then current requirements and specifications. All Jreck Subs Shops products must at all times be prepared in strict accordance with our recipes, standards, specifications, techniques and procedures. In dispensing the Jreck Subs Shops products, you may only use only those containers, cartons, bags, boxes, napkins and other paper goods and packaging bearing our then currently approved text and designs, and which otherwise meet our then-current requirements, specifications and quality standards.

We have the right to change the types of required and/or authorized services or products and you will be notified by a bulletin or Supplement to the Manual or otherwise communicated to you in writing. You agree to add all required equipment and make any alterations we require to any of the foregoing, at your expense, as may be necessary to equip the Franchised Business for sale of such products and services as we may require from time to time in our sole discretion.

B. *Inventory*

We will designate the amount and nature of the opening inventory of required products, supplies, equipment, materials and services for the Franchised Business, in our Manual or otherwise. You agree to purchase this opening inventory before the commencement of operations of the Franchised Business. After that, you agree, at all times during the term of the Agreement, to maintain an inventory of food, beverages, and other materials and supplies sufficient in quantity and variety to meet sales volumes and to realize the full potential of the Franchised Business. You are required to purchase all inventory from manufacturers, suppliers, or distributors we approve, or from other suppliers who meet our specifications and standards.

C. *Proprietary Products and Services*

To provide products of the highest quality and in the most expeditious and cost-conscious manner, guarantee uniformity of concept and quality, and protect our trade secrets – which are of the essence to the Jreck Subs System and this Agreement – you will be required to purchase or lease certain proprietary products, spices, seasonings, services, materials, supplies and/or equipment from us or our designees. Specifically, as detailed in the Manual, you must purchase

our sandwich rolls and other products developed by us pursuant to a secret recipe or formula exclusively from us or from a supplier who is licensed by us to prepare and sell such products.

We (or our designees, who may include our Affiliates) will sell to you all proprietary products, equipment, or services at the same price paid by other similarly situated franchisees. We (or our designees) may demand payment in full for any proprietary products, equipment, or services (including, if we or our designee elects to arrange for shipment, estimated shipping charges) at the time you place an order and before the products or equipment are loaded for shipment or the services are rendered.

We (or our designees) will have no duty or responsibility regarding the actions or omissions of any carrier. You, to the fullest extent permitted by law, waive any possible claim against us (or our designees) arising out of or related to the actions or omissions of any carrier.

Your exclusive remedy and our (and our designees') exclusive liability for all claims as to any products or equipment delivered under this Agreement or for delayed delivery or non-delivery of the products or equipment, will be limited to the purchase price of the products or equipment in question (plus any shipment costs you paid for the products or equipment) or, at our (or our designees') option, the replacement of the products or equipment shipped to your Franchised Business at our (or our designee's) expense. In no event will we or any of our designees be liable for special, incidental, indirect, consequential (including, but not limited to, loss of profits, loss of goodwill, loss of opportunity, etc.) or other similar damages, whether or not caused by or resulting from our negligence or that of our designee (as applicable).

We and our designees neither make nor intend, nor authorize any agent or representative to make, any other warranties, express or implied, with respect to proprietary products and equipment delivered under this Agreement. We and our designees expressly exclude and disclaim all warranties, including, but not limited to, the implied warranties of merchantability and fitness for a particular purpose with respect to proprietary products and equipment delivered under this Agreement.

D. Sources of Supply and Specifications

As detailed in our Manual, you must purchase from distributors or suppliers approved by us, (approval of distributors and suppliers will be modified by us from time to time), the following: (a) all food products, beverages, ingredients, condiments, spices, seasonings; (b) equipment, materials and supplies used in the preparation of the products; (c) menus; (d) paper and plastic products; (e) packaging or other materials; (f) utensils used in operating the Franchised Business; and (g) such other materials, items and supplies as we may require from time to time, including, but not limited to, a Point of Sale System.

We may approve a single distributor or other supplier for any product and may approve a distributor or other supplier only as to certain products, including certain products which we "privately labeled" for our System. We may concentrate purchases with one or more distributors or suppliers to obtain lower prices and/or the best advertising support and/or services for any group of Jreck Subs Shops franchised or operated by us. Approval of a distributor or other

supplier may be conditioned on, among other things, requirements relating to frequency of delivery, standards of service, including prompt attention to complaints, or other criteria, and may be temporary, pending a further evaluation of such distributor or other supplier by us.

We may modify the list of approved brands, products, services and suppliers, and will notify you of any modification. We reserve the right to modify and/or substitute products, services or suppliers. If we do so, we will inform you of any changes by updates or supplements to the Manual or otherwise communicated to you in writing.

You agree to notify us in writing and submit to us such information, specifications, and samples as we request if the Franchised Business proposes to purchase any food products, beverages, condiments, spices, seasonings, menus, paper or plastic products, packaging or other materials, or utensils from a distributor or other supplier who has not been previously approved by us. We will notify you within a reasonable time whether the Franchised Business is authorized to purchase such products from such distributor or other supplier. You may not buy from any non-approved supplier without our prior written approval.

We agree to exercise our approval of suppliers reasonably, in accordance with the following procedure:

1. You must submit a written request to us for approval of the supplier;
2. The supplier must demonstrate to our reasonable satisfaction that it is able to supply a product or service to you meeting our specifications; and
3. The supplier must demonstrate to our reasonable satisfaction that the supplier is in good standing in the business community with respect to its financial soundness and the reliability of its product or service (other factors we consider may include, but are not limited to: price, payment terms, quality of merchandise, references, delivery policies, location, warranty, and duration of business operations).

We reserve the right to test, analyze, inspect or randomly sample the product or service of any supplier you propose at your expense, whether or not we approve or reject the supplier. We will give you written notice of our approval or disapproval within a reasonable time. If we revoke approval of a supplier, we will give you written notice. Following such revocation, you must stop doing business with that supplier in a commercially reasonable time frame (which may not exceed ninety (90) days) unless the basis for the revocation is such that continued association or conduct of business with such supplier will be detrimental to the image or reputation of the System or present a risk of injury or danger to persons or property, in which case you must immediately cease doing business with such supplier.

We reserve the right to negotiate with various vendors for quantity discount contracts which may include rebates to us under these contracts in the future. You may or may not find the contracts to your advantage. We have the right to affiliate ourselves with suppliers, and/or receive revenues from purchases made by you and other franchisees. There are currently no purchasing or distribution cooperatives, but we reserve the right to establish these in the future. We may, but are not obligated to, negotiate purchase arrangements with suppliers (including price terms) for the benefit of the System. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

We may from time to time provide you with specifications governing the minimum standards of non-proprietary products, services or equipment you procure from a third party (that is, from any party other than us or our Affiliates, or the designees of either), in our Manual or in other written notices we transmit to you. We may modify our specifications in writing from time to time.

We may offer and sell to you any non-proprietary products and services that you are required to purchase at the prices we determine and set forth at the time of sale, in our Manual or otherwise. We reserve the right to earn a profit from selling you non-proprietary (or proprietary) goods and services. You will be under no obligation to purchase any non-proprietary goods or services from us.

E. Systemwide Supply Contracts

To enhance the inter-brand competitiveness of the Jreck Subs System; to enable the System to take advantage of mass purchasing and/or economies of scale; and, to guarantee uniformity of concept and quality, we may, at our sole option, enter into systemwide supply contracts with one or more vendors of products and/or services that company-owned and Jreck Subs Businesses are required to use, offer or sell (each, a “Systemwide Supply Contract”). If we have a Systemwide Supply Contract in effect as of the Effective Date, you must purchase the specific products and/or services only from the specified vendor. If we enter into any Systemwide Supply Contract during the term of this Agreement, then immediately upon notification of this, you, we and all franchisees must purchase the specified products and/or services only from the specified vendor.

We make no representation that we will, in fact, negotiate or consummate any Systemwide Supply Contracts or other exclusive supply arrangements or, if we do so, that you would not otherwise be able to purchase the same products and/or services at a lower price from another vendor. We reserve the right, at our sole option, to modify or discontinue from time to time any Systemwide Supply Contracts or exclusive supply arrangements and/or to substitute designated vendors.

F. Menus

We will periodically design and update menus for the Franchised Business utilizing the Proprietary Marks and we will provide the form of the menus to you. You may use only menus of the form we prescribe (subject to the provisions of this Agreement concerning pricing) and which include only those products that you are permitted to offer and sell under the System.

8.10 Point of Sale System

Before the commencement of operation of the Franchised Business, you agree to procure and install, at your expense, the computer/electronic cash register hardware, software (including, without limitation, polling software), required dedicated telephone, Internet connection and power lines and other computer-related accessories, peripherals and equipment that we specify in our Manual or otherwise (collectively, the “Point of Sale System”).

When we require, you agree to send us information and to provide all assistance we require to bring your Point of Sale System on-line with our headquarters computer at the earliest possible time and to at all times maintain this connection as we require. You agree to input and maintain in your Point of Sale System all data and information which we prescribe in our Manual, in our proprietary software (if any), in our software manuals (if any) and otherwise. We may retrieve

from your Point of Sale System all information that we consider necessary, desirable or appropriate. We will bear the communication costs of this information retrieval. You must accurately, consistently and completely record, structure, capture and provide through the Point of Sale System all information concerning the operation of the Franchised Business that we require, in the form and at the intervals that we require.

You agree that we shall have independent, unlimited access to all information generated or stored by the Point of Sale System. The types of business information which will be accessed, reviewed, collected and copied will include, but is not limited to, orders, customer information, pricing, sales information, tax information, discounts, coupon, gift card redemptions, vendor invoicing, inventories, and days and hours of operation. We will have independent access to information or data in or created by the Point of Sale System and there are no contractual limitations on our right to access, copy and retain the information. If any of the information that we are entitled to access, review, collect and copy is not accessible or provided through the Point of Sale System for any reason, you must provide such information to us in a different manner as we may direct.

You agree, at your expense, to keep your Point of Sale System operational and in good maintenance and repair. We may, at any time and from time to time, mandate that you add memory, ports, accessories, peripheral equipment and additional, new or substitute software. Following our testing and determination that it will prove economically or systemically beneficial to you and to us, you agree to install at your own expense the additions, modifications, substitutions and/or replacements to your Point of Sale System as we direct, on the dates and within the times we specify in our Manual or otherwise.

Upon termination or expiration of this Agreement, you must return all computer software, disks, tapes and other magnetic storage media to us in good condition, allowing for normal wear and tear. We reserve the right to develop proprietary software for the System, which you agree to use once developed. At such time, you will be required to execute a standard form software license agreement to be developed by us. If we develop proprietary software, we will license it to you for no additional charge, but you must pay for any subsequent updates or revisions, as well as all costs of support and maintenance.

8.11 Web Sites

A. Use of a World Wide Web site or other presence on the Internet or any other public computer network or any social media accounts (each a "Web site") in connection with the Franchised Business requires our prior written approval, which we may withhold for any reason or no reason. If we grant approval for you to maintain a Web site, then the requirements of subsection (B) will apply. We also may require you to establish and maintain one or more Web sites for your Franchised Business, at your cost and expense. In connection with establishing and maintaining an approved Web site, you agree to develop and commence the operation of the site, in accordance with the requirements of subsection (B) below.

B. If we approve in writing, or require you to have, a Web site, you agree to comply with the following requirements, and any and all applicable requirements set forth by us in the Manual or

otherwise, in connection with the Web site(s) you develop and maintain in connection with the franchised Business:

1. You agree to procure and install, at your expense, the computer hardware, software, server(s), router(s), connections and other related accessories, peripherals and equipment sufficient to meet reasonably anticipated electronic customer traffic. Your Web site(s) must conform to our Web site requirements, including (without limitation) those related to format, “look and feel,” substantive content, privacy policies, technical performance, etc. Your Web site(s) must also comply with all legal requirements, including, but not limited to, those relating to accessibility.
2. Your Internet provider must be reputable, experienced and otherwise reasonably acceptable to us. We have the right to designate or to approve your Internet provider and/or the supplier that develops your Web site(s). You must submit to us for our prior written approval any agreement you enter into with a third party for the development of your Web site(s).
3. You agree to submit to us for approval before use your proposed HTML documents (and documents in any other hypertext mark-up language) including, without limitation, all proposed links, frames and metatags, all links to and from Web sites maintained by third parties and true and correct printouts of all Web pages you propose to use in your Web site in connection with the franchised Business. You understand and agree that our right of approval of all Web materials is necessitated by the fact that such Web materials will include and be inextricably linked with our Proprietary Marks. You may only use material and content which we have approved in writing. Your Web site must conform to all of our Web site requirements, whether set forth as part of our Manual or otherwise.
4. You agree to provide all hyperlinks or other links that we require, and provide no other links. You may not use any of the Proprietary Marks on the Web site except as we expressly permit in writing, and any use you make of the Proprietary Marks will be under license from us. You may not post any of our proprietary, confidential or copyrighted material or information on your Web site without our prior written permission. If you wish to modify your approved Web site, all proposed modifications must also receive our prior written approval.
5. You may not post on your Web site any material in which any third party has any direct or indirect ownership interest (including, without limitation, video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which any third party may claim intellectual property ownership interests). You agree to incorporate on your Web site any other information we require in the manner we dictate.
6. The requirement for our prior approval set forth in this Section 8.11 will apply to all activities on the Internet or other computer communications network to be engaged in by you.
7. You agree to incorporate on your Web site any information we require in the manner we dictate.
8. You understand and agree that all information gathered by use of your Web site(s) (including, without limitation, Customer Data) will be our property. In addition, all Customer Data, however gathered or acquired by you, shall be our property.

You hereby agree to assign and assign ownership of all such information and data, including Customer Data, to us. "Customer Data" shall include, but is not limited to, customer lists, buying habits, sales trends, forecasts, transaction histories, detailed demographic information, all of which proprietary and Confidential Information.

9. You must obtain our prior written approval for each Internet domain name, Uniform Resource Locator ("URL") and/or home page address. The foregoing shall not include any of the Proprietary Marks without our prior written approval. You understand and agree that we will be, and at all times remain, the sole owner of the domain name, URL and home page address for the Web site(s) you maintain in connection with your Jreck Subs Shop. We will arrange for the centralized registration of the domain name for each such Web site and you must cooperate with us, including, but not limited to, promptly signing any and all documents to effectuate the same.
10. We may furnish you with materials for your Web site, which you must adapt, localize and utilize, all of which are provided to you under license. We will be and at all times remain the sole owner of the copyrights for all material which appears on your Web site. You hereby agree to assign and assign ownership of all adaptations, localizations and utilizations to us.
11. We will have the right to monitor your Web site at all times.
12. You may not engage the services of any search engine for your Web site location without our prior written approval.
13. All revenues (including, without limitation, any advertising-related revenues) from any Web site which you establish or maintain will be included in Gross Sales for the purpose of calculating Royalty Fees and Advertising Contributions.
14. Upon the expiration or termination for any reason of this Agreement, you agree to irrevocably assign and transfer to us (or, if we require, to another franchisee or other designee of ours) any and all interests you may have in all Web sites (as well as all e-mail addresses and phone numbers) you maintain in connection with your Franchised Business. You agree to execute any documents and perform any other actions required by us to effectuate such assignment and transfer and otherwise ensure that all rights in these Web sites (and e-mail addresses and phone numbers) revert to us (or, if we require, to another franchisee or other designee of ours). Following the expiration or termination of this Agreement, you may not establish any Web site using any similar or confusing domain names and/or e-mail addresses, you may not identify yourself on any Web site as a former franchisee of ours, and you may not use the Proprietary Marks or any colorable imitation of any of them in any metatag or any other way.

All material and information which appears on any Web sites you maintain in connection with the franchised Business will constitute "Confidential Information" as defined in Article 12 of this Agreement.

8.12 Days and Hours of Operation

You agree to continuously operate the Business on the days and during the minimum hours that we may from time to time specify in our Manual or otherwise. You may establish hours of operation in addition to the required minimum hours, subject to our written approval.

8.13 Adequate Reserves and Working Capital

You must at all times maintain adequate reserves and working capital sufficient for you to fulfill all your obligations under this Agreement and to cover the risks and contingencies of the Franchised Business for a period of at least three months. These reserves may be in the form of cash deposits or lines of credit. If you do not do so, this will be a material breach of this Agreement which will entitle us to terminate this Agreement immediately on notice to you, with no opportunity to cure.

8.14 Indemnification

You hereby agree that you will, at your sole cost, at all times defend us, our Affiliates, and the corporate affiliates, subsidiaries, successors, assigns and designees of each, and the respective directors, officers, employees, agents, attorneys, shareholders, designees, contractors, representatives, successors and assigns of each (we and all others referenced above, collectively, the "Indemnitees"), and indemnify and hold harmless each of the Indemnitees to the fullest extent permitted by law, from and against any and all Claims, Losses and Expenses, direct and third party claims, which actually or allegedly, directly or indirectly arises out of, is based upon, is a result of or is in any way related to any of the following:

1. Any element or aspect of your Franchised Business or Shop Location;
2. Any claims by your creditors or others to whom you owe any legal obligations or duties;
3. Any personal injury or death (including, without limitation, claims of food- or beverage-related illness or death) suffered by any customer, visitor, employee or guest of the Franchised Business or Shop Location;
4. Claims of any type or nature advanced by or against you, the Principal Owner, Shop Manager or any of your officers, directors, shareholders, partners, proprietors, management, agents, employees, affiliates representatives and contractors (or any third party acting on your behalf or at your direction) by a third party (or, as applicable, against a third party) or between or among themselves;
5. Crimes committed on or near any of the premises or facilities of the Shop Location;
6. Your ownership, use or operation of the Franchised Business or Shop Location;
7. Claims of liability for products manufactured or services performed by third parties which are offered, sold or utilized by you, your Franchised Business or Shop Location;
8. Your alleged or actual infringement or violation of (a) any of the Proprietary Marks, or (b) any patent, mark or copyright or other proprietary right or interest owned or controlled by third parties;
9. Your alleged or actual violation or breach of any contract, federal, state, local, foreign or other law, regulation, ruling, industry or other standard, certification or directive applicable to your Franchised Business or the Shop Location, whether occurring within or outside of the Territory;
10. Libel, slander or any other form of defamation by you, your Principal Owner or Shop Manager;

11. Your alleged or actual violation or breach of any warranty, representation, agreement or obligation set forth in this Agreement or any other agreement between you and us;
12. Any acts, errors, or omissions by you, the Principal Owner or Shop Manager and/or the officers, directors, shareholders, management, employees, agents, servants, contractors, partners, proprietors, affiliates or representatives of you or the Franchised Business (or any third party acting on your behalf or at your direction), whether in connection with the Franchised Business, Shop Location or otherwise, including (without limitation) injury or death suffered or caused by any delivery person or vehicle;
13. All liabilities arising from or related to your offer, sale and delivery of products, and/or services as contemplated by this Agreement;
14. Latent or other defects in the Shop Location, whether or not discoverable by us or by you;
15. Any service or product you provide at, from or related to the operation of the Franchised Business or the Shop Location or any other facility;
16. Any action by any customer of yours or visitor to the Shop Location or any other facility;
17. Any wage and hour or other employment-related claims, including, but not limited to, those alleged that we are a joint-employer of your employees;
18. Any damage to the property of you, us, any of our Affiliates, or their, our or your officers, directors, management, agents, employees and contractors;
19. Your design, construction, conversion, remodeling, renovation, buildout or outfitting of the location of your Shop Location;
20. Data privacy and security breaches with respect to Customer Data; and
21. Third-party claims that are explicitly or implicitly premised on a theory of secondary or vicarious liability.

Specifically excluded from this indemnity is any liability arising from the gross negligence or intentional willful misconduct of the Indemnitees, except to the extent that joint liability is involved, in which case the indemnification provided by this Section 8.14 will extend to any finding of comparative negligence or contributory negligence attributable to you or any of the Indemnitees, as the case may be.

For the purposes of this Agreement, the term "Claims, Losses and Expenses" includes, without limitation, all claims; causes of action; suits; proceedings (civil, criminal or administrative); demands; investigations; inquiries; fines; penalties; liabilities; losses; damages (including, without limitation, compensatory, exemplary, statutory, punitive or other); liabilities; costs of investigation; court costs and expenses; lost profits; reasonable attorneys' and experts' fees and disbursements; settlement amounts; judgments; compensation for damages to our reputation and goodwill; costs of or resulting from delays; travel, food, lodging and other living expenses necessitated by the need or desire to appear before (or witness the proceedings of) courts or tribunals, or governmental or quasi-governmental entities (including those of Indemnitees' attorneys and/or experts); the enforcement of your defense and indemnification obligations hereunder; and expenses of recall, refunds, compensation, public and other notices and other such amounts incurred in connection with the matters described.

You agree to give us written notice of any Claims, Losses and Expenses within three days of your actual or constructive knowledge of it (and provide copies of all pleadings, correspondence and other documentation and information received or otherwise relating thereto). At your expense and risk, we may elect to assume (but under no circumstance will we be obligated to undertake) the defense and/or settlement of the Claims, Losses and Expenses. However, we will seek input from you and keep you informed with regard to the defense or contemplated settlements. Our undertaking of defense and/or settlement will in no way diminish your obligation to indemnify us and the other Indemnitees and to hold us and them harmless.

In order to protect persons or property, our reputation or goodwill, or the reputation or goodwill of others, we may, at any time we consider appropriate, offer, order, consent, or agree to settlements or take any other remedial or corrective actions we consider expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our sole judgment, there are reasonable grounds to do so.

All Claims, Losses and Expenses incurred under this Section 8.14 will be chargeable to and paid by you pursuant to your indemnity obligations under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of the actions, activity or defense.

We and the other Indemnitees assume no liability for acts, errors, neglects or omissions of those with whom you may contract, regardless of the purpose. You agree to hold harmless and indemnify us and the other Indemnitees for all Claims, Losses and Expenses which may arise out of any acts, errors, or omissions of these third parties.

Under no circumstances will we or the other Indemnitees be required to seek recovery from third parties or otherwise mitigate their losses to maintain a claim against you. You agree that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by us or the other Indemnitees from you.

Notwithstanding anything to the contrary in this Section, you agree to and shall defend, indemnify and hold the Indemnitees harmless even if one or more of the Indemnitees is alleged to be partially at fault with respect to any Claims, Losses and Expenses.

The indemnification obligations of this Section 8.14 will survive the expiration or termination of this Agreement.

8.15 Inspection and Operational Audit

You agree that we (or any of our authorized agents or representatives) may at any time during normal business hours and at all other reasonable times enter the Shop Location and any other facilities of the Franchised Business, and/or visit any locations at which you are rendering or have rendered services to customers, to conduct an inspection and operational audit. This inspection and operational audit will determine compliance with this Agreement and with our policies, procedures, programs, standards, specifications and techniques as set forth in our Manual. Our representatives may remove sample of food or beverage products, materials, supplies or other products for testing and analysis, and may examine and inspect the Shop Location, your use of the Proprietary Marks, the programs and services provided from or at the Shop Location, any books, records and documents relating to the operation of the Franchised Business and Shop Location, the products and supplies contained in the

Shop Location and the condition of the Shop Location. Our representatives may inspect, photograph and videotape the Shop Location and premises, and may confer with your employees and customers.

Following any inspection and operational audit, and subject to the other provisions of this Agreement, you agree, at your own expense, to incorporate into your Franchised Business and Shop Location any corrections and modifications we require to maintain the standards of quality and uniformity we prescribe, as quickly as is reasonably possible and using all resources at your disposal.

8.16 Forms

You agree to use all paper and electronic forms and formats we specify as part of the Jreck Subs System; to use only the latest version of any form or format we designate as current; and, not to use any unauthorized or obsolete form or format.

8.17 Corporate Franchisee Requirements & Records

A. If you are a corporation, limited liability company or any variant thereof (other than a partnership and limited partnership) (a "Business Entity"), you must comply with the following requirements (which will also apply to any Business Entity assignee of yours):

1. Prior to execution of this Agreement, you must furnish us with your applicable organizational documents for your Business Entity (e.g., Certificate of Incorporation; Articles of Incorporation; Articles of Organization; Certificate of Formation; Bylaws; Organizational Resolutions; Operating Agreement; Limited Liability Company Agreement); list of officers, directors, managers, shareholders and members (including number and percentage of shares/membership interests held); and any other documents we may reasonably request, and thereafter you must provide copies of any proposed amendments to any of the foregoing before they are signed and filed, as applicable.
2. Confine your activities to the operation of the Franchised Business, and your organizational documents for your Business Entity must provide that your purposes and activities are confined exclusively to the operation of the Franchised Business.
3. Maintain legends and stop transfer instructions against the transfer on the records of the Business Entity of any equity securities of the Business Entity, and not issue any equity or securities on the face of which the following printed legend does not legibly and conspicuously appear the following:

"The transfer of this certificate and the equity represented hereby is subject to the terms and conditions of a Franchise Agreement with Fresh Start Franchising, Inc., dated _____. Reference is made to the provisions of the Franchise Agreement and to the organizational document of the company. This certificate and the equity represented hereby is not transferable and is not subject to sale, assignment, pledge, mortgage, encumbrance, or transfer, by operation of law or otherwise, without the prior written consent of Fresh Start Franchising, Inc."
4. Maintain a current list of all owners of record and all beneficial owners of any class of stock, general or limited partnership interests, membership interests or similar

interests in the Business Entity, and furnish this list to us on request and thereafter each time there is a change in any such information.

Your organizational documents may not be modified without our prior written consent. No mortgage, charge, lien, encumbrance, assignment, pledge, transfer or other security interest in respect of any of your shares, capital stock or equity interests may be created in favor of any person(s) or entity(ies) without our prior written consent. No shares of stock or equity interests in the Business Entity may be sold or transferred without our prior written consent. You agree to ensure that the Business Entity's organizational documents expressly restrict the assignment, conveyance, sale or other transfer of any direct or indirect ownership interest in the Business Entity, including your voting stock or other equity securities. Any unauthorized sale, transfer, assignment, encumbrance, pledge, mortgage, transfer or hypothecation of your stock or other equity securities without our prior written consent will give us the right to terminate this Agreement immediately upon notice to you.

B. If you are a partnership or proprietorship, you must comply, except as otherwise approved in writing by us, with the following requirements (which will also apply to any partnership or proprietorship assignee of yours):

1. Furnish to us a copy of your partnership agreement and any other documents which we reasonably request, and thereafter you must provide copies of any proposed amendments to any of the foregoing before they are signed.
2. If we request, prepare and furnish to us a list of all your partners and proprietors (including number and percentage of partners/partnership interests held).
3. Furnish any other documents we may reasonably request.

C. If you are a limited partnership, the provisions set forth in subsection (A) above will apply (as well as to any Business Entity partners). If your Business Entity is owned by one or more other Business Entities, the provisions set forth in subsection (A) above will apply to each such Business Entity.

D. If you are a Business Entity, partnership, limited partnership or proprietorship, you (and any Business Entity, partnership, limited partnership or proprietorship assignee) must promptly notify us in writing of any change in any of the information specified in this Section 8.17 or in any document referred to in this Section.

E. Your Business Entity must remain at all times in good standing.

8.18 Training of Your Personnel

To impart to your management and employees the latest procedures, techniques, policies and standards of the Jreck Subs System, you agree to conduct, at your sole expense, the in-house meetings, training sessions, electronic training programs or other programs that we specify in our Manual or otherwise or as you, using your reasonable business judgment, determine are necessary, appropriate or desirable, using any materials we provide for this purpose.

8.19 Testimonials and Endorsements

You agree to permit us (or any of our authorized agents or representatives) to communicate in any manner with your customers to procure customer testimonials and endorsements of the services or products furnished by you, the Jreck Subs System and any related services or products. You agree to cooperate with us in procuring testimonials and endorsements and all necessary consents from those who provided the testimonials and endorsements to permit us, our Affiliates and other franchisees to use the same for advertising, commercial and other purposes, and in whatever forms of media, we determine. You agree that we will be free to make whatever use of testimonials and endorsements that we determine, and that we will owe you no direct or indirect compensation or other duty as a consequence of our use.

8.20 Products, Services, Equipment, Programs and Intellectual Property You Develop

You irrevocably and permanently license to us for incorporation in the Jreck Subs System and use by us, our Affiliates and (if we determine) other system franchisees, all of the following if developed by you or on your behalf in conjunction with or related to the Franchised Business: products, merchandise, goods, equipment, programs, and/or services used or sold by your Franchised Business; your means, manner and style of offering and conducting retail transactions in, at and from your Shop Location; any business products and services developed for the Franchised Business (including, without limitation, any computer software); all intellectual property created for, adopted by or purchased for the Franchised Business; and, all sales, marketing, advertising and promotional programs and campaigns developed by you or on your behalf. You agree that we, our Affiliates and franchisees will not be liable to you in any manner, whether for compensation or otherwise, as a consequence of this license.

8.21 No Statements By You

You agree to make no statements or comments without our prior written approval to any media representative or any other third party (except for persons who in good faith are considering purchasing a franchise) relating to the contents of this Agreement, to us, our Affiliates or other franchisees.

8.22 Quality Standards

We may require you to discontinue providing any service, or using or selling any service, product or program which, in our opinion, does not conform to the image of quality, ethics, packaging, source or other standards or specifications established by us and/or associated with the Proprietary Marks.

8.23 Trade Accounts

You agree to maintain your trade accounts in a current status and to seek to promptly resolve any disputes with trade suppliers. If you do not maintain your trade accounts in a current fashion, we may pay any or all of the accounts on your behalf, but we will have no obligation to do so. If we pay any accounts on your behalf, then you agree to immediately repay us, and we may initiate such payment via EFT. If you do not keep your trade accounts current or make immediate repayment to us, this will be a material breach of this Agreement which will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure.

8.24 Best Efforts; Cooperation With Us

You agree to use your best efforts to develop and expand the market for the services and products offered by your Franchised Business within your Territory and to cooperate with us in accomplishing the purposes of this Agreement.

8.25 No Conflicting Agreements

You represent that at the time of your execution of this Agreement, and warrant that during the term of this Agreement, neither you nor your Principal Owner are or will be party to any contract, agreement, mortgage, by-law provision, lease, or any restriction or limitation of any type which is in or may conflict with, or is or will be breached by, the execution, delivery, consummation and/or performance of this Agreement or any other agreement between us and your obligations hereunder and thereunder.

8.26 Bookkeeping and Accounting

You agree to use all standard electronic accounting forms and other accounting forms that we may furnish as part of our Manual or otherwise. You agree to submit all electronic or other bookkeeping reports that we prescribe in our Manual. You will be solely responsible for performing all bookkeeping, recordkeeping and accounting duties prescribed under this Agreement or in the Manual and for bearing the costs of these activities.

8.27 Submission of Reports

You agree to complete and submit to us the weekly, monthly, semi-annual or other periodic reports (whether electronic or otherwise) regarding the activity of the Franchised Business that we prescribe in our Manual or otherwise may request from time to time.

8.28 Terrorism, etc.

You represent and warrant that neither you, nor any entity or individual having an ownership interest in you (including, but not limited to, the Principal Owner); nor any affiliate of yours; nor any officer, director, employee, contractor or servant of any of the foregoing, has in the past, currently does or will in the future support terrorism; provide money or financial services to terrorists; is engaged in terrorism; is on the current United States government lists of organizations that support terrorism; has been engaged in or been convicted of fraud, corruption, bribery, money laundering, narcotics trafficking or other crimes; and, that all of the foregoing individuals are eligible under applicable United States immigration laws to travel to the United States to work, attend training or any other purpose.

8.29 Variance of Standards and Terms

You acknowledge that because complete and detailed uniformity under many varying conditions may not be possible or practical, we reserve the right, as we may consider in the best interests of all concerned, to vary standards for any System franchisee based on the peculiarities of the particular territory in which they operate or other circumstance, density of population, business potential, population of trade area, existing business practices or any other condition which we

consider important to the successful operation of a Jreck Subs Business. You will have no right to require us to disclose any variation to you or to grant you the same or a similar variation under this Agreement.

You further agree that we will have the right to grant franchises using the Jreck Subs System and the Proprietary Marks under terms that may differ materially from the terms of this Agreement, so long as the different provisions are due to the franchise being granted at materially different times or other non-arbitrary distinctions. For this reason, our obligations and rights with respect to our various franchise franchisees may from time to time differ materially from the terms of this Agreement, without in any way altering or affecting the provisions of this Agreement. You will have no right to require us to disclose any variation to you or to grant you the same or a similar variation under this Agreement.

8.30 Regional Buying Cooperatives

We may, from time to time, establish (and may then discontinue) one or more regional buying cooperatives for a geographic area which encompasses two or more Jreck Subs Businesses (each a "Regional Buying Cooperative"). We will furnish to you written notice of the establishment of any Regional Buying Cooperative for your Territory. The notice will specify the date you are to begin purchasing from the Regional Buying Cooperative and the amount of purchases that must be made from the Regional Buying Cooperative. Your failure to make any required purchases from the Regional Buying Cooperative will be a material breach of this Agreement which, unless you cure the breach as provided in Section 18.03, will result in this Agreement being terminated immediately.

9. INSURANCE

9.01 Required Insurance Coverage

We impose and prescribe minimum standards and limits for certain types of required insurance coverage, in our Manual or by other written notice to you. You agree that we may modify the required types and minimum limits of insurance coverage from time to time by written notice to you, through Supplements to the Manual or otherwise. Upon delivery of such notice, you agree to immediately purchase insurance conforming to the newly established standards and limits we prescribe.

A. Within ten days following our execution of this Agreement, you agree to purchase at your own expense, and maintain in effect at all times during the term of this Agreement, the following categories of insurance coverage in forms and through insurance companies satisfactory to us (which must be licensed to write coverage in the jurisdiction in which your Shop Location is located):

1. Broad form comprehensive general liability coverage and broad form contractual liability coverage (including, without limitation, signs and glass coverage) satisfactory to us of at least \$1,000,000 per occurrence and \$2,000,000 aggregate; products and completed operations coverage of \$2,000,000 aggregate; fire and legal liability coverage of \$500,000; medical expense liability coverage of

\$50,000. This insurance may not have a deductible or self-insured retention of over \$5,000.

2. Special Form and Extended Coverage Insurance on your Shop Location and property in an amount adequate to replace them in case of an insured loss.
 3. Business Interruption Insurance in sufficient amounts to cover the actual loss sustained, including (without limitation) the costs of rental of the Shop Location, previous profit margins (in order that we receive the Royalty Fees and Advertising Contributions which would have been due were it not for the interruption), maintenance of competent personnel and other fixed expenses during the life of the business interruption.
 4. If any vehicle is operated in connection with the Franchised Business, vehicle liability coverage, including coverage of owned, non-owned and hired vehicles, with minimum limits of liability in the greater of (a) the amount required by all applicable state and federal laws, or (b) \$1,000,000 for each person killed or injured, and, subject to that limit for each person, a total minimum liability of \$2,000,000 for any number of persons injured or killed in one accident, and a minimum limit of \$300,000 for injury, destruction or loss of use of property of third persons as the result of any one accident.
 5. Workers' compensation and employer's liability insurance (in statutory amounts), unemployment insurance and state disability insurance (as required by governing law), for your employees.
 6. Medical payments and employee dishonesty insurance with minimum per occurrence coverage of \$5,000 and \$10,000 respectively, and money and security coverage of \$10,000 on premises and \$2,000 off premises.
 7. Product liability insurance in the amount of \$1,000,000 per occurrence and \$2,000,000 aggregate.
 8. Employment practices liability insurance, with coverage of no less than \$1,000,000 and which provides coverage, at minimum, for joint-employer liability and wage and hour claims.
 9. In connection with any construction, refurbishment or remodeling of the Shop Location, builders' and/or contractor's insurance (as applicable) and performance and completion bonds in forms and amounts acceptable to us.
 10. Insurance coverage of such types, nature and scope sufficient to satisfy your indemnification obligations under this Agreement.
- B. The insurance coverage that you acquire and maintain, as set forth in subsection (A) of this Section 9.01, must:
1. Name us and the other Indemnitees as Additional Insureds and provide that the coverage afforded applies separately to each insured against whom claim is brought as though a separate policy had been issued to each insured (except for the insurance coverages provided in subsection 9.01 (A) (5) above).
 2. Contain no provision which in any way limits or reduces coverage for you if there is a claim by any one or more of the Indemnitees.

3. Extend to and provide indemnity for all obligations assumed by you under this Agreement and all other items for which you are required to indemnify us under this Agreement.
4. Be primary to and without right of contribution from any other insurance purchased by Indemnitees.
5. Provide, by endorsement, that we are entitled to receive at least 30 days prior written notice of any intent to reduce policy limits, restrict coverage, cancel or otherwise alter or amend the policy.

You agree not to reduce the policy limits, restrict coverage, cancel or otherwise alter or amend these insurance policies without our written consent.

If there is a claim by any one or more of the Indemnitees against you, you must, upon our request, assign to us all rights which you then have or thereafter may have with respect to the claim against the insurer(s) providing the coverages described in this Section 9.01.

9.02 No Undertaking or Representation

Nothing in this Agreement may be considered our undertaking or representation that the insurance that you are required to obtain will insure you against any or all insurable risks of loss which may arise out of or in connection with the operation of the Franchised Business. The types and amounts of insurance coverage required under this Agreement are minimum levels only, and you can procure additional coverage at your election.

9.03 Certificates of Insurance

You agree to promptly provide us with Certificates of Insurance evidencing the required coverage no later than ten days before the date that any construction, conversion, remodeling, renovation, buildout or outfitting of your Shop Location, as well as on an annual basis and as we may request from time to time. You agree to renew all insurance policies and documents, and on renewal, to furnish a renewal Certificate of Insurance to us before the expiration date of the policy in question. We may at any time require you to forward to us full copies of all insurance policies.

9.04 Notice of Claims and Demands

You agree to notify us of all claims or demands against us, you, the Franchised Business, or the Shop Location or in any way involving any of the foregoing within three days of your receiving notice of any such claim or demand. You also agree to respond to all claims within the time required by law, rule or regulation. In addition, you agree to cooperate with us (or our designee) in every way possible to defend you and us against all claims made by employees, customers or other third parties. You agree to make all appearances we consider necessary at administrative or other hearings to present or reinforce these defenses.

9.05 Failure to Purchase Insurance

If you fail to purchase or maintain at all times any insurance required by this Agreement, we may procure and pay for all such insurance your behalf, but we will have no obligation to do so. If we pay for any such insurance on your behalf, then you agree to immediately repay us, and we may

initiate such payment via EFT. If you fail to purchase or maintain such insurance or make immediate repayment to us, this will be a material breach of this Agreement which will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure.

10. ADVERTISING

10.01 Advertising Standards

For purposes of this Agreement, the term “advertising” is defined to mean any and all advertising, marketing, identification and promotional materials and programs of any type or nature whatsoever including (but not limited to) print and broadcast advertisements; direct mail materials; catalogues; brochures; advertising specialties; World Wide Web/Internet pages or other communications by computer network or computer “bulletin boards”; World Wide Web/Internet “banner ads” and other advertising material on the World Wide Web/Internet; social media posts; stationery; business cards; press releases; signs; posters; displays; leaflets; newspaper and magazine advertisements and inserts; promotional mailouts; general mailings; telephone greetings, messages and voicemail accessible by customers or other third parties; promotional material on videotape, CD-ROM or other electronic media; promotional literature; and, any other material or communication which we denominate as “advertising”, in our Manual or otherwise.

You may only use advertising which we have either furnished or approved in writing in advance (which such approval we may revoke in our sole discretion), as provided in Section 10.02 below. Neither the fact that we furnish the material, approve of the material, nor the material itself, will directly or indirectly require us to pay for any advertising, identification or promotion.

You agree to conduct all advertising which uses the Proprietary Marks or refers in any way to the franchised Business in a dignified manner, and in a manner calculated to avoid fraud, deception, misrepresentation and/or embarrassment, shame, ridicule, disparagement or liability of any type or nature whatsoever accruing to us, you, the Franchised Business, the Jreck Subs System, the Shop Location or other franchisees. You agree to conform all advertising to the standards, specifications and requirements specified in writing by us, in our Manual or otherwise, including, but not limited to, the use of all appropriate trademark and service mark registration symbols for those which are registered and as otherwise required by us.

If we learn that you have breached the provisions of this Section 10.01, we will notify you in writing of the facts which we believe have given rise to the breach. At our option, there may be no opportunity to cure this breach and we may terminate this Agreement unilaterally and immediately. In addition, you will be required, at your expense, to immediately remove any unauthorized advertising.

10.02 Submission of Proposed Advertising

Except for advertising materials, programs and campaigns furnished to you by us, you agree to submit to us for approval, before use or dissemination, copies of all proposed advertising (as broadly defined in Section 10.01 above). Our approval of any materials may be withheld for any or no reason. If written approval is not received by you within ten days following you sending the proposed advertising material to us, the material will be deemed to be disapproved.

You acknowledge that the grant or denial of approval by us under this Section 10.02 will not give rise to any liability on our part, and you waive, to the fullest extent permitted by law, any possible claims against us alleging any such liability.

10.03 Grand Opening Advertising

During the one month before and after scheduled opening, you agree to spend the amount we require, up to a total of \$2,500, on grand opening advertising. You agree to make these grand opening advertising expenditures using the advertising and promotional material, media, special events and other public relations activities that we require or approve in writing, in our Manual or otherwise. Additionally, you must provide to us, within 180 days after the opening of the Franchised Business, proof of your advertising and sales promotion expenditures in the form, and with the detail, including copies of all grand opening advertising materials and receipts, as we request.

10.04 The Jreck Marketing Fund

As provided in Section 5.03, you agree to pay us Advertising Contributions, which will be contributed, combined with the contributions made by all other system franchisees and company-owned Jreck Subs Shops, and will constitute the Fund.

We or our designees will direct all advertising programs with sole control over the creative concepts, materials and media used in the programs, and the placement and allocation of advertising. You acknowledge that the Fund is intended to further general public recognition and acceptance of the Proprietary Marks for the benefit of the Jreck Subs System. You further acknowledge that we and our designees undertake no obligation in administering the Fund to make expenditures for you which are equivalent or proportionate to your contributions, to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising or to insure that any advertising impacts or penetrates your Territory. The Fund is not a trust and we are not a fiduciary with respect to the Fund.

The Fund may be used to meet any and all costs of administering, directing, preparing, placing and paying for regional, state or localized advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine, newspaper and World Wide Web/Internet advertising and social media campaigns and other public relations activities) and employing advertising agencies to assist in these activities, including, but not limited to, fees to have print, broadcast and/or World Wide Web/Internet advertising and social media posts placed by an agency and all other advertising agency fees. We will maintain the sums paid by franchisees to the Fund and income earned from the Fund in a separate account. We may not use these amounts for any purposes other than those provided for in this Agreement. We may, however, expend any portion of the Fund for any reasonable administrative costs and overhead that we may incur in activities reasonably related to the administration or direction of the Fund and advertising programs for franchisees including, without limitation, conducting market research and customer satisfaction surveys (including secret shoppers); preparing marketing and advertising materials; working with advertising agencies, advertising placement services and creative talent; preparing and maintaining, and paying third parties for, the preparation and maintenance of World Wide Web pages and sites including on-line ordering systems and applications; development and creative associated with premium items, giveaways, promotions and contests, creative

development of signage, menu boards, posters and unit décor items, other activities related to advertising and promotion via the Internet, social media and/or other public computer networks; and, collecting and accounting for assessments for the Fund and preparing audits of the Fund. Securing the service of an advertising or media agency; an independent contractor or employee to manage and administer marketing efforts, etc.; and, any direct print or broadcast advertising in any form placed by us are all examples but not limitations as to the use of the Fund. Within 120 days following the close of our fiscal year, we agree to prepare an unaudited statement of contributions and expenditures for the Fund, which will be made available to franchisees who submit a written request for a copy to us. There is no requirement for the Fund to be independently audited.

We expect to expend most contributions to the Fund for advertising purposes during the fiscal year when the contributions are made. If we expend less than the total sum available in the Fund during any fiscal year, we may expend the unused sum during our following fiscal year(s). If we expend an amount greater than the amount available in the Fund in any fiscal year (in addition to any sum required to be expended because we did not expend all the sums in the Fund during the preceding year(s)), we will be entitled to reimburse ourselves from the Fund during the next fiscal year for all excess expenditures made during the preceding fiscal year.

We reserve the right to use any media, create any programs and allocate advertising funds to any regions or localities as we consider appropriate. The allocation may include reimbursement to individual franchisees for advertising expenditures if, in our judgment, our advertising program or campaign cannot effectively advertise or promote in certain regions or communities.

The Fund will not be used spend principally to solicit new franchisees; provided, however, that the design and maintenance of our website may include information and solicitations for prospective franchisees and public relations activities and community involvement activities which may result in greater awareness of the Jreck Sub Shops brand and the franchise opportunity.

10.05 Company-Owned Business Participation

Jreck Subs Shops which we or our Affiliates own or operate will be required to make Advertising Contributions to the Fund at the same rate as franchised locations.

11. RECORDS, AUDITS AND REPORTING REQUIREMENTS

11.01 Financial Statements

No later than the 15th day of each calendar month during the term of this Agreement, you agree to furnish to us, in a form we approve, a statement of the Franchised Business's profit and loss for the previous month. You must certify these statements to be true and correct.

No later than 60 days following the end of each of your fiscal years during the term of this Agreement, you agree to furnish to us, in a form we approve, a statement of the Franchised Business's profit and loss for the fiscal year and a balance sheet as of the end of the fiscal year, prepared on a compilation basis and certified to be true and correct by you, reflecting all year-end adjustments. We reserve the right to require these annual financial statements to be audited by an independent certified public accountant.

The financial statements required above must be prepared in accordance with generally accepted accounting principles, including all disclosures required under those principles.

No later than 30 days following your filing of the annual tax returns of the Franchised Business, you agree to furnish to us exact copies of the tax returns, including federal, state and any local income tax returns, together with a certificate from an independent certified public accountant that all Social Security payments, taxes and fees required to be paid by you to any governmental agency or entity have been paid, and that if you are a Business Entity, there is no reason to believe that your Business Entity status has been impaired.

If you do not timely furnish to us any of the financial information or tax returns required above in this Section 11.01, then you agree to pay us a late charge of \$150 per calendar month that each financial statement or tax return is overdue. In addition, you agree that your failure to provide the financial statements and tax returns required in this Section 11.01 is deemed to be a material breach of this Agreement, which, at our option, can result in the immediate termination of this Agreement upon notice to you, with no opportunity to cure. If we conduct or cause to be conducted an audit because you are overdue with respect to providing any financial statement or tax return, you will be responsible for all costs of such audit, whether or not any underreporting is found to have occurred.

You authorize us to incorporate in our FDD and/or promotional literature information derived from the above financial statements.

11.02 Financial Records and Audit

You agree to record all revenues and expenses received by or incurred by you with respect to the Franchised Business. You further agree to keep and maintain adequate records of these revenues and expenditures, and to maintain and preserve accurate books, records and tax returns, including related supporting material (such as cash receipts, and credit and charge records) for the Franchised Business for at least seven years. We may specify, in our Manual or otherwise, the forms (electronic and/or otherwise) that you will be required to use in recording the revenues and expenditures of the Franchised Business. You agree to keep and preserve for three years the types and classes of records (electronic and/or otherwise) that we require in our Manual or otherwise, and all business, personnel, financial and operating records (electronic and/or otherwise) relating to your Franchised Business. If you do not maintain the required records, this will be a material breach of this Agreement which will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure.

We and/or our agents (who may be outside accountants and auditors), designees and/or employees will have the right, without prior written notice, during normal business hours, to enter your Shop Location and any other premises from which the Franchised Business is conducted to inspect, audit and make copies of all records including, but not limited to, the following: books of accounts; bank statements; cash or other receipts; checkbooks; documents; records; sales and income tax returns (federal, state, foreign and, if applicable, municipal); and, your files relating to programs, services and products sold, business transacted and expenditures relating to the Franchised Business. These files must include (without limitation) your operating records;

bookkeeping and accounting records; Customer Data; customer job orders; operating records; operating reports; correspondence; general business records; your copy of the Manual (as amended); invoices; payroll records; journals; ledgers and your files; memoranda and other correspondence; contracts and all sources and supporting records used to prepare reports and forms which you are required to submit to us under this Agreement, including the books or records of any Business Entity, partnership, limited partnership or proprietorship which owns the Franchised Business. You agree to make any of these materials available for examination at the Shop Location, including the provision of passwords and access codes as requested.

If we cause an audit to be made for any period and the audit reveals that you understated Gross Sales in your weekly reports to us by any amount, then you agree to immediately pay us the additional amount payable as shown by the audit, plus interest at the highest rate permitted by law. If applicable law provides no maximum rate of interest, interest will be calculated at 1.5% per week.

If an audit reveals an understatement by you of 1% or more for any week within the period of examination, or for the entire period of examination, then in addition to paying the additional amounts due, interest as calculated above and the full cost of the audit for the entire period of examination, your understatement will be a material breach of this Agreement which will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure.

12. CONFIDENTIAL INFORMATION

12.01 Restriction on Use and Disclosure of Confidential Information

You agree to use and permit the use of our Confidential Information (defined below) solely in connection with the operation of the Franchised Business and for no other purpose. You further agree that you will never – during the Initial Term or any renewal term of this Agreement, or at any time after this Agreement expires or terminate, or your rights of under this Agreement are assigned – divulge or use any Confidential Information for the benefit of any other person, corporation, partnership, proprietorship, association, or other entity, nor will you directly or indirectly permit the disclosure of, imitate or aid any such third party to imitate any of the Confidential Information.

"Confidential Information" is defined to include, but is not limited to, knowledge, trade secrets or know-how concerning your or our systems of operation, programs, services, products, customers or practices, including, without limitation, the System. Confidential Information also includes (without limitation) all information, knowledge, know-how, techniques and information which we, our Affiliates, or our or their officers, contractors, employees and/or designees, designate as confidential. Confidential Information will not, however, include information which you can demonstrate by clear and convincing evidence in writing: (1) came was in your possession before we disclosed it to you (unless illegally or improperly procured by you or any of your representatives before our disclosure) or (2) which, at or after the time of disclosure, has become a part of the public domain through publication or communication by others, but not through any act of yours or your representatives.

You understand that, as of the Effective Date, Confidential Information includes the following (without limitation): the Jreck Subs System and all services, products, equipment menus, technologies, policies, systems, specifications, standards, techniques, philosophies, materials, guidelines, requirements, criteria and procedures that now or in the future are part of the Jreck Subs System; our Manual; Supplements and amendments to the Manual; all procedures, systems, techniques and activities employed by us or by you in the course of offering or selling products, and/or services from or at the Franchised Business; all products, services, equipment, technologies and procedures relating to the offer and sale of food and beverages, and related products and services; all systems and techniques for food and beverage preparation, service and storage; all recipes and specification of ingredients; all menus; all systems and techniques for the operation of a retail food service business; all methods and techniques for food, beverage and related products; all special techniques for packaging, display, merchandising and marketing of food and non-food products; all information concerning our current and concluded test, research and development programs; all operating procedures for sanitation and maintenance; all pricing paradigms established by us or by you; all of our and/or your sources (or prospective sources) of supply, and all information pertaining to same (including, without limitation, wholesale pricing structures); specifications for construction, buildout, design, décor, equipment, signage and appurtenance; the Point of Sale System and all other computer and electronic cash register hardware and software utilized by us and you; all information pertaining to our and/or your advertising, marketing, promotion and merchandising campaigns, philosophies, materials, specifications and procedures; our and your computer network Web sites, and all information posted on or received at the Web sites; all our instructional materials; quality assurance programs; supervision systems; recommended services; recordkeeping, bookkeeping and accounting systems and materials; revenue reports; activity schedules; job descriptions; records pertaining to customers; business forms; product and service order forms; general operations materials; revenue reports; additions to, deletions from, and modifications and variations of the components of the Jreck Subs System or the systems and methods of operations which we employ now or in the future, including, but not limited to, all related standards and specifications and the means and manner of offering and selling them; and, all other components, specifications, standards, requirements and duties which we or our Affiliates impose.

Except as expressly authorized in this Agreement or by us in writing, you agree never to copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing the Confidential Information in whole or in part; store it in a computer, data base or other electronic format; or, otherwise make it available to any third party by sale, transfer, assignment or any other means whatsoever. Upon the expiration or termination of this Agreement, you agree to return to us (or, upon our request, destroy and certify such destruction to us) all Confidential Information, including, but not limited to, all materials, books, records, manuals, computer data bases, software and manuals considered confidential under this Agreement which are then in your possession.

You and your officers, directors, shareholders, members, management, Shop Manager(s), sales personnel and employees may only use and divulge such Confidential Information as is necessary to operate the Franchised Business, and then only on a "need to know" basis, to those of your officers, directors, shareholders, members, sales personnel, employees, management, Shop

Manager(s) who need access to it for this purpose. You agree to take all necessary precautions to ensure that these individuals and all individuals listed in Section 13.05 retain the Confidential Information in confidence and comply with the restrictions of this Section 12.01. Your agreement to procure execution of a confidentiality and non-competition agreement from certain of these individuals is set forth in Section 13.05. You are responsible for and liable to us for any authorized disclosures of Confidential Information by you or your officers, directors, shareholders, members, management, Shop Manager(s), sales personnel and employees.

This Section 12.01 shall survive the expiration or termination of this Agreement.

13. COVENANTS NOT TO COMPETE

13.01 In-Term Covenant Not to Compete

You agree that during the Initial Term and any renewal term of this Agreement, you will not directly or indirectly engage in any other restaurant, carry-out or delivery food service business which offers or sells submarine sandwiches or delicatessen-style sandwiches or featuring other sandwich products; which offers or sells related services or products; which engages in any of the activities which this Agreement contemplates that you will engage in; or, which offers or sells any other service, product or component which now or in the future is part of the Jreck Subs System, or any confusingly similar service or product (a “Competitive Business”).

You are prohibited from directly or indirectly engaging in, becoming affiliated with, having a financial interest in, or assisting any Competitive Business as a proprietor, partner, investor, shareholder, director, member, officer, manager, operator, employee, principal, agent, adviser, lender, consultant, distributor, licensor, vendor, agent, representative, independent contractor or otherwise. In addition, you agree not to divert any business that should be handled by the Franchised Business to any other person or entity. It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind, including, but not limited to, through a spouse, relative or any other person or entity, which would be of any material assistance to a competitor or Competitive Business. Nothing in this Section will prevent you from owning for investment purposes up to an aggregate of 5% of the capital stock of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (“NASDAQ”), and so long as you do not serve as an employee, officer, director or consultant of the company or control the company in question.

Further, during the Initial Term or any renewal term of this Agreement, and for two years after the termination or expiration of this Agreement for any reason, you agree not to solicit or hire our personnel or the personnel of our Affiliates or of any other System franchisee, without first obtaining written permission from the employer(s) of the personnel in question, which such permission may be withheld or conditioned.

It is the intention of these provisions that any person or entity with any legal or beneficial interest in or traceable to, down or through you be bound by the provisions of this covenant.

If you are a Business Entity, you agree to confine your activities solely to the operation of the Franchised Business and further agree to cause (as applicable) your shareholders, members, managers, directors and officers, and your Shop Managers and other management employees, to refrain from any of the competitive activities described above in any manner which we reasonably request. If you are a partnership proprietorship, you agree to confine your activities solely to the operation of the Franchised Business and further agree to cause each general partner, proprietor or other beneficial owner and all Shop Managers and other management employees to refrain from any of the competitive activities described above in any manner which we reasonably request. If you are a limited partnership, you agree to confine your activities solely to the operation of the Franchised Business and further agree to cause your general partner and the shareholders, officers, directors, members and management employees of your general partner, and all Shop Managers and other management employees, to refrain from any of the competitive activities described above in any manner which we reasonably request.

13.02 Post-Term Covenant Not To Compete

You agree that for a period of two years immediately following the expiration or termination of this Agreement for any reason, you will not directly or indirectly engage in any other Competitive Business.

You are prohibited from directly or indirectly engaging in, becoming affiliated with, having a financial interest in, or assisting any Competitive Business as a proprietor, partner, investor, shareholder, director, member, officer, manager, operator, employee, principal, agent, adviser, lender, consultant, distributor, licensor, vendor, agent, representative, independent contractor or otherwise, if the Competitive Business is located within five miles of your Shop Location (or from any of your Shop Locations, if you operate more than one Franchised Business), or within two miles of any other Jreck Subs Shop (whether Company-owned, franchised or otherwise established and operated), whether in operation or under construction on the later of the effective date of the termination or expiration of this Agreement or the date on which all persons restricted by this Section 13.02 begin to comply with this Section 13.02. It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind, including, but not limited to, through a spouse, relative or any other person or entity, which would be of any material assistance to a competitor or Competitive Business. Nothing in this Section will prevent you from owning for investment purposes up to an aggregate of 5% of the capital stock of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through NASDAQ, so long as you do not serve as an employee, officer, director or consultant of the company or control the company in question.

It is the intention of these provisions that any person or entity with any legal or beneficial interest in or traceable to, down or through you be bound by the provisions of this covenant, including

(without limitation) your spouse, brother, brother-in-law, sister, sister-in-law, parents, parents-in-law, child, son-in-law or daughter-in-law; legal partner; any direct or indirect beneficiary of yours; any partner (general or limited) or proprietor of yours; and, any other related person or entity, regardless of how many levels or tiers there may be between you and the person or entity.

If you are a Business Entity, you agree to cause your shareholders, members, directors, officers, managers and employees to refrain from any of the competitive activities described above in any manner which we reasonably request. If you are a partnership, limited partnership or proprietorship, you agree to cause each partner, proprietor or other beneficial owner to refrain from any of the competitive activities described above in any manner which we reasonably request.

13.03 Lesser Included Covenants Enforceable At Law

If all or any portion of the covenants not to compete set forth in this Article 13 are held unreasonable, void, vague or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court or agency will be empowered to and it is the parties' desire that the court or agency revise and/or construe the covenants to fall within permissible legal limits, and should not by necessity invalidate the entire covenants. You expressly agree to be bound by any lesser covenant subsumed within the terms of this Article 13 as if the resulting covenants were separately stated in and made a part of this Agreement.

13.04 Enforcement of Covenants Not To Compete

You acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, you consent to the entry of an injunction to prevent any conduct (or threatened conduct) by you or anyone else for whom you are responsible in violation of the terms of the covenants not to compete set forth in this Agreement, without posting a bond or proving actual damages. You expressly agree that it may conclusively be presumed that any violation of the terms of the covenants not to compete was accomplished by and through your unlawful use of our Confidential Information, know-how, methods and procedures. Further, you expressly agree that any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants not to compete in this Agreement. You agree to pay all costs and expenses, including, but not limited to, reasonable attorneys' and experts' fees, that we incur in connection with the enforcement of the covenants not to compete set forth in this Agreement.

13.05 Procurement of Additional Covenants

You agree to obtain and provide to us, simultaneously with your execution of this Agreement, executed copies of our Confidentiality/Non-Competition Agreement (Exhibit F) from all of the following persons: (i) if you are a Business Entity, all your officers, directors, managers, shareholders and members and those of any Business Entity directly or indirectly controlling you, at the same time as the execution of this Agreement (or at such later time as they assume such status); (ii) if you are a partnership, all partners, at the same time as the execution of this

Agreement (or at such later time as they assume such status); (iii) all owners of a proprietorship interest in you, at the same time as the execution of this Agreement (or at such later time as they assume such status); and (iv) all of the persons enumerated in the covenants not to compete set forth in this Agreement as intended to be embraced by them. You also agree to require and obtain the execution of a confidentiality and non-competition agreement before employment or any promotion, from all your Shop Managers and all of your other managerial employees. You agree to furnish us with copies of all such confidentiality and non-competition no later than ten days following their execution.

13.06 Your Enforcement of Confidentiality/Non-Competition Agreements

You agree to vigorously and vigilantly prosecute breaches of any Confidentiality/Non-Competition Agreement and confidentiality and non-competition agreement executed by any of the individuals referenced in Section 13.05, and you acknowledge our right, to be exercised in our sole judgment, to ourselves enforce the terms of each such executed Confidentiality/Non-Competition Agreement, including, without limitation, our right, but not our obligation, to directly bring civil actions to enforce its terms. You agree to prosecute such actions to the fullest extent permitted by law. Moreover, if provisions of the confidentiality and non-competition agreement have been breached by an individual employed, engaged or otherwise serving the Franchised Business, but who has not executed such an agreement, you must nevertheless vigorously and vigilantly prosecute such conduct to the fullest extent permitted by law.

13.07 Acknowledgements

You acknowledge and agree that the terms and provisions of this Agreement are reasonable in scope, geographical area and duration and agree not to challenge the reasonableness or enforceability of the terms of this Article 13 in any proceeding to enforce the terms hereof. You further acknowledge that the provisions contained in this Article 13 are critical to our decision to enter into this Agreement and consummate the transactions contemplated hereby and that without the terms of this Article 13, we would not enter into this Agreement.

14. FORM AND MANNER OF RENEWAL; CONDITIONS PRECEDENT TO EXECUTING RENEWAL AGREEMENTS

14.01 Form and Manner of Renewal

If you are in compliance with all conditions precedent and wish to exercise your right to a renewal term (as provided for in Section 4.02), you will do so by executing our then-current form of Franchise Agreement at the time of the renewal, modified as provided below (the "Renewal Agreement"). The Renewal Agreement will supersede this Agreement in all respects. The terms of the Renewal Agreement may differ from the terms of this Agreement, except that: (i) the boundaries of the Territory under this Agreement as of the date of the expiration of this Agreement will remain the same, and (ii) the Royalty Fee on signing a Renewal Agreement will not be greater than the Royalty Fee that we then impose on similarly-situated franchisees who execute Renewal Agreements. You must exercise your right to execute a Renewal Agreement in the following manner:

1. Not more than twelve months and no later than nine months before the expiration of the Initial Term of this Agreement, you must provide written notice of your desire to renew and request from us in such notice a copy of our then-current applicable FDD.
2. Within 90 days after receipt of your request, we will deliver to you a copy of our then-current FDD, and, promptly upon receipt of the FDD, you must acknowledge receipt by executing the Receipt form in the FDD and promptly return it to us if you desire to renew.
3. No sooner than 10 business days but no later than 20 business days after you receive the then-current FDD, you must, by written notice, notify us whether or not you elect to execute a Renewal Agreement.
4. Promptly upon receipt of your notice of your election to execute the Renewal Agreement, we will deliver to you copies of the Renewal Agreement (and all related agreements) ready for execution. Promptly upon receipt of the Renewal Agreement, you must execute the copies of the Renewal Agreement (and all related agreements) and return them to us, accompanied by a check made payable to us in the amount of the Renewal Fee (defined below).
5. If you do not timely perform any of the acts or deliver any of the notices required by this Section 14.01, this will be considered your election not to exercise your right to renew and enter into a Renewal Agreement, and this right will automatically lapse and expire without further notice or action by us. If this occurs, this Agreement will terminate at the end of the Initial Term, subject to the post-termination and post-expiration provisions of this Agreement which expressly or by their nature survive.
6. If: (i) you have exercised your rights and executed a Renewal Agreement (and all related agreements) and paid the Renewal Fee as described above; (ii) you have complied with all of the conditions set forth in Section 14.02 on the date of expiration of the Initial Term; and, (iii) we are franchising in this State and have not determined to cease doing so, then we will execute the Renewal Agreement (and all related agreements) executed by you and will, promptly after expiration of the Initial Term of this Agreement, deliver one fully executed copy of the Renewal Agreement (and all related agreements) to you.

14.02 Conditions to Renewal and Executing a Renewal Agreement

Your right to renew and enter into a Renewal Agreement will be conditioned on your fulfilling all the following conditions:

1. At the time of your exercise of the right to enter into a Renewal Agreement and the commencement of the renewal term, you must have fully performed, be in compliance with all, and not be in default of any, of your obligations under this Agreement, any amendments to this Agreement, the Manual and Supplements to the Manual, any agreements with suppliers, your Lease, and all other agreements then in effect between you and us (or our Affiliates).
2. Before the commencement of the renewal term, you must have refurbished, redesigned, remodeled and/or expanded your Shop Location as we may reasonably require, as well as added or replaced equipment, fixtures, furnishings and signs to conform to: (i) our then-current specifications for Jreck Subs Businesses; (ii) the requirements of our then current Franchise Agreement; (iii) the Manual and all Supplements to the Manual; and, (iv) our judgment as to the condition, state of repair and general appearance of your Shop Location compared to the quality standards and appearance which we consider desirable.

3. You must have satisfied all monetary obligations to us (or our Affiliates) and must have substantially timely met these obligations throughout the Initial Term.
4. We must not have given you two or more Notices of Default under this Agreement within two years of the expiration date of the Initial Term.
5. You must be able to maintain or renew your Lease for the Shop Location for the entire renewal term on terms acceptable to both you and us, or to lease a mutually acceptable substitute Shop Location within your Territory without any interruption of business.
6. You must have executed a Release, in the form of Exhibit G, of all claims against us, our Affiliates, and our and their officers, directors, shareholders, agents, attorneys, contractors and employees, in their corporate and individual capacities, arising out of or related to this Agreement. This document will not purport to release us from any future claims arising out of or related to any Renewal Agreement entered into between you and us.
7. You must comply with our then-current qualification and training requirements as set forth in our Manual or otherwise, for which you may incur certain costs. We may require you, your Principal Owner, your Shop Manager and/or your other senior management personnel to attend and successfully complete our Initial Training Program (and/or any other training programs reasonably specified by us) to our satisfaction as a condition precedent to executing a Renewal Agreement.
8. You must pay to us a renewal fee equal to 50% of the then-current Initial Franchise Fee (the “Renewal Fee”) in a lump sum, which is due upon your execution of the Renewal Agreement.

14.03 Notice of Expiration

If applicable law requires us to give notice of expiration to you at a specified time before the expiration of the Initial Term or any renewal term of this Agreement, and we have not done so, then, to the fullest extent permitted by law, your sole remedy shall be for the term of this Agreement to extend on a month-to-month basis until we have given you the required notice of expiration and the required period before the expiration of the Agreement becomes effective has expired.

15. ASSIGNMENT; RIGHT OF FIRST REFUSAL

15.01 Assignment By Us

We will have the right to assign this Agreement (and any or all related agreements), and all of our rights and privileges under this Agreement (and any or all related agreements), to any person, firm, corporation or other entity, provided that, if the assignment results in the performance by the assignee of our functions under this Agreement (and the related agreements which have been assigned): (i) the assignee must, at the time of the assignment, be financially responsible and economically capable of performing our obligations under this Agreement (and the related agreements which have been assigned), and (ii) the assignee must expressly assume and agree to perform these obligations.

You agree and affirm that we may sell our company, our assets, our Proprietary Marks and/or our System to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other business entities, or be acquired by another business entity;

and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive, to the fullest extent permitted by law, any claims, demands or damages arising from or related to the loss of our name, Proprietary Marks (or any variation thereof) and System and/or the loss of association with or identification of "Fresh Start Franchising, Inc." as the Franchisor under this Agreement. You further, to the fullest extent permitted by law, specifically waive all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

If we assign our rights in this Agreement, nothing in this Agreement requires us to remain in the franchise business or to offer or sell any services or products to you and we shall not have any further liability to you under this Agreement (or any related agreement which has been assigned).

15.02 Assignment By You - General

With respect to your obligations under this Agreement, this Agreement is personal, since we have entered into this Agreement in reliance on and in consideration of your singular personal skill and qualifications (or, if you are a Business Entity or partnership or limited partnership, the personal skill and qualifications of your owners), and the trust and confidentiality that we repose in you (or your owners, if you are an entity). Therefore, except as provided below, neither your interest in this Agreement (or any related agreement), your rights, privileges or obligations under this Agreement (or any related agreement), the Franchised Business, the Shop Location, the Lease nor any interest in the Franchised Business, the Shop Location, the Lease or any equity in a Business Entity franchisee or partnership interest in a partnership or limited partnership franchisee, or proprietorship interest in a sole proprietor franchisee may be assigned, sold, transferred, shared, reconsidered, sublicensed or divided, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, in any manner, without first obtaining our written consent in accordance with this Section 15 or without first complying with our right of first refusal pursuant to Section 15.06.

This Agreement is your personal obligation. None of your rights to use the Jreck Subs System, Proprietary Marks, Confidential Information and Manual are transferable except in strict compliance with the terms of this Agreement. Any actual, attempted or purported assignment, transfer or sale of this Agreement (or any related agreement), the Franchised Business, the Shop Location, the Lease, you yourself (if an entity) or of any interest in any of these, in violation of the terms of this Article 15 will be null, void and of no effect, and will be a material breach of this Agreement which will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure.

For purposes of any assignment by you, "assignment" includes the transfers and assignments set forth in Section 15.02 above, as well as, without limitation, the following:

- A. The transfer, issuance or redemption in the aggregate of more than 25% of the capital stock or other equity interest or voting power of any Business Entity franchisee (or any lesser

percentage sufficient to control the Business Entity, as the term "control" is most broadly defined by any United States securities and/or corporate law), as originally constituted on the Effective Date, to any person or entity who is not (i) already your shareholder, equity holder or member (a "Shareholder"), (ii) the spouse of any Shareholder, (iii) a trust controlled by a Shareholder whose trustee is a Shareholder or (iv) a corporation, limited liability company, partnership, limited liability partnership or proprietorship controlled and composed solely of Shareholders;

- B. The transfer, issuance or redemption in the aggregate of more than 25% of a partnership or proprietorship interest (or any lesser percentage sufficient to control the partnership or proprietorship franchisee or the Franchised Business, as the term "control" is most broadly defined by any United States securities and/or corporate and/or partnership law), as originally constituted on the Effective Date, in a franchisee that does business as a partnership or proprietorship, to any person or entity who is not (i) already your partner or proprietor (a "Partner or Proprietor"), (ii) the spouse of any Partner or Proprietor, (iii) a trust controlled by a Partner or Proprietor whose trustee is Partner or Proprietor; or (iv) a corporation or partnership controlled and composed solely of Partners or Proprietors.
- C. The transfer, issuance or redemption in the aggregate of more than 25% of the capital stock or other equity interest or voting power of any general partner of a limited partnership, as originally constituted on the Effective Date, (or any lesser percentage sufficient to control the partnership franchisee or the Franchised Business, as the term "control" is most broadly defined by any United States securities and/or corporate and/or partnership law), in a franchisee that does business as a limited partnership, to any person or entity who is not (i) already a Shareholder of the franchisee's general partner (a "General Partner Shareholder"), (ii) the spouse of any General Partner Shareholder, (iii) a trust controlled by a General Partner Shareholder whose trustee is a General Partner Shareholder, or (iv) a corporation or partnership controlled and composed solely of General Partner Shareholders.

You agree to immediately report to us all proposed and actual transfers of ownership in a Business Entity, partnership, general partnership or proprietorship franchisee, even if less than 25%, in accordance with the procedures set forth in our Manual or otherwise.

15.03 Assignment By You – To A Business Entity You Form

If you would like to transfer your interest in this Agreement to a Business Entity you form solely for the convenience of Business Entity ownership, you must obtain our prior written consent. We will not unreasonably withhold consent if all the following conditions are met:

1. The Business Entity must be newly organized and duly incorporated/formed, and its activities must be confined to acting exclusively as a franchisee of the Jreck Subs System.
2. You must be the sole owner of all the stock or other equity interests of the Business Entity and its principal officer (or the sole owner of 75% or more of all stock or equity interests in the Business Entity, with the remaining stockholders/equity holders being your spouse and/or adult children).

3. If the franchisee consists of more than one individual, each individual must have the right to the same proportionate ownership interest in the Business Entity as he or she had in the Franchised Business before the transfer.
4. You and the Business Entity must execute an agreement with us under which you and the Business Entity agree to be and remain jointly and severally liable for all the obligations to us under this Agreement, and expressly agree to be bound by all the terms, conditions and covenants of this Agreement. Each present and future shareholder or equity holder of the Business Entity must agree in writing to personally guarantee the performance by the Business Entity of your obligations under this Agreement, and to be individually bound by all the terms and conditions of this Agreement and any other agreements between you and us, pursuant to the terms of a guarantee agreement in the form of Exhibit H to this Agreement (the "Guarantee").
5. Each present and future shareholder / equity holder of the Business Entity, and the Business Entity, must execute our Confidentiality-Non-Competition Agreement in the form of Exhibit F to this Agreement.
6. The name of the Business Entity formed by you may not include any of the Proprietary Marks or any variant of Jreck Subs or any words confusingly similar to the Proprietary Marks or Jreck Subs.
7. All stock and equity certificates of the Business Entity must be endorsed with the following legend, conspicuously placed:

"The transfer of this certificate and of the equity interest represented hereby is subject to the terms and conditions of a Franchise Agreement dated [date of this Agreement] between Fresh Start Franchising, Inc. and [Name of Franchisee]. This certificate is not transferable and is not subject to sale, assignment, pledge, mortgage, encumbrance, or transfer, by operation of law or otherwise, without the prior written consent of Fresh Start Franchising, Inc."
8. The organizational documents of the Business Entity must state that the issuance and transfer of any interest in the Business Entity is restricted by the terms of the Franchise Agreement.

You agree to provide to us all information and documentation relating to the foregoing as we deem necessary or desirable to evaluate whether all of the preceding conditions have been met. Any transfer pursuant to this Section 15.03 will not be subject to our rights of first refusal under Section 15.06, and will not require payment of the Transfer Fee, but instead a lesser fee in the amount of \$1,500.

15.04 Assignment By You – Sale To A Third Party

A. You may not sell or otherwise assign or transfer the franchise licenses and rights conveyed by this Agreement, the Franchised Business, the Shop Location, the Lease or any interest in any of these, without our prior written consent. If we do not elect to exercise our right of first refusal (as provided in Section 15.06), then we will not unreasonably withhold consent to any proposed assignment and sale. You agree that it will not be unreasonable for us to impose, among other requirements, the following conditions to consenting to any proposed assignment and sale:

1. That you timely and fully comply with all of the right of first refusal provisions of Section 15.06 of this Agreement.

2. That the proposed assignee/buyer applies to us for acceptance as a franchisee, and furnishes to us all information and references that we request to assess the proposed assignee's/buyer's skills, qualifications, financial condition, background and history, reputation, economic resources, ability to assume your duties and obligations under this Agreement and any related agreement, and such other factors that we deem relevant. You must pay the costs of any such investigations conducted by us (including, without limitation, our travel, lodging, incidentals, meal and personnel expenses related to our investigatory trips to the Territory and where the proposed assignee/buyer is located, including trips engaged in under subsection "3" below, and out-of-pocket expenses paid to third parties for background checks and other investigations).
3. That the proposed assignee/buyer (or, if a legal entity, the principals of the proposed assignee/buyer) presents himself for a personal interview at our corporate office, or any other location we designate, at the date and time we reasonably request, without expense to us.
4. That the assignee/buyer (or the principal officers, shareholders or directors of a corporate assignee, or if any other entity, the principals of the assignee/buyer entity) demonstrates that he has the skills, qualifications, ethics, moral values and economic resources necessary, in our reasonable judgment, to conduct the Jreck Subs Business contemplated by this Agreement, and to fulfill your obligations hereunder.
5. That the proposed assignee/buyer (if an individual) and his or its proposed shop manager have attended and successfully completed our Initial Training Program to our satisfaction before the assignment/sale, and any other training that we reasonably require, at the assignee's/buyer's expense (which will include a training fee and the cost of the trainee's transportation to any training, local transportation expenses, lodging, incidentals, food and other living expenses).
6. That the lessor or sublessor of the Shop Location consents in writing to the assignment of your Lease to the proposed assignee/buyer.
7. That as of the date of the assignment/sale, the assignor/seller has cured any existing defaults under any provisions of this Agreement and any other agreement or arrangement with us or our Affiliates, and has fully satisfied all of your accrued monetary and other obligations to us and our Affiliates under this Agreement and any other agreement or arrangement with us or our Affiliates.
8. That if this Agreement is being assigned, or the Franchised Business is being sold, the assignee/buyer executes a separate franchise agreement in the form and on the terms and conditions we then offer to prospective franchisees who are similarly situated except that the Territory will remain the same as in effect as of the effective date of the assignment/sale, the assignee/buyer will not be obligated to pay the Initial Franchise Fee as set forth in such new franchise agreement, and the Royalty Fee and Advertising Contribution will be that specified in this Agreement through the scheduled date of expiration of the Initial Term of this Agreement (at which time the amounts shall revert to those that similarly situated franchisees are required to pay under the then-current franchise agreement. The term of this new franchise agreement will expire on the date of expiration of this Agreement unless we and the assignee/buyer otherwise agree in writing as part of the new franchise agreement. The execution of the new franchise agreement will terminate this

Agreement, except that your guarantees and the post-termination and post-expiration provisions under this Agreement shall survive.

9. That the Total Sales Price is not so excessive, in our sole determination, that it jeopardizes the continued economic viability and future operations of the franchise business and/or the assignee/buyer. "Total Sales Price" means all consideration of every kind paid or payable to you or any other person, in connection with, arising out of or relating to the assignment, transfer or sale of the franchise, the Agreement or the Franchised Business, the Lease and otherwise, whether money, property or other thing or service of value including (but not limited to) consideration received for your Franchised Business; rights under this Agreement; contracts; goodwill; restrictive covenants; equipment; furniture; accounts receivable; any consulting salary; or, any other fees or arrangements or other form of consideration, whether the consideration is received in the present or promised to be given to the assignor or any other person in the future (including the highest possible value of any contingent future consideration).
10. If the proposed assignee/buyer is purchasing part or all of an interest in a Business Entity or partnership or limited partnership franchisee to this Agreement, then the proposed assignee/buyer must execute a Confidentiality/Non-Competition Agreement in the form of Exhibit F to this Agreement and a Guarantee.
11. That the assignor (and all shareholders and equity holders of a Business Entity assignor, and all partners of a partnership assignor, all proprietors of a proprietorship assignor and all shareholders or equity holders of the general partner of a limited partnership assignor) executes a Release in the form of Exhibit G to this Agreement, of any and all claims, demands and causes of action which you and your partners, proprietors, directors, managers, officers, shareholders, equity owners, executors, administrators, successors and assigns (as the case may be) may or might have against us and our Affiliates, and our and their respective officers, directors, shareholders, agents, attorneys, contractors, employees successors and assign in their corporate and individual capacities including, without limitation, claims arising under federal, state and local laws, rules and ordinances; except that such release will not affect your rights under Article 33 of the New York General Business Law.
12. That (unless the assignment is from one of your owners to another of your current owners) we reserve the right to receive a transfer fee of 50% of the then-current Initial Franchise Fee from either you or the assignor to defray expenses incurred by us in connection with the transfer (the "Transfer Fee").
13. That if the assignee is a corporation, limited liability company, partnership, limited partnership or proprietorship, all of the applicable requirements set forth under this Agreement are complied with, including the execution of Confidentiality/Non-Competition Agreements in the form of Exhibit F to this Agreement by those persons required to sign by Section 13.05 and the procurement of an executed Guarantee by all shareholders, equity owners and partners of the assignee.
14. That the assignor furnishes us with a copy of the proposed contract of assignment and sale (and any related agreements) and, promptly following execution, a copy of the executed contract of assignment and sale (and any related agreements) and all other documents and information we may request relating thereto.

15. That the assignee/buyer, at its expense, upgrades the Shop Location to conform to the then-current standards and specifications of the Jreck Subs System and as we may otherwise reasonably require, and completes such upgrades within the time reasonably specified by us.
16. That you remain liable for all the obligations to us arising out of or related to this Agreement (and all related agreements) before the effective date of the transfer, assignment or sale, and execute all instruments reasonably requested by us to evidence this liability.
17. That the assignor complies with the terms of the post-term covenant not to compete set forth in Section 13.02, commencing on the effective date of the assignment, transfer or sale.
18. That if you (or your owners) finance any part of the sales price of the transferred interest, then you (and your owners) agree that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by you or your owners in the assets of the Franchised Business or the Shop Location will be subordinate to the obligations of the transferee/buyer to pay Royalty Fees, Advertising Contributions and all other amounts due to or which become due to us and our Affiliates and otherwise to comply with this Agreement or the franchise agreement executed by the transferee/buyer.

B. If we consent to the assignment, transfer or sale of the Franchised Business, we will also consent to the assignment of your Lease and all other agreements between you and us. If the Franchised Business is assigned, transferred or sold you also agree to assign your Lease and all other agreements between you and us to the same assignee/buyer. After the assignment/sale, you will remain liable under all the assigned agreements to the extent they so require.

C. You agree to defend at your own cost and to indemnify and hold harmless us and the other Indemnitees from and against any and all Claims, Losses and Expenses and all lodging costs and personnel costs, however caused (whether or not the same are reduced to judgment or final award), resulting directly or indirectly from or pertaining to any statements, representations or warranties that may be given by you to any proposed assignee/buyer of the franchise, or any claim that you or the assignor/buyer engaged in fraud, deceit, violation of franchise laws of other illegality in connection with the negotiations leading to the consummation of the assignment/sale. The indemnification obligations set forth in this subsection C. will survive the expiration or termination of this Agreement.

15.05 Assignment By You – Transfer Upon Death or Disability

Upon your death or Disability (as defined below) (if you are an individual) or the death or Disability of your last surviving principal, partner or shareholder or equity holder (if you are a Business Entity, partnership or limited partnership), that person's rights will pass to his or her estate, heirs, legatees, beneficiaries, guardians or representatives, as appropriate (collectively, the "Estate"). The Estate may continue the operation of the Franchised Business if: (i) the Estate provides a competent and qualified individual acceptable to us, in our sole discretion, to serve as business manager of the Franchised Business (the "Business Manager") and operate your Jreck Subs Business on a full-time basis; (ii) this individual attends and successfully completes our next offered Initial Training Program to our satisfaction at the Estate's expense; and (iii) this individual assumes full-time operation of the Franchised as Business Manager within six months of the date

the person dies or suffers a Disability. In the alternative, the Estate may sell the franchise within six months in accordance with the provisions of Section 15.04 (which, for the avoidance of doubt, includes our right of first refusal as provided in Section 15.06).

If the Estate does not designate a Business Manager, the Estate's designated Business Manager does not attend and satisfactorily complete our Initial Training Program and assume the full-time operation of the Franchised Business within six months, or, in the alternative, if the Estate does not sell the Franchised Business within six months in accordance with the provisions of Section 15.04, this will be a material breach of this Agreement which, unless cured by the Estate as provided in Section 18.03, will result in this Agreement being terminated immediately.

"Disability" means any physical, emotional or mental injury, illness or incapacity which prevents or will prevent a person from performing the obligations set forth in this Agreement for at least ninety consecutive days. Disability will be determined either after this ninety day period or upon examination of the person by a licensed practicing physician selected by us before the end of the ninety day period, when we reasonably believe that person to be disabled. If the person refuses to submit to an examination, then the person will be automatically considered permanently disabled as of the date of the refusal. We will pay the costs of any examination required by this Section.

From the date of death or Disability until a fully trained and qualified Business Manager assumes full-time operational control of the Franchised Business, we may assume full control of and operate the Franchised Business, but will have no obligation to do so. If we do so, then during this period, we will deduct our expenses for travel, lodging, incidentals, meals, and all other expenses and fees from the Franchised Business's Gross Sales and pay ourselves a management fee of \$400.00 per day. This management fee will be in addition to the Royalty Fees and Advertising Contributions due us. We will then remit any remaining funds, if any, to the Estate. The Estate must pay us any deficiency in sums due to us under this Agreement within ten days of our notifying the Estate of the deficiency. We will not be obligated to operate your Franchised Business. If we do so, we will not be responsible for any debts, operational losses, or obligations of the Franchised Business or to any of your creditors for any supplies or services the Franchised Business purchases while we manage it, nor will we be obligated to continue operating the Franchised Business.

15.06 Right of First Refusal

Your rights to assign, transfer, redeem or sell any interest in this Franchise Agreement or the Franchised Business, voluntarily or by operation of law (as provided above), will be subject at all times to our continuing right of first refusal. If we elect to exercise our right of first refusal, we will do so in the following manner:

1. You must deliver to us a true and complete copy of the proposed assignee's/buyer's offer (the "Notice") and furnish to us any additional information concerning the proposed transaction and the proposed assignee/buyer that we reasonably request. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount.
2. Within 30 business days after our receipt of the Notice and all other information we request, we may either consent or withhold our consent to the assignment, transfer, sale or

redemption, in accordance with this Article, or at our option, accept the assignment, transfer, sale or redemption to ourselves or to our nominee, on the terms and conditions specified in the Notice. However, we will be entitled to all of the customary representations and warranties given by the seller of assets of a business, including (without limitation) representations and warranties as to ownership, condition of and title to assets, liens and encumbrances on the assets, validity of contracts and agreements, and your contingent and other liabilities affecting the assets.

3. If a partial transfer is proposed through the assignment, sale or redemption of more than 25% of the capital stock or equity interests in a Business Entity to other than the original shareholders of the franchisee; of more than 25% of partnership or proprietorship interests to other than the original partners or proprietors of the franchisee; or of more than 25% of an equity interest in the general partner of a limited partnership franchisee to other than the original equity owners of the general partner of the franchisee (in each case measured against the ownership of the franchisee entity as originally constituted on the Effective Date), then we will have the option to purchase not only the interests being transferred but also the remaining interests, so that our resulting ownership will be 100% of the franchisee entity. The price of these remaining interests will be proportionate to the price of the interests initially being offered.
4. Our credit will be considered equal to the credit of any proposed purchaser. We may substitute cash for any other form of payment proposed in the offer.
5. If we exercise our right of first refusal, we will be given at least sixty days after notifying you of our election to exercise our right of first refusal to prepare for closing. You agree to take all action necessary to assign your Lease to us. You also agree to be bound to the non-competition and non-solicitation covenants contained in Section 13.
6. If we elect not to exercise our right of first refusal and we consent to the proposed assignment, transfer, sale or redemption, then you will, subject to the provisions of this Article, be free to assign this Agreement or the Franchised Business to your proposed assignee/buyer on the terms and conditions specified in the Notice if you satisfy the conditions of Section 15.04 for our approval of an assignment/sale, and will be given 60 days to complete and close the sale. If, however, the terms change in any way, the changed terms will be considered a new offer, and we will have a right of first refusal with respect to this new offer.
7. Our election not to exercise our right of first refusal with regard to any offer will not affect our right of first refusal with regard to any later or modified offer. If we do not exercise our right of first refusal, this will not constitute approval of the proposed transferee, assignee, sale, redemption or the transaction itself. You and any proposed assignee/buyer must comply with all the criteria and procedures for assignment/sale of the franchise, the Franchise Agreement and/or the Franchised Business specified in this Article 15.
8. We will waive our right of first refusal in the case of sales or transfer to your immediate family members; provided that all other provisions of this Agreement shall apply with respect to your family member meeting our requirements.

15.07 No Encumbrances

You will have no right to pledge, encumber, hypothecate or otherwise grant or give any third party a security interest in this Agreement, the Franchised Business, the Shop Location, the Lease or otherwise in any manner without our prior written permission, which we may withhold for any or no reason.

16. PROPRIETARY MARKS

16.01 Your Non-Ownership of Proprietary Marks

Nothing in this Agreement will give you any right, title or interest in or to any of our Proprietary Marks except as a mere privilege and license, during the term of this Agreement, to display and use the Proprietary Marks according to the limitations set forth in this Agreement. You understand and agree that the limited license to use the Proprietary Marks granted by this Agreement applies only to the principal Proprietary Marks shown on Exhibit A (if we do not subsequently designate them as being withdrawn from use), together with those which we may later designate in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any our Proprietary Marks by virtue of the limited license granted under this Agreement, or by virtue of your use of any of the Proprietary Marks. All of your uses of the Proprietary Marks, whether as a trademark, service mark, trade name or trade style, will inure solely to our benefit. Following the expiration or termination of this Agreement, all licenses and rights to use the Proprietary Marks will immediately terminate, and no monetary amount will be attributable to any goodwill associated with your use of the Proprietary Marks or operation of the Franchised Business or Shop Location, including any "local goodwill".

You acknowledge that our rights in the Proprietary Marks are not limited to the specific presentation or configuration of any of them, but rather extend to all combinations and displays of the words and/or design elements thereof and extend to all translations of them in any language. Further, you acknowledge and agree that our rights in and to the Proprietary Marks are not limited to such rights as may be conferred by registrations thereof or by applications for registrations but, instead, include extensive common law and other rights in the Proprietary Marks vested in us as a result of their use by us and other authorized parties.

We do not currently know of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks. Other than the preceding, we make no, and hereby disclaim all, representations and warranties to you in connection with the Proprietary Marks and our copyrights and their use.

16.02 Acts In Derogation of the Proprietary Marks

You agree that the Proprietary Marks are our exclusive property. You assert and will in the future assert no claim to any goodwill, reputation or ownership of the Proprietary Marks by virtue of your licensed use of the Proprietary Marks, or for any other reason. You agree that you will not do or permit any act or thing to be done in derogation of any of our rights or the rights of our Affiliates in connection with the Proprietary Marks, either during or after the term of this Agreement. You agree not to apply for or directly or indirectly obtain or seek to obtain in your own name any trademark or service mark registration of any of the licensed Proprietary Marks or any confusingly similar marks. You agree to use the Proprietary Marks only for the uses and in the manner licensed under this Agreement and as provided in this Agreement. You agree that you will not, during or after the term of this Agreement, in any way dispute or impugn the validity of the Proprietary Marks, our rights to the Proprietary Marks, or the rights to use the Proprietary

Marks of us, our Affiliates, other franchisees of ours or other third parties to whom we may have licensed the Proprietary Marks.

16.03 Use and Display of Proprietary Marks

A. You must not use, and must not permit or cause another to use, the Proprietary Marks except in the manner and to the extent specifically licensed to you under this Agreement. You agree that each use you make of any Proprietary Mark will accurately portray the subject mark and that the subject mark will not be used or portrayed in a manner which jeopardizes the goodwill associated with the subject mark or the Jreck Subs System. You agree to use the Proprietary Marks in full compliance with rules we prescribe from time to time in our Manual or otherwise. You are prohibited (except as expressly provided in this Agreement) from using any Proprietary Mark with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed by us to you). You may not use any Proprietary Mark in connection with the sale of any unauthorized service, product or program or in any other manner not explicitly authorized in writing by us. You may use the Proprietary Marks only for the operation of the Franchised Business or in advertising for the Franchised Business. Your right to use the Proprietary Marks is limited to the uses authorized under this Agreement. Any unauthorized use of the Proprietary Marks by you will constitute an infringement of our rights and a material breach of this Agreement which will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure.

B. You may not use the Proprietary Marks in any way which will incur any obligation or indebtedness on our behalf. You agree to comply with our instructions in filing and maintaining all requisite assumed name, trade name or fictitious name registrations, and in executing any documents considered necessary by us or our counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

C. You agree to affix our Proprietary Marks on signage at the Shop Location and the uniforms, equipment, containers, fixtures, signs, stationery, advertising, sales/promotional materials and other objects, in the size, color, lettering style and fashion and at the places which we designate in our Manual or otherwise. You also agree to display the Proprietary Marks and relevant trademark and copyright notices pursuant to the requirements set forth in the Manual. Except as expressly provided in the Manual or otherwise agreed by us in writing, you may not erect or display in or on your Shop Location, stationery, advertising, sales or promotional materials or any other objects bearing any other trademarks, logotypes, symbols or service marks. You may not use any names, marks or logotypes other than the Proprietary Marks in connection with the franchised Business without our prior written approval.

16.04 Non-Use of Trade Name

If you are a corporation, partnership or limited liability company, you may not use our Proprietary Marks or any confusingly similar words or symbols, in your corporate, partnership or limited liability company name. In particular, but without limitation with respect to the preceding, you may not use the words "franchise," "Jreck Subs," or any variant as part of your corporate, partnership or limited liability company name.

16.05 Required Means of Franchise Identification

You must conduct your Jreck Subs Business under the assumed business name "Jreck Subs of " _____ [Insert Location]. You agree, at your expense, to perform all filings and procure all required or necessary governmental approvals or registrations required to do business under that assumed business name. You agree to identify yourself as an independent franchisee, but not as our agent.

16.06 Our Defense of Proprietary Marks and Copyrights

If you receive notice, are informed or learn of any claim, suit or demand against you on account of any alleged infringement, unfair competition, or similar matter relating to the use of the Proprietary Marks or any of our copyrights (each, an "IP Claim"), you agree to immediately notify us. We will then promptly take any action we may consider necessary to protect and defend you against the IP claim and indemnify you against any loss, cost or expense incurred in connection with the IP Claim, so long as the IP Claim is based solely on any alleged infringement, unfair competition, or similar matter relating to the use of the Proprietary Marks. You may not settle or compromise the IP Claim by a third party without our prior written consent. We will have the right to defend, compromise and settle the IP Claim at our sole cost and expense, using our own counsel. You agree to cooperate fully with us in connection with the defense of the IP Claim by, among other things, executing any and all instruments and documents, providing such assistance, and taking any action that may be necessary or advisable to protect and maintain our interest in any litigation or other proceeding or otherwise to protect and maintain our interest in the Proprietary Marks. You grant irrevocable authority to us, and appoint us as your attorney in fact, to defend and/or settle all IP Claims. You may participate at your own expense in the defense or settlement, but our decisions with regard to the settlement will be final.

Notwithstanding the foregoing, we will have no obligation to defend or indemnify you pursuant to this Section 16.06 if the claim arises out of or relates to, in whole or in part, your use of any of the Proprietary Marks and/or our copyrights in violation of the terms of this Agreement or otherwise due to your breach of this Agreement.

16.07 Prosecution of Infringers

If you receive notice, are informed or learn that any third party which you believe is not authorized to use the Proprietary Marks is using the Proprietary Marks or any variant of the Proprietary Marks, you agree to immediately notify us. This includes, but is not limited to, any use of or claims of rights to any marks identical to or confusingly similar to the Proprietary Marks and use of Proprietary Marks by those who you know or reasonably believe are not entitled to use them. We will then determine whether or not we wish to take any action against the third party on account of the alleged infringement of our Proprietary Marks. You will have no right to make any demand or to prosecute any claim against any alleged infringer of our Proprietary Marks for or on account of an alleged infringement.

16.08 Discontinuance or Substitution of Proprietary Marks

If it becomes advisable at any time, in our sole judgment, to modify or discontinue use of any Proprietary Mark and/or to adopt or use one or more additional or substitute Proprietary Marks, then you agree to comply, within a reasonable timeframe and at your sole cost and expense, with our instructions. Our only obligation if this happens will be to reimburse you for your reasonable documented expenses of compliance, such as changing signs, stationery, etc.; provided the same are approved by us in writing in advance in writing. You waive, to the fullest extent permitted by law, any other claim arising from or relating to any Proprietary Mark change, modification or substitution. We will not be liable to you for any expenses, losses or damages sustained by you as a result of any Proprietary Mark addition, modification, substitution or discontinuation except as expressly provided above in this Section. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages. There is no limit on our ability to make or frequency of making any additions, modifications, substitutions or discontinuations of the Proprietary Marks.

17. RELATIONSHIP OF THE PARTIES

17.01 Independent Contractor

You understand and agree that you are, and the relationship between us is that of, an independent contractor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. None of your employees will be considered to be our employees for any purpose, and we will not be considered a joint employer with respect to your employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. You are responsible for paying all wages, benefits and other compensation to your employees. We will not have the power to hire, fire or discipline your employees or dictate any of the terms and conditions of their employment. You will exclusively assign work responsibilities to your employees and direct and control their conduct and activities.

In addition to Royalty Fees, we have the right to collect from you the cost of all income taxes, sales taxes and other taxes arising as a result of our licensing of intellectual property to you in the state where your Shop Location is located, as well as any assessment on the Royalty Fees, Advertising Contributions and any other income we receive from you. This fee is payable monthly with the Royalty fees and will only be imposed if the applicable state or municipality collects these taxes or assessments.

You may not, without our prior written approval, have any power to obligate us for any expenses, liabilities or other obligations, other than as specifically provided for in this Agreement. Except as expressly provided in this Agreement, we may not control or have access to your funds or the expenditure of your funds or in any other way exercise dominion or control over your Business. Except as otherwise expressly authorized by this Agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us and you is other than

that of franchisor and franchisee. We do not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you. We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the Franchised Business or Shop Location.

You agree to conspicuously identify yourself, your Franchised Business and your Shop Location – in all dealings with your customers, contractors, suppliers, public officials and others – as our independent franchisee. You agree to place this notice of independent ownership on all forms, business cards, stationery, advertising, signs and other materials in the fashion that we may specify and require from time to time, in our Manual or otherwise.

18. DEFAULT AND TERMINATION

18.01 Termination By Us – Automatic Termination Without Notice

You will be in default of this Agreement, and all rights granted in this Agreement will immediately and automatically terminate and revert to us without notice to you, if: you, the Principal Owner or the Franchised Business or the business to which the franchise relates is adjudicated as bankrupt or insolvent; all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor; a petition in bankruptcy is filed by or against you or the franchised Business and is not immediately contested and/or dismissed within sixty days from filing; a bill in equity or other proceeding for the appointment of a receiver or other custodian of you, the Franchised Business or assets of either is filed and consented to by you; a receiver or other custodian (permanent or temporary) of all or part of your assets or property is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state or federal law are instituted by or against you or the Franchised Business; you are dissolved; execution is levied against you, the Franchised Business or your property; or, the real or personal property of the Franchised Business is sold after levy thereon by any governmental body or agency, sheriff, marshal or constable.

18.02 Termination By Us – No Opportunity To Cure

You will have materially breached this Agreement and we may, at our option, terminate this Agreement and all rights granted under this Agreement, without giving you any opportunity to cure the breach, effective immediately upon your receipt of notice (which, whether sent by certified mail, registered mail, overnight courier or personal physical delivery, will be deemed to have been received by you upon delivery or first attempted delivery of the notice to you) upon the occurrence of any of the following events:

1. You do not commence operation of the Franchised Business from the Shop Location within 120 days following the Effective Date; at any time cease to operate the Franchised Business; abandon the franchise relationship; or, abandon the franchise by failing to operate the Franchised Business for five consecutive days during which you are required to operate the Franchised Business under this Agreement (or any shorter period of time after which it is not unreasonable under the facts and circumstances for us to conclude that you do not intend to operate the Franchised Business).

2. You omitted or misrepresented any material fact in the information that you furnished to us in connection with our decision to enter into this Agreement.
3. We and you agree in writing to terminate this Agreement.
4. You do not secure a Shop Location for the Franchised Business within the time limits and following the procedures specified in Section 6 of this Agreement.
5. You lose the right to possession of the Shop Location, provided, however, that if the loss of possession results from the governmental exercise of the power of eminent domain, or if, through no fault of yours, the premises are damaged or destroyed, then you will have 30 days after this event to apply for our approval to relocate and reconstruct the premises in accordance with the applicable provisions of this Agreement. This approval may not be unreasonably withheld, but it will be reasonable for us to withhold approval if the franchised Business will not re-open within 180-240 days of the closing of the previous Shop Location.
6. You (or any principal of a Business Entity, partnership, proprietorship or other entity franchisee) are convicted of a felony, fraud, crime involving dishonesty or moral turpitude, or any other crime or offense which we reasonably believe is related to your operation of the Franchised Business or your continued fitness to operate the Franchised Business, or is likely to have an adverse effect on the Jreck Subs System, the Proprietary Marks, the goodwill associated with the Proprietary Marks or our interest in the System or Proprietary Marks.
7. A threat or danger to public health or safety results from your continued operation of the Franchised Business or Shop Location.
8. You (or any principal of a Business Entity, partnership, proprietorship or other entity franchisee) purport to transfer any rights or obligations under this Agreement, any interest in you, the Franchised Business or the Shop Location to any third party in violation of the terms of this Agreement.
9. You do not comply with any of the covenants not to compete during the term of this Agreement; violate the restrictions pertaining to the use and disclosure of Confidential Information contained in this Agreement; or, do not obtain the execution of the additional covenants required in Article 13 of this Agreement.
10. Before the commencement of operations of the Franchised Business, we determine that your Principal Owner or your Shop Manager has failed to attend or successfully complete our Initial Training Program.
11. You conceal revenues; knowingly maintain false books or records; falsify information or otherwise defraud or make false representations to us; or, knowingly submit any substantially false report to us.
12. You do not maintain the financial and bookkeeping records required under this Agreement.
13. We cause an audit to be made for any period and the Gross Sales as shown by your weekly statements submitted to us are found to be understated by 5% or more for any week within the period of examination, or for the entire period of examination.
14. You refuse us permission to inspect, or to conduct an operational and/or financial audit of, your Franchised Business, Shop Location, books, records, and other documents pursuant to our right to do so set forth in Sections 8.17 and 11.02.

15. You take, withhold, misdirect or appropriate for your own use any funds withheld from your employees' wages which should have been set aside for the Franchised Business's employees' taxes, FICA, insurance or benefits; wrongfully take or appropriate for your own use our property or funds; systemically fail to deal fairly and honestly with your employees or customers; or knowingly permit or, having discovered the facts, fail to take any action against or to discharge any agent, servant or employee who has embezzled our funds or property or that of any customers or others.
16. You fail to collect and timely remit and make all filings with respect to sales and other taxes.
17. After curing a default pursuant to Section 18.03, you commit the same act of default again.
18. You make a willful misrepresentation or do not make a material disclosure required by any governmental authority regarding any matter involving or affecting the operations of your Franchised Business.
19. You interfere or attempt to interfere with our contractual relations with other franchisees, customers, employees, advertising agencies or any third parties.
20. You interfere or attempt to interfere with our ability or right to franchise or license others to use and employ our Proprietary Marks and System or you make any use of the Proprietary Marks not authorized under this Agreement.
21. Any default under this Agreement which materially impairs the goodwill associated with our Proprietary Marks.
22. You do not comply, for a period of ten days after notification of non-compliance by us or any governmental authority, with any federal, state or local law or regulation applicable to the operation of the Franchised Business or Shop Location.
23. You fail on three or more separate occasions within any period of twelve consecutive months to submit when due reports or information, to pay when due any amounts due in connection with the Franchised Business, including, but not limited to, Royalty Fees, Advertising Contributions, bookkeeping or accounting fees, rent, amounts due to purchases from us, all whether or not such failures to comply are corrected after notice is delivered to you.
24. You fail, refuse or neglect to obtain our prior written approval where such approval or consent is required by this Agreement (or any related agreement).
25. You offer or sell as part of your Franchised Business any unapproved program, service or product, or do not continue offering and selling all programs, services and products which are a part of the Jreck Subs System, or do not use and disseminate (as applicable) all materials, notices and procedures specified by us.
26. You use or duplicate any aspect of our System, Confidential Information, services, programs or products in an unauthorized fashion.
27. You do not devote the amount of your time and attention and best efforts to the performance of your duties under this Agreement necessary for the proper and effective operation of the Franchised Business.
28. You do not maintain at all times adequate reserves and working capital in the form of cash deposits and/or lines of credit sufficient for you to fully and faithfully fulfill all of your obligations under this Agreement and to cover the risks and contingencies of the Franchised Business for at least three months.

29. You do not keep your trade accounts current or make the immediate repayment(s) to us for any amounts advanced by us on your behalf, as specified in Section 8.23.
30. You do not purchase or maintain any insurance required by this Agreement.
31. Following your death or Disability (or, if you are an entity, the death or Disability of your last surviving principal, partner or shareholder), continued operation of the Franchised Business or an approved assignment/sale is not effectuated within the time specified in Section 15.05.

18.03 Termination By Us – Fifteen Days To Cure

Except as provided above, you will have fifteen calendar days after we furnish you with a written notice of default in accordance with the terms of Section 28.01 of this Agreement to remedy any default under this Agreement (or, if the default cannot reasonably be cured within this period, to initiate action to cure the default within that time) to our reasonable satisfaction, and to provide us with evidence that you have done so. If you have not cured any default within that time (or, if appropriate, you have not initiated action to cure the default within that time) or any longer period that applicable law may require, this Agreement will terminate immediately upon expiration of the fifteen day period, or any longer period required by applicable law.

You will be in default of this Agreement for any failure to substantially comply with any of the requirements imposed upon you by this Agreement, as it may from time to time be supplemented by our Manual and all Supplements to the Manual, or otherwise, or to carry out the terms of this Agreement in good faith. These defaults include, without limitation, the following events:

1. You make any false statements in connection with any reports or other information required to be submitted to us.
2. You do not maintain any of the standards or follow any of the procedures prescribed by us in this Agreement, our Manual or other written notice.
3. You engage in any business or market any service or product under a name or mark which, in our opinion, is confusingly similar to our Proprietary Marks.
4. You do not pay employee taxes when due or do not pay any obligations to any third parties which may result in liability to us.
5. You violate the restrictions pertaining to advertising or do not participate in the programs related to advertising and sales promotion set forth in Section 10 of this Agreement.
6. You do not indemnify us as required by this Agreement.
7. By act or omission, you permit a continued violation in connection with the operation of the Franchised Business of any law, ordinance, rule or regulation of a governmental agency, in the absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administrative or judicial forum for relief.
8. You default under any agreement between you and the lessor of the Shop Location, and the default is not cured within the period required in your Lease.
9. You engage in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchised Business, the Shop Location, us or the Jreck Subs System.

10. You do not maintain and operate your Franchised Business and Shop Location in a good, clean and sound manner, in strict compliance with our standards of quality, cleanliness and maintenance (which standards may be changed or modified from time to time in our Manual or otherwise).
11. You do not operate the Business during the days and hours we specify in this Agreement, in our Manual or otherwise.
12. You do not make timely payments on any obligation to us or with respect to any amount due and owing to us.
13. You do not employ and train a successor or replacement Shop Manager, as required by Section 8.07.
14. You sell any menu items, product, merchandise or services that we have not authorized in writing.
15. You use ingredients in the preparation of the food products that we have not authorized in writing.
16. You make purchases from a supplier that has not been designated or approved by us in writing.
17. You engage in “gray marketing activities,” defined as any unauthorized purchase or sale of any trademarked products outside of authorized channels or of any illegal, adulterated or counterfeit products.
18. You engage in e-commerce activities without our written approval.
19. You fail to procure any required licenses, permits or certification.
20. You fail to promptly begin the design, construction, equipping and opening of the Shop Location with proper diligence.
21. You breach the provisions of Section 10.01 relating to advertising standards.
22. You do not comply with any other lawful provision or requirement of this Agreement or any specification, standard or operating procedure prescribed by us pursuant to this Agreement.

18.04 Your Failure To Pay

Your failure to make payments of any Royalty Fees, Advertising Contributions or other money due and owing to us, after you receive notice of the default from us granting an opportunity to cure, will be considered your willful and wrongful breach and default under this Agreement and your decision to reject and wrongfully and without authority terminate this Agreement and all related agreements between you and us or our Affiliates.

18.05 Cross Default

Any default or breach by you (or any of your affiliates) of any other agreement between us or our Affiliates and you (or any of your affiliates) will be deemed a default under this Agreement, and any default or breach of this Agreement by you will be deemed a default or breach under any and all other agreements between us or our Affiliates and you (or any of your affiliates). If the nature of the default under any other agreement would have permitted us (or our Affiliate) to terminate this Agreement if the default had occurred under this Agreement, then we will have the right to

terminate all the other agreements between us or our Affiliates and you (or any of your affiliates) in the same manner provided for in this Agreement for termination of this Agreement. Your “affiliates” include any persons or entities controlling, controlled by, or under common control with you.

18.06 Notice Required By Law

If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits our rights of termination under this Agreement or requires longer notice or cure periods than those set forth above, then this Agreement will be considered modified to conform to the minimum notice, cure periods or restrictions upon termination required by the laws and regulations. We will not, however, be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, proceeding, hearing or dispute relating to this Agreement or the termination of this Agreement.

18.07 Termination By You

You may only terminate this Agreement if it is terminated by operation of law.

19. FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES ON TERMINATION OR EXPIRATION

19.01 Further Obligations And Rights On Termination Or Expiration

If this Agreement expires or terminates for any reason or is assigned by you, you will cease to be an authorized system franchisee and you will immediately lose all rights to the use of our Proprietary Marks, the Jreck Subs System, all Confidential Information and know-how owned by us and any goodwill (including "local" goodwill) engendered by the use of our Proprietary Marks and/or attributed to your conduct of the Franchised Business.

Upon expiration or earlier termination of this Agreement for whatever reason, you agree to:

1. Pay all Royalty Fees, Advertising Contributions and other fees and sums due and owing to us or our Affiliates, plus interest, and all sums due and owing to any landlord, employees, taxing authorities, advertising agencies and all other third parties within fifteen days after the effective date of termination or expiration of the franchise.
2. Immediately discontinue the use of the Proprietary Marks, and not operate or do business under any name or in any manner which might tend to give the general public the impression that you are operating a Jreck Subs Business, or any similar business. You may not use, in any manner or for any purpose, directly or indirectly, any of our Confidential Information, trade secrets, procedures, forms, techniques, know-how or materials acquired by you by virtue of the relationship established by this Agreement, including (without limitation): franchise services, products and programs; specifications or descriptions of our services and products; Customer Data, employees and independent contractors; our Manual and any Supplements to it; forms, advertising matter, marks, devices, signs, insignia, slogans and designs used in connection with the Franchised Business or Shop Location; telephone numbers listed in any telephone directory under any of the Proprietary Marks licensed under this Agreement or any similar designation or directory listings relating to the Franchised

Business; and, the systems, procedures, techniques, criteria, concepts, designs, advertising and promotion techniques, specifications, and all other components, specifications and standards, which comprise (or in the future may comprise) a part of the Jreck Subs System. You must not identify yourself to third parties as a former franchisee of ours.

3. Take all necessary action to cancel any assumed name or equivalent registration which contains the Proprietary Mark "Jreck Subs," "Jreck Subs Shops," or any other Proprietary Mark of ours, or any variant, within fifteen days following termination or expiration of this Agreement. If you fail or refuse to do so, we may, in your name, on your behalf and at your expense, execute all documents necessary to cause discontinuance of your use of the name "Jreck Subs," or any related name used under this Agreement. You irrevocably appoint us as your attorney-in-fact to do so.
4. Upon any termination of this Agreement by us due to your default, we will have the right immediately to enter and take possession of your Shop Location to maintain continuous operation of the previously-franchised business, provide for orderly change of management and disposition of personal property, and otherwise protect our interests. If you dispute the validity of our termination of the franchise, we will nevertheless have the option (which you irrevocably grant) to operate the business pending the final, unappealed determination of the dispute by a court of competent jurisdiction. If a court of competent jurisdiction makes a final, unappealed determination that the termination was not valid, we agree to make a full and complete accounting for the period during which it operated the previously-franchised business.
5. If we terminate because of your default or a terminate under Section 18.04, pay us all losses and expenses we incur as a result of the default or termination, including all damages, costs, and expenses, and reasonable attorneys' and experts' fees directly or indirectly related thereto, such as (without limitation) lost profits, lost opportunities, damage inuring to our Proprietary Marks and reputation, travel and personnel costs and the cost of securing a new Jreck Subs Business for your former- Territory. This obligation will give rise to and remain, until paid in full, a lien in our favor against any and all of assets, property, furnishings, equipment, signs, fixtures and inventory owned by you or the Franchised Business at the time of termination and against any of your money which we are holding or which is otherwise in our possession.
6. Immediately deliver to us all of the training or other manuals furnished to you (including the Manual and Supplements to the Manual), computer software and database material, Customer Data, records and files, documents, instructions, display items, advertising and promotional material, any and all materials, signs and related items which bear our Proprietary Marks or slogans or insignias or designs, advertising contracts, forms and other materials or property of ours, and any copies of them in your possession which relate to the operation of the Franchised Business. You may retain no copy or record of any of these items, except for your copy of this Agreement, any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law. You agree that the foregoing items, materials, lists, files, software and other similar items will be considered to be our property for all purposes and shall remain subject to your confidentiality obligations which survive the termination of this Agreement.
7. Immediately execute all agreements necessary to effectuate the termination in a prompt and timely manner.
8. Cease using the telephone numbers listed in the Yellow Pages and White Pages of any telephone directories under the name "Jreck Subs Shops" or any other confusingly similar

name and, upon our written demand, direct the telephone company to transfer the telephone numbers listed for the Franchised Business or Shop Location in the Yellow Pages and White Pages to us or to any other person and location that we direct. If you do not promptly direct the telephone company to do so, you irrevocably appoint us as your attorney-in-fact to direct the telephone company to do so.

9. Cease using the e-mail address, Website and social media accounts (to the extent use of any of the same was required or permitted by us) or any other confusingly similar address, Website or account and, upon our written demand, direct the registrars to transfer the same to us or to any other person and location that we direct. If you do not promptly direct such registrars to do so, you irrevocably appoint us as your attorney-in-fact to direct the registrars to do so.
10. Strictly comply with the post-termination/post-expiration covenants not to compete and not to solicit set forth in Article 13 of this Agreement.
11. Continue to abide by those restrictions pertaining to the use of our Confidential Information, trade secrets and know-how set forth in Article 12 of this Agreement.
12. Assign all accounts receivable to us for collection. You appoint us as attorney-in-fact to engage in collection activities following the termination or expiration of this Agreement. You agree to refrain from engaging in any collection activities upon termination or expiration. We agree to employ our commercially reasonable efforts to collect the accounts receivable, including, where appropriate in our judgment, the commencement of appropriate arbitration or litigation proceedings. Except as set forth above, we will have no duty or obligation to collect these accounts receivable. If all or a portion of the accounts receivable are not collected by us, you, to the fullest extent permitted by law, release and waive any claim to them against us. If we are successful in collecting all or a part of the accounts receivable, we agree to remit to you the sums collected after deducting all money owed to us or to our Affiliates; the pro rata cost of serving the customers with respect to whom the receivable is collected; and, our reasonable costs of collection.
13. Immediately refrain from engaging in any contacts with customers or otherwise use any Customer Data.
14. Immediately surrender to us all computer software, data storage disks or tapes and other electronic media used in the operation of the Franchised Business, printouts, and other information pertaining to computer operations, codes, procedures and programming. You agree not to destroy, damage, hide or take any steps to prevent us from obtaining any information which you had stored in the computer system of the Franchised Business. You agree not to retain any printouts, disks or tapes containing any of the programs or data stored in the computer system.
15. If we elect not to assume possession of the Shop Location and/or elect not to exercise our option under Article 20 below, then promptly upon termination or expiration, you agree to perform all reasonable redecoration and remodeling of the Shop as we consider necessary in our reasonable judgment to distinguish the Shop from a Jreck Subs Business.

19.02 No Prejudice

The expiration or termination of this Agreement will be without prejudice to our rights against you, and will not relieve you of any of your obligations or liabilities to us at the time of expiration or termination, or terminate your obligations which by their nature survive the expiration or termination of this Agreement.

20. OUR OPTION TO PURCHASE UPON EXPIRATION OR TERMINATION

20.01 Option To Purchase Your Assets

1. Upon the termination or expiration of this Agreement for any reason, we, any of our Affiliates, and/or any nominee or designee we name are hereby granted an option, exercisable within 60 days after the expiration or termination becomes effective, to purchase as soon as practicable thereafter (including any period necessary for the obtaining of governmental approvals and consents of the concerned lessor(s)) all of your operating assets relating to the Franchised Business. The date on which such purchase is closed will be referred to as the "Closing Date". The following terms and conditions will apply to the option granted by this Article 20:

In the event you own the Shop Location, you agree to grant us or our assignee a standard commercial lease for a term of 10 years, at a monthly rental rate in an amount equal to 6% of the monthly Gross Sales of the Shop Location, plus real estate taxes, insurance and assessments for the Shop Location. We will have the unrestricted right to assign our option to purchase your assets. We or our assignee will be entitled to all customary warranties and representations in connection with any asset purchase, including without limitation, representations and warranties as to ownership and condition of and title to assets, liens and encumbrances on the assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise.

If the Shop Location is in operation at the date of termination or expiration, then the purchase price for the assets of the Shop will be an amount equal to: (1) 30% of the reported net sales of the Shop Location during the 12 month period immediately preceding the date of exercise of this option to purchase if the net sales for such period are \$300,000.00 or less; or (2) 40% of the reported net sales of the Shop Location during the 12 month period immediately preceding the date of exercise of this option to purchase if the net sales for such period are greater than \$300,000.00 and less than \$500,000; or (3) 50% of the reported net sales of the Shop Location during the 12 month period immediately preceding the date of exercise of this option to purchase if the net sales for such period are greater than \$500,000.00.

If the Shop Location is not in operation at the date of termination or expiration, then the purchase price for the assets of the Franchised Business will be the Fair Market Value of the assets. For the purposes of this Agreement, "Fair Market Value" means depreciated book value or actual fair market value, whichever is less. If the parties cannot agree on a Fair Market Value within a reasonable time, you and we will each designate an independent appraiser, and these two appraisers will designate a third independent appraiser. The appraisers' determination will be binding. We and you must each pay 50% of the fees charged by the independent appraisers. We will have the right to set off our share of the cost of the appraisal against the purchase price of the assets.

The purchase price will be paid in cash at the closing of the purchase, which will take place no later than 90 days after receipt by you of our notice of exercise of this option to purchase, at which time you agree to deliver instruments transferring to us or our assignee: (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests approved by us or our assignee in writing), with all sales and other transfer taxes paid by you; (b) all licenses of the Franchised Business or permits which may be assigned or transferred; and (c) if applicable, a sublease or lease (or assignment) for the Shop Location. In the event that you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. We will have the right to set off against and reduce the purchase price by any and all amounts owed by you to us or our Affiliates. If we or our assignee exercise this option to purchase, pending the closing, we will have the right to appoint

a manager to maintain the operation of the Shop Location. Alternatively, we may require you to close the Shop Location during such time period without removing any assets. You must maintain in force all insurance policies required by Section 9.01 until the Closing Date.

You will convey to us (or our Affiliates, nominee or designee, as applicable) good and merchantable, full, legal, equitable and beneficial title to all of the foregoing assets by means of appropriate deeds, bills of sale and assignments containing warranties of good and marketable title. We (or our Affiliate, nominee or designee, as applicable) will have the right at our option, but no obligation, to assume any liabilities encumbering the assets sold under the provisions of this Article or any of the liabilities for which it would otherwise be indemnified by you pursuant to Section 8.14 of this Agreement, and reduce the consideration payable to you accordingly. You will pay all transfer taxes and recording fees, if any.

All rents, interest, assessments, taxes and other charges or royalties related to the assets to be conveyed, the payment period of which began before the Closing Date, will be prorated to the Closing Date on the basis of the most recent rates available, and the prorated amount added to or subtracted from, as the case may be, the consideration payable to you.

If any of the purchase options described in this Article 20 are exercised by us (or our Affiliate, nominee or designee, as applicable) and involve the purchase of real estate, you agree to execute, and agrees to cause all shareholders or partners necessary or desirable to enter into, any agreements that we consider necessary in order to ensure that the real estate sales obligations described in this Article are binding upon you.

You agree to use your best efforts to assist us (or our Affiliate, nominee or designee, as applicable) in obtaining any government or other approvals or consents necessary to carry out the terms and intent of this Article 20.

Prior to our decision whether to exercise any of the purchase options described in this Article 20 and, if exercised by us, until the Closing Date, you agree not to remove from the Shop Location any assets of, used by or relating to the Franchised Business or take any actions which would impair their value and/or ability to be used.

21. UNAVOIDABLE DELAY OR FAILURE TO PERFORM (FORCE MAJEURE)

21.01 Unavoidable Delay Or Failure To Perform (Force Majeure)

Any delay in your performance of any duties under this Agreement, or any non-performance of such duties, other than your payment of money to us as and when due, that is not your fault or within your reasonable control – including, but not limited to, fire; floods, natural disasters; Acts of God; war; civil commotion; any governmental act or regulation; strikes; and any other similar event beyond such party's control, will not constitute a breach or cause a default under this Agreement, provided, however, that you will take all steps reasonably possible to mitigate damages caused by such failure or delay. Notwithstanding the foregoing, if any such failure or delay continues for more than 90 days, we will have the right at any time thereafter during the continuance of such failure or delay to terminate this Agreement upon 30 days advance written notice to you.

22. WAIVER AND DELAY

22.01 Waiver and Delay

No waiver or delay in either party's enforcement of any breach of any term, covenant or condition of this Agreement will be construed as a waiver by that party of any preceding or succeeding breach, or any other term, covenant or condition of this Agreement. No waiver shall be effective unless made in writing and signed by the party waiving its rights. Without limiting any of the foregoing, the acceptance of any payment specified to be paid by you under this Agreement will not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Agreement.

23. NOTICE OF OUR ALLEGED BREACH

23.01 Notice Of Our Alleged Breach

You agree to give us immediate written notice of any alleged breach or violation of this Agreement after you have constructive or actual knowledge of, believe, determine or are of the opinion that there has been an alleged breach of this Agreement by us, including any acts of misfeasance or nonfeasance. If you do not give written notice to us of any alleged breach of this Agreement within six months from the date that you have knowledge of, believe, determine or are of the opinion that there has been an alleged breach by us, then our alleged breach will be considered to be condoned, approved and waived by you and will not be considered to be a breach of this Agreement by us, and you will be permanently barred from commencing any action, whether in arbitration or in litigation, against us for the alleged breach or violation. You acknowledge and agree to the foregoing, which constitutes an agreement to shorten the statute of limitations applicable to when you are able to commence an action or make a claim against us.

24. OUR RIGHTS TO CURE DEFAULTS

24.01 Our Rights To Cure Defaults

In addition to all other remedies granted pursuant to this Agreement, if you default in the performance of any of your obligations, or breach any term or condition of this Agreement or any related agreement, then we may, at our election, but are not obligated to, immediately or at any time thereafter, without waiving any claim for breach under this Agreement and without notice to you, cure the default on your behalf. Our cost of curing the default and all related expenses will be due and payable by you on demand.

25. OUR WITHHOLDING OF CONSENT - YOUR EXCLUSIVE REMEDY

25.01 Our Withholding Of Consent - Your Exclusive Remedy

In no event may you make any claim for money damages based on any claim or assertion that we have unreasonably withheld or delayed any consent or approval to a proposed act by you under the terms of this Agreement. You, to the fullest extent permitted by law, waive any such claim for damages. You may not claim any such damages by way of set-off, counterclaim or defense. Your sole remedy for the claim will be an action or proceeding to enforce the Agreement provisions, for specific performance or for declaratory judgment.

26. INJUNCTION

26.01 Injunction

You explicitly affirm and recognize the unique value and secondary meaning attached to the Jreck Subs System and the Proprietary Marks. Accordingly, you agree that any non-compliance by you with the terms of this Agreement, or any unauthorized or improper use of the Jreck Subs System or the Proprietary Marks by you, will cause irreparable damage to us and other franchisees. You therefore agree that if you engage in (or threaten to engage in) this non-compliance or unauthorized and/or improper use of the Jreck Subs System or Proprietary Marks during or after the period of this Agreement, we will be entitled to both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law, and without posting a bond or proving actual damages. You consent to the entry of these temporary and permanent injunctions.

27. INTEGRATION OF AGREEMENT

27.01 Integration Of Agreement

This Agreement, all Exhibits to this Agreement and all ancillary and related agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements; provided, however, that nothing in this sentence is intended to disclaim the representations we made in the FDD that we provided to you. You acknowledge that you are entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of your own independent investigation of the Franchised Business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors or franchisees which are contrary to the terms set forth in this Agreement or of any prospectus, disclosure document or other similar document required or permitted to be given to you pursuant to applicable law.

27.02 No Oral Modification

This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties. You expressly acknowledge that no oral promises or declarations were made to you and that our obligations are confined exclusively to the terms in this Agreement. You understand and assume the business risks inherent in this enterprise and understand that your success will be fully dependent on your own skills, efforts, abilities and business acumen.

28. NOTICES

28.01 Notices

Any notice required or permitted to be given under this Agreement must be in writing; must be delivered to the other party personally, by certified mail (and return receipt requested, postage prepaid), by documented overnight delivery with a reputable carrier; and, will be deemed so delivered by hand one business day after transmission or other electronic system if the sender has confirmation of successful transmission, one business day after being placed in the hands of a commercial courier service for next business day delivery, or three business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage

prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Notwithstanding anything to the contrary in this Section, all changes and/or updates to the Manual may be provided solely by electronic means. All payments and reports required by this Agreement must be directed to us at the address notified to you from time to time or to such other persons and places as we may direct from time to time. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least two days before then) shall be deemed delinquent. Any notice to us will be addressed to us at:

Fresh Start Franchising, Inc.
215 Washington Street
Suite 215
Watertown, New York 13601
Attention: Matthew Darrah

With a copy to:
Bond, Schoeneck & King, PLLC
One Lincoln Center
Syracuse, New York 13202
Attention: Roderick C. McDonald, Esq.

Any notice to you will be addressed to you at:

Attention: _____

Either party to this Agreement may, in writing, on ten days' notice, inform the other of a new or changed address or addressee(s) to which notices under this Agreement should be sent.

29. MISCELLANEOUS

29.01 Execution, Construction and Interpretation; Further Acts

A. This Agreement may be executed in multiple counterparts, each of which will be considered an original and all of which together will constitute one and the same instrument. Facsimile and/or electronic execution signatures will be considered as binding and conclusive as if original and may be used in lieu of the original for all purposes, provided, however, that any party so executing must use all commercially reasonable efforts to furnish to the other party(ies) the originally executed document(s) at the earliest opportunity.

B. The titles and subtitles of the various articles and sections of this Agreement are inserted for convenience and will not affect the meaning or construction of any of the terms, provisions, covenants and conditions of this Agreement. The language of this Agreement will in all cases be construed simply according to its fair and plain meaning and not strictly for or against us or you.

C. It is agreed that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning which renders it valid.

D. The parties agree to execute all other documents and perform all further acts necessary or desirable to carry out the purposes of this Agreement.

E. Each reference in this Agreement to a corporation or partnership will also refer to a limited liability company, general or limited partnership, and any other entity or similar organization. Each reference to the organizational documents, shareholders, directors, officers and stock of a corporation in this Agreement will also refer to the functional equivalents of the organizational documents, shareholders, directors, officers and voting and/or equity rights, as applicable, in the case of a limited liability company, general partnership, limited partnership or any other entity or similar organization (this specifically includes members and managers, general and limited partners, membership interests and general and limited partnership interests).

29.02 Severability

Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation required to be made applicable to this Agreement, the latter will prevail, but the affected provision of this Agreement will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. If any article, section, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable, and the parties agree to be bound by and perform this Agreement as so modified.

30. ARBITRATION; COSTS OF ENFORCEMENT; ATTORNEYS' FEES; GOVERNING LAW; ARBITRATION VENUE

30.01 Arbitration

Except as otherwise specified in this Agreement, the parties agree that all controversies, disputes or claims where the amount in dispute is \$100,000 or less, arising between us and you in connection with, arising from, or with respect to this Agreement, any related agreement, the franchise granted under this Agreement, the relations between the parties, the Franchised Business or the Shop Location, will be submitted for arbitration to the American Arbitration Association (the "AAA") or any successor thereto, and will be conducted in accordance with the then-current Commercial Arbitration Rules of the AAA or any successor thereto. All matters relating to arbitration will be governed by the Federal Arbitration Act and not by any state arbitration law. We on the one hand and you on the other hand will each select one arbitrator (who may not be counsel for the party), and the two arbitrators so designated will select a third arbitrator. If either we or you fail to designate an arbitrator within seven days after the demand for arbitration is filed with the AAA and received by the opposing party, or if the two arbitrators fail to select a third arbitrator within 14 days after arbitration is requested, then an

arbitrator will be selected by the AAA (or any successor thereto) upon application of either party. The parties desire that at least one arbitrator be an attorney familiar with franchising matters; therefore, if neither of the first two arbitrators is such an attorney, then the third arbitrator named by the first two arbitrators or the AAA (as applicable) will be an attorney familiar with franchising matters. The parties agree to split equally the costs of the arbitration, including the arbitrators' fees and expenses; provided, however, that each party will pay its own travel and lodging costs, attorneys' fees, accountants' fees and experts' fees.

The Federal Rules of Evidence will apply to any arbitration proceeding conducted under this Agreement. The arbitrators will not have the authority or right to add to, delete, amend or modify in any manner the provisions of the Federal Rules of Evidence or the arbitration provisions of this Agreement. In rendering any interlocutory or final decision, the arbitrators will strictly observe the substantive body of law of the State of New York without recourse to New York choice of law or conflicts of law principles. All testimony offered at any arbitration proceeding under this Agreement must be given under oath. No affidavits may be submitted into evidence unless and until the other party(ies) has had the opportunity to cross-examine the affiant under oath and on a transcribed record, or otherwise consents. All arbitration proceedings pursuant to this Agreement will be recorded, or taken down by a stenographer and transcribed, or both, for the purpose of obtaining subsequent review. You and we agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. You and we further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules Of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not so submitted or filed will be forever barred. Each arbitration decision rendered under this Agreement must be in writing; must individually address and dispose of each claim and the relief granted; must set forth a recital of facts and a legal analysis and the resulting rendition of the award relating to each such claim (if any); and, must, in general, be specific regarding the reasons underlying any and all determinations, awards or conclusions, including all principles of law applied.

The arbitrators will not have the authority or right to add to, delete, amend or modify the provisions of this Agreement or any agreement ancillary hereto. All findings, decisions and awards of the arbitrators will be limited to the dispute(s) set forth in the written demand for arbitration, and the arbitrators will not have the authority to decide any other issues. The arbitrators may not under any circumstance: (i) stay the effectiveness of any pending termination; (ii) assess punitive, speculative, or exemplary damages; (iii) make any award which extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business performance set by us in good faith; (iv) compel us to grant an additional license(s) to you for a claimed wrong; or, (v) to otherwise award any relief other than money damages and prohibitive injunctive relief (specifically excluding affirmative injunctive relief).

No findings, conclusions, orders or awards emanating from any arbitration proceeding conducted under this Agreement may be introduced, referred to or used in any subsequent or other arbitration proceeding as a precedent; to collaterally estop any party from advancing any claim, defense or from raising any like or similar issues; or, for any other purpose whatsoever. The parties especially agree that the principles of collateral estoppel will not apply in any arbitration proceeding conducted under this Agreement.

Any arbitration will be brought on an individual, and not a class-wide basis; provided, however, that we will have the right to petition the arbitrators to consolidate this proceeding with any previously filed pending arbitration proceeding, and the arbitrators will consolidate such proceedings if they determine that the proceedings involve common issues of law and fact that predominate over any questions solely affecting the individual licensees, and such consolidation

will not materially delay or cause undue hardship to the licensees who are parties to the already pending proceeding.

Except as and to the extent expressly provided by law, you agree to maintain all aspects of the arbitration proceeding in confidence, and not to disclose any information about the proceeding to any third party other than legal counsel, who you agree to require to maintain the confidentiality thereof.

Notwithstanding the foregoing, the following disputes and controversies between us and you will not be subject to arbitration: (i) any dispute involving the Proprietary Marks; (ii) any dispute involving immediate termination of this Agreement; (iii) any dispute involving enforcement of the confidentiality provisions of this Agreement; (iv) any dispute involving enforcement of the covenants not to compete and not to solicit set forth in this Agreement; and (v) any judicial proceeding in equity seeking temporary restraining orders, preliminary injunctions or other interlocutory relief.

30.02 Costs Of Enforcement

We will be entitled to recover from you reasonable attorneys' fees, experts' fees, arbitrators' fees, court costs and all other expenses of arbitration or litigation, if we prevail in any arbitration or action instituted against you to secure or protect our rights under this Agreement, or to enforce the terms of this Agreement, or in any arbitration or action commenced or joined in by you against us.

30.03 Attorney's Fees

If we become a party to any action or proceeding arising out of or relating to this Agreement, any and all related agreements, the Franchised Business or the Shop Location; as a result of any claimed or actual act, error or omission of yours (and/or any of your officers, directors, shareholders, management, employees, contractors and/or representatives) or the Franchised Business; by virtue of statutory, "vicarious", "principal/agent" or other liabilities imposed on us as a result of our status as your franchisor; or if we become a party to any litigation or any insolvency proceeding involving you pursuant to any bankruptcy or insolvency code (including any adversary proceedings in conjunction with bankruptcy or insolvency proceedings), then you, without limitation of any other rights or remedies we have under this Agreement or at law or in equity, will be liable to, and must promptly reimburse us for, the reasonable attorneys' fees, experts' fees, court costs, travel and lodging costs and all other expenses we incur in such action or proceeding regardless of whether such action or proceeding proceeds to judgment. In addition, we will be entitled to add all costs of collection, interest, attorneys' fees and experts' fees to our proof of claim in any insolvency or bankruptcy proceeding you file.

30.04 Governing Law

All matters relating to arbitration will be governed by the federal arbitration act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the federal arbitration act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.) or other federal law, this Agreement; all relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, is to be exclusively construed in accordance with and/or governed by (as applicable) the laws of the State of New York, without regard to its conflict of laws principles,

except that any New York law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section. This Section is not intended to invoke the application of any franchise, business opportunity, antitrust, “implied covenant”, unfair competition, fiduciary or any other doctrine of law of the State of New York or any other state which would not otherwise apply.

30.05 Venue

Subject to the provisions of Section 30.01, any litigation arising out of or related to this Agreement; any breach of this Agreement; the relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction within the geographic boundaries of Jefferson County, New York State. You agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in New York State. You hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

30.06 Punitive Damages

In no event will we be liable to you for punitive damages in any action or proceeding arising out of or relating to this Agreement; any breach, termination, cancellation or non-renewal of this Agreement; or, in any other action or proceeding whatsoever between the parties to this Agreement and/or any of their affiliates, except with respect to your obligation to indemnify us under Section 8.16 and claims we bring against you for your unauthorized use or disclosure of any Confidential Information. You hereby waive and covenant never to advance any such claim for punitive damages.

30.07 Recitals

The RECITALS set forth at the outset of this Agreement are hereby incorporated into and made a part of this Agreement.

30.08 Rights Of Parties Are Cumulative

The rights of the parties under this Agreement are cumulative, and no exercise or enforcement by a party of any right or remedy under this Agreement will preclude the exercise or enforcement by such party of any other right or remedy under this Agreement which such party is entitled by law to enforce.

32. LIABILITY OF “FRANCHISEE”; GUARANTEE

31.01 Liability of “Franchisee”; Guarantee

The terms "Franchisee" and "you" as used in this Agreement will refer to each person executing this Agreement as Franchisee, whether that person is one of the spouses, partners, proprietors, shareholders, equity holders, trustees, trustors or beneficiaries or persons named as included in you, and will apply to each of these persons as if he/she were the only named Franchisee in this Agreement. If you are a married couple, both husband and wife executing this Agreement will be liable for all your obligations and duties as Franchisee under this Agreement as if the spouse were the sole Franchisee under this Agreement. If you are a partnership or proprietorship, or if more than one person executes this Agreement as Franchisee, each partner, proprietor or person executing this Agreement will be liable for all obligations and duties of Franchisee under this Agreement. If you are a trust, each trustee, grantor and beneficiary signing this Agreement will be liable for all the obligations and duties of Franchisee under this Agreement. If you are a Business Entity, all shareholders and equity holders executing this Agreement will be liable for all obligations and duties of Franchisee under this Agreement as if each shareholder and equity holder were the sole Franchisee under this Agreement.

All partners, proprietors, shareholders, trustees, trustors or beneficiaries or persons named as included in you must be citizens of the United States or legal resident aliens.

If you are an entity, the following persons must, concurrently with the execution of this Agreement, execute the Guarantee, pursuant to which these individuals personally guarantee all your obligations and duties: (i) if you are a Business Entity, all shareholders or members (as applicable) owning 5% or more of your issued and outstanding stock (or membership interests, as applicable) (at the same time as the execution of this Agreement or at such later time as they assume such status); (ii) if you are a partnership, all general partners owning a 5% or greater interest in you (at the same time as the execution of this Agreement or at such later time as they assume such status); and, (iii) if you are a limited partnership, the general partner and all shareholders owning a 5% or greater interest in the general partner (at the same time as the execution of this Agreement or at such later time as they assume such status).

If you are in breach or default under this Agreement, we may proceed directly against each such individual and/or entity without first proceeding against you and without proceeding against or naming in the suit any other such individuals and/or entities. Your obligations and those of each such individual and/or entity will be joint and several. Notice to or demand upon one such individual and/or entity will be considered notice to or demand upon you and all such individual and/or entities, and no notice or demand need be made to or upon all such individuals and/or entities. The cessation of or release from liability of you or any such individual and/or entity will not relieve any other individual and/or entity from liability under this Agreement, except to the extent that the breach or default has been remedied or money owed has been paid.

32. SURVIVAL

32.01 Survival

Any provision of this Agreement which imposes an obligation following the termination or expiration of this Agreement will survive the termination or expiration and will continue to be binding upon the parties to this Agreement. Without limiting the preceding, all provisions of this Agreement relating to confidentiality, non-competition, non-solicitation, indemnification and your personal guarantee shall survive any expiration or termination of this Agreement for any reason.

33. YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS

33.01 Your Representations

In addition to all other representations and warranties made by you in this Agreement, you represent and warrant to us, with the intention that we are relying thereon in entering into this Agreement that:

1. If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, then you are organized under the laws of the state of your principal place of business (or another state which you have identified to us) and is in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Franchised Business.
2. If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, you have all requisite corporate, company and/or partnership power and authority to execute, deliver, consummate and perform this Agreement (and all related agreements), and all necessary corporate, company and/or partnership proceedings have been duly taken to authorize the execution, delivery and performance of this Agreement (and all related agreements).
3. This Agreement has (and all related agreements have) been duly authorized, executed and delivered by you, includes your legal, valid and binding obligations, and will be binding and enforceable upon you and your successors and assigns in accordance with its terms when executed by both parties.
4. You do not have any material liabilities, adverse claims, commitments or obligations of any nature as of the Effective Date, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of your current financial statements, which you have furnished to us before your execution of this Agreement.
5. As of the Effective Date, there are no actions, suits, proceedings or investigations pending or, to your knowledge or the knowledge any of your officers, directors, principal shareholders, proprietors, partners or owners (as applicable) after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of your knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of your assets, properties, rights or business; your right to operate and use your assets, properties or rights to carry on your business; and/or which affects or could affect your right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

6. All your representations and warranties contained in this Agreement are complete, correct and accurate as of the Effective Date and will survive any termination or expiration of this Agreement.

33.02 Your Acknowledgments

In addition to all other acknowledgments made by you in this Agreement, you acknowledge, warrant and represent to us that:

1. No representation has been made by us (or any of our employees, agents or salespersons) and relied on by you as to the future or past income, expenses, sales volume or potential profitability, earnings or income of the Franchised Business, or any other Jreck Subs Business, other than the information provided in Item 19 of the FDD.
2. No representation or statement has been made by us (or any of our employees, agents or salespersons) and relied on by you regarding our anticipated income, earnings and growth or that of the Jreck Subs System, or the viability of the business opportunity being offered under this Agreement.
3. Before executing this Agreement, you have had the opportunity to contact all our existing franchisees.
4. You have had the opportunity to independently investigate, analyze and construe both the business opportunity being offered under this Agreement, and the terms and provisions of this Agreement, using the services of legal counsel, accountants or other advisers (if you so elect) of your own choosing. you have been advised to consult with your own advisers with respect to the legal, financial and other aspects of this Agreement, the Franchised Business, and the prospects for the Franchised Business. You have either consulted with these advisors or have deliberately declined to do so.
5. You have received from us a copy of the FDD, together with a copy of all proposed agreements relating to the sale of a Jreck Subs Business, at least 14 calendar days before signing this Agreement, or at least 14 calendar days before the payment by you to us of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement (or, if earlier, at the first personal meeting in New York), whichever first occurred.
6. No representation or statement has been made by us (or any of our employees, agents or salespersons) and relied on by you regarding your ability to procure any required license or permit that may be necessary to the offering of one or more of the services or products contemplated to be offered by the Franchised Business.
7. You have carefully considered the nature and extent of the restrictions upon you and the rights and remedies conferred upon you under this Agreement. Such restrictions, rights and remedies: (a) are reasonable, including, but not limited to, their term and geographic scope; (b) are designed to preclude competition which would be unfair to us; (c) are fully required to protect our legitimate business interests; and, do not confer benefits upon us that are disproportionate to your detriment.
8. The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on you, since you have other considerable skills, experience and education which afford you the opportunity to derive income from other endeavors.
9. You affirm that all information set forth in all applications, financial statements and submissions to us are true, complete and accurate in all respects, and you expressly

acknowledge that we are relying on the truthfulness, completeness and accuracy of this information.

34. SUBMISSION OF AGREEMENT

34.01 Submission Of Agreement

The submission of this Agreement to you does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by both us and you. Our date of execution will be considered the date of execution and Effective Date of this Agreement.

THIS AGREEMENT WILL NOT BE BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF OURS.

YOU ACKNOWLEDGE THAT NO REPRESENTATIONS OR PROMISES WERE MADE TO YOU OTHER THAN THOSE SET FORTH IN THE FDD, OR THAT IF ANY OTHER REPRESENTATIONS OR PROMISES WERE MADE TO YOU, YOU ARE NOT RELYING ON THEM.

YOU HAVE READ ALL OF THE FOREGOING AGREEMENT AND ACCEPT AND AGREE TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS OF THE FOREGOING AGREEMENT.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement, intending to be legally bound, as of the dates set forth below.

Dated: _____

FRANCHISEE:

Attest:

If a corporation or other entity:

Witness/Date

(Name of Corporation or Other Entity)

By: _____

Its: _____
(Title)

(Print Name)

If an individual:

(Signature)

(Print Name)

(Signature)

(Print Name)

Dated:_____

FRANCHISOR:

FRESH START FRANCHISING, INC.

Attest:

Witness/Date

By:_____

Its:_____
(Title)

(Print Name)

Exhibit A

Principal Proprietary Marks

1. "Jreck Subs"
2. "The Great New York State Sub"
3. "A Meal For Your Money, Not A Snack"
4. "Admiral J"
5. "JRECK" (stylized)
6. Schoolbus logo; and
7. "It's How You Spell Delicious".

Exhibit B

Territory

Exhibit C

Shop Location

Franchisee shall operate Franchisee's Business only at the following address:

Exhibit D

Shop Location Addendum

Fresh Start Franchising, Inc. (“Franchisor”) and _____ (“Franchisee”), have entered into a Franchise Agreement dated as of _____, (the “Franchise Agreement”) and desire to supplement its terms, as hereinafter set forth in this Shop Location Addendum (this “Addendum”). The defined terms in this Addendum (as indicated by the first letter of each word being capitalized) shall have the meaning set forth in the Franchise Agreement, unless otherwise defined herein.

The parties agree that the following site has been selected by Franchisee and approved by Franchisor as the Shop Location for Franchisee’s Business in accordance with Section 6.01 of the Franchise Agreement.

FRANCHISOR:

FRESH START FRANCHISING, INC.

By: _____

Title: _____

FRANCHISEE:

[NAME OF FRANCHISEE]

By: _____

Title: _____

Exhibit D

Ownership Attachment

The owners of the Franchisee are as follows, with each owning the corresponding percentage interest set forth following their respective name:

<u>NAME</u>	<u>PERCENTAGE INTEREST</u>
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

The Principal Owner is:_____.

Exhibit E

Confidentiality/Non-Competition Agreement

CONFIDENTIALITY / NON-COMPETITION AGREEMENT

This Confidentiality and Non-Competition Agreement (this “Agreement”) is entered into on _____, 20__ by and between Fresh Start Franchising, Inc. (“Franchisor”) and _____ (“You” or “Your”) and provides as follows:

NOW, THEREFORE, Franchisor and _____ (“Franchisee”) desire to enter into a Franchise Agreement of even date herewith (the “Franchise Agreement”). You are a shareholder, owner, member, director, manager, officer, partner of or hold a similar position with Franchisee (each, as applicable, “Your Position”). Based on Your Position, in order to induce Franchisor to enter into and execute the Franchise Agreement, you desire to enter into this Agreement to undertake certain confidentiality obligations and be bound by certain restrictive covenants. In consideration of the covenants and agreements of the parties set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Definitions. The following terms will have the following meanings:

(a) **“Invention(s)”** means discoveries, developments, concepts, designs, ideas, improvements, inventions and/or works of authorship (including, but not limited to, modifications and derivative works), whether or not patentable, copyrightable or otherwise legally protectable, and includes, but is not limited to, any new product, method, procedure, process, recipe, formulation, technique, use, composition or design of any kind, or any improvement thereon.

(b) **“Proprietary Information”** means information or material not generally known or available outside of Franchisor, held by Franchisor as a trade secret or proprietary in nature, or entrusted to the Franchisor by third parties. Proprietary Information includes, but is not limited to, Inventions, confidential knowledge, trade secrets, copyrights, product ideas, techniques, processes, recipes, formulas and/or any other information of any type relating to products, data, research, development, marketing, forecasts, sales, pricing, customers, employees, and/or cost or other financial data concerning any of the foregoing of the Franchisor and its operations. Proprietary Information may be contained in, among other things, oral statements and material such as email, drawings, samples, procedures, specifications, reports, studies, analyses, customer or supplier lists, budgets, cost or price lists, compilations or computer programs, or may be in the nature of unwritten knowledge or know-how, and may be in writing (or other recorded format) or oral.

(c) **“Company Documents”** means documents or other media that contain Proprietary Information or any other information concerning the business, operations or plans of the Franchisor, whether such documents have been prepared by You or others. Company Documents include, but are not limited to, email, drawings, photographs, charts, graphs, notebooks, customer lists, computer disks, tapes or printouts, audio or video recordings and other printed, typewritten or handwritten documents.

Section 2. Acknowledgement of License. You understand that pursuant to the Franchise Agreement, Franchisee will possess or have a license to use Proprietary Information which has commercial value in Franchisor’s businesses. You also understand that Franchisee will possess or have a license to use Proprietary Information of the Franchisor in connection with its operation of a franchised Jreck Subs Shop location.

Section 3. Acknowledgement of Access. You understand that You may have access to or have knowledge of Proprietary Information and Company Documents which are important to Franchisor's businesses.

Section 4. Acknowledgment of Trust. You understand and agree that Your Position creates a relationship of confidence and trust between You and Franchisee with respect to (a) all Proprietary Information; (b) all Company Documents; and (c) the confidential information of any other person or entity with which the Franchisee and/or Franchisor has a business relationship and is required by terms of an agreement with such entity or person to hold such information as confidential.

Section 5. Duty to Keep Confidential and Not Use. You shall at all times, both while holding Your Position and thereafter, keep in confidence and trust all Proprietary Information and Company Documents, and will not use or disclose any Proprietary Information and/or Company Documents, except in the performance of the duties and responsibilities of Your Position with Franchisee, without the prior written consent of Franchisor.

Section 6. Further Agreements. You hereby agree as follows:

(a) All Proprietary Information shall be the sole property of the Franchisor, including, but not limited to all trade secrets, patents, copyrights and other rights in connection therewith. You hereby assign to Franchisor, without any additional consideration, any rights You may presently have or You may acquire in any and all Proprietary Information.

(b) All Company Documents, whether or not pertaining to Proprietary Information, furnished to You by Franchisor or Franchisee, or produced by You or others in connection with Your Position, shall be and remain the sole property of the Franchisor. You shall return to Franchisee all Company Documents as and when requested by Franchisor. Even if not so requested, You shall promptly return to Franchisor all Company Documents upon the earlier of termination of the Franchise Agreement and termination of Your Position, for any reason. You will not take with You any Company Documents, material or property or any reproduction thereof upon such termination.

(c) During the term of Your Position, all Inventions that You conceive, reduce to practice, develop or have developed (in whole or in part, either alone or jointly with others) shall be the sole property of Franchisor to the maximum extent permitted by law, and Franchisor shall be the sole owner of all patents, copyrights, trademarks, trade secrets and other rights in connection therewith. You hereby assign, without any further consideration, to Franchisor any rights that You may have or acquire in such Inventions. You agree that any Invention that You conceive, reduce to practice, develop or have developed (in whole or in part, either alone or jointly with others) within two (2) years after the term of Your Position ceases shall be presumed to have been conceived during the period of Your Position. You agree to and shall promptly disclose to Franchisor any and all Inventions described in the foregoing sentences of this subsection. You understand that You may overcome the foregoing presumption by showing that such Invention was conceived after the termination of Your Position and without the use of any Proprietary Information or Company Documents.

(d) Any assignment of Inventions required by this Agreement does not apply to an Invention for which no equipment, supplies, facility, trade secret or proprietary information of Franchisor was used and which was developed entirely on Interested Party's own time, unless (a) the Invention relates (i) directly to the business of Franchisor or (ii) to Franchisor's actual or demonstrably anticipated research or development or (b) the Invention results from any work performed by You for Franchisee.

(e) During or after Your Position ends, upon Franchisor's request and at Franchisor's expense, You will execute all papers in a timely manner and do all acts necessary to apply for, secure, maintain or enforce patents, copyrights, trademarks and any other legal rights in the United States and foreign countries in Inventions owned by and/or assigned to Franchisor under this Agreement, and You will execute all papers and do any and all acts necessary to assign and transfer to Franchisor or any person or party to whom Franchisor is obligated to assign its rights, Your entire right, title and interest in and to such Inventions. This obligation shall survive the termination of Your Position.

Section 7. Non-Competition. While holding Your Position or any other similar position with Franchisee and for a period of two (2) years after the later thereof terminates (the "Non-Competition Period"), You shall not directly or indirectly (e.g., providing consulting services or funding through family members) Compete with Franchisor. "Compete with Franchisor" means (a) manage, provide services or property to, be employed by, join, control, lend money or render financial or other assistance to, or participate in or be connected with in any capacity, any individual, partnership, firm, corporation, company or other business organization or entity that directly or indirectly engages in, or (b) operate, engage in or own an interest in, a business substantially similar to and/or in competition with Franchisor. The geographic scope of this non-competition covenant shall be within five miles of any Jreck Subs Shop location that is or was owned or operated by Franchisee and within two miles of any other Jreck Subs Shop (whether Company-owned, franchised or otherwise established and operated), whether in operation or under construction on the later of the effective date of the termination of Your Position. Notwithstanding the foregoing, You may own for investment purposes up to an aggregate of 5% of the capital stock of any business that "competes with" Franchisor, so long as the same is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through NASDAQ, and so long as you do not serve as an employee, officer, director or consultant of the company or control the company in question.

Section 8. Non-Solicitation. During the Non-Competition Period, You shall not directly or indirectly: (a) induce or attempt to persuade any employee, consultant or independent contractor of the Franchisee or Franchisor or any group, division, affiliate or subsidiary of the foregoing (i) to terminate any relationship therewith or (ii) to enter into any such (or similar type) relationship with any other business; or (b) contact any customer of the Franchisee or Franchisor or any group, division, affiliate or subsidiary of thereof for the purpose of soliciting such customer's business or diverting such customer's business from the Franchisee or Franchisor or any group, division, affiliate or subsidiary of thereof.

Section 9. No Violation or Conflict. You represent that Your execution, delivery and performance of this Agreement will not violate any obligations that You may have to any former employer, or other person or entity, including any obligations to keep confidential any proprietary or confidential information of any such employer, person or entity. You have not entered into, and You will not enter into, any agreement which conflicts with or would, if performed by You, cause You to breach this Agreement.

Section 10. Reasonableness. The parties agree that the terms and conditions set forth in this Agreement are reasonable in scope and time and agree not to raise any issue of reasonableness or unenforceability in any proceeding relating to such covenants. Notwithstanding the foregoing, if any of the covenants in this Agreement shall be deemed by a court to be unreasonably broad in any respect or otherwise unenforceable, then such covenant shall be deemed modified to the least extent necessary to make it reasonable and enforceable; it being the parties' intentions that such modified covenant apply to the fullest extent, including to the broadest business, largest territory and longest period as may be considered reasonable by such court.

Section 11. Term. This Agreement shall be effective as of the date of the Franchise Agreement and the obligations hereunder will continue beyond the termination of Your Position, and will be binding on Your heirs, successors, assigns and legal representatives.

Section 12. Irreparable Injury of Breach. The parties acknowledge and agree that it would be difficult to fully compensate Franchisor for damages resulting from the breach or threatened breach of the covenants in this Agreement. Without limiting the right of Franchisor to pursue all other legal and equitable rights available to it for the violation of the terms and conditions of this Agreement, the parties agree that other remedies cannot fully compensate Franchisor for such a violation and that Franchisor shall be entitled to temporary, preliminary and permanent injunctive relief (in addition to any other legal or equitable remedies to which Franchisor may be entitled) to prevent an actual or threatened violation or continuing violation of the terms and conditions of this Agreement.

Section 13. Benefit. You acknowledge that you shall derive material direct or indirect economic benefit by reason of Franchisor entering into the Franchise Agreement with Franchisee.

Section 14. Binding Agreement. You have the full right, power and authority to enter into this Agreement and to fulfill all of the obligations contemplated to be fulfilled by You hereunder. This Agreement constitutes a legal, valid and binding agreement of You enforceable against You in accordance with its terms.

Section 15. Entire Agreement. This Agreement constitutes the entire agreement between Franchisor and You pertaining to the subject matter hereof and supersedes all prior agreements, letters of intent, understandings, negotiations and discussions relating to the same, whether oral or written.

Section 16. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the New York State, notwithstanding any of its conflict of laws rules. You hereby irrevocably submit to the jurisdiction of any of the courts of the State of New York and of the United States of America sitting in or for Jefferson County, New York in respect of the interpretation and enforcement of the provisions of this Agreement. With respect to the foregoing, You hereby waives and agree not to assert, that such action, suit or proceeding may not be brought or is not maintainable in such courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts. You hereby consent to and grant any such court jurisdiction over Your person and over the subject matter of any such dispute.

Section 17. Severability. If any provision of this Agreement is found to be invalid, illegal or unenforceable with respect to any individual or entity or set of circumstances under any present or future laws in effect at any time, then and in that event it is the parties' intention that the remainder of this Agreement shall not be affected thereby, and it is also the parties' intention that in lieu of the part of this Agreement that is invalid, illegal, or unenforceable, there be added as part of this Agreement a valid, legal and enforceable provision as similar in terms to such invalid, illegal, or unenforceable part as may be possible.

Section 18. Acknowledgement. You have read and fully understand this Agreement. This Agreement may only be modified by a subsequent written agreement executed by You and Franchisor.

Section 19. Section Headings Not Controlling. Section headings found in this Agreement are for convenience of reference only and shall not control or alter the meaning of this Agreement.

Section 20. Expenses. You shall be liable to Franchisor and shall pay to Franchisor immediately on demand all costs and expenses of Franchisor, including all reasonable fees and disbursements of Franchisor's counsel, incurred in the enforcement or attempted enforcement of this Agreement.

Section 21. Counterparts. This Agreement may be executed in counterparts. Facsimile and/or electronic execution signatures will be considered as binding and conclusive as if original and may be used in lieu of the original for all purposes, provided, however, that any party so executing must use all commercially reasonable efforts to furnish to the other party the originally executed document at the earliest opportunity.

[Signature Page Follows]

IN WITNESS WHEREOF, Franchisor and You have each executed this Agreement as the day and year first above written.

FRANCHISOR:

FRESH START FRANCHISING, INC.

By: _____

Name: _____

Title: _____

YOU:

Sign Name: _____

Print Name: _____

Position with Franchisee: _____

Address: _____

Exhibit F

Release

RELEASE

THIS RELEASE (this "Release") is made by the undersigned (hereinafter "Releasor(s)") for the benefit of Fresh Start Franchising, Inc., a Delaware corporation (hereinafter, "Franchisor"), on this ____ day of _____, 20__.

RECITALS:

WHEREAS, Releasor is a Fresh Start Franchising, Inc, franchisee and operates a Jreck Subs Business (the "Franchised Business") pursuant to that certain franchise agreement dated, 20__ (the "Franchise Agreement");

WHEREAS, Releasor desires to renew its franchise with Franchisor or desires Franchisor's consent to _____ in connection with the Franchise Agreement; and

WHEREAS, certain states require certain changes be made to this Release specific to such state.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Releasor hereby agrees, covenants and promises as follows:

1. Releasor, on behalf of itself and each of the persons and entities described in Section 2 hereof, hereby absolutely and forever releases, remises and discharges Franchisor and each of the persons and entities described in Section 3 hereof, from any and all claims, demands, damages, liabilities, costs (including, but not limited to reasonable attorneys' fees, accounting fees or experts' fees, and the costs of litigation, arbitration or other proceedings), expenses, liens, losses, charges, audits, investigations, injunctions, orders, rulings, subpoenas, controversies, obligations, debts, loans, interest, dues, accounts, awards, reckonings, bonds, bills, covenants, promises, undertakings, variances, trespasses, judgments, executions, sums of money owed, arbitrations, suits, decisions, proceedings, verdicts entered, issued, made or rendered and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor franchisee relationship between Releasor and Franchisor. Notwithstanding the foregoing, if this Release is entered into in conjunction with the renewal, assignment or transfer of the Franchise Agreement, the foregoing release shall not apply to any liability under any state franchise law which governs this Release.

2. Releasor hereby understands and agrees that this Release shall extend to and be binding upon any and all of Releasor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters. If more than one party shall execute this Release, the term "Releasor" shall mean and refer to each of the parties executing this Release, and all such parties shall be bound by its terms, jointly and severally.

3. Releasor hereby understands and agrees that this Release shall extend to and inure to the benefit of Franchisor and any and all of Franchisor's past, present and future officers, directors, owners,

employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters.

4. Releasor hereby understands and agrees that this Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made by Franchisor with respect to this Release, other than those expressly set forth herein, and that in executing this Release, Releasor is not relying upon any representations, warranties, agreements or covenants not expressly set forth in this Release.

5. This Release may not be changed except in a writing signed by the person(s) against whose interest such change shall operate. This Release and all acts and transaction under it shall in all respects be interpreted, enforced and governed by the internal laws of the state in which Franchisor's principal place of business is located without regard to principles of conflicts of law.

6. If any provision of this Release is found or declared invalid or unenforceable by any arbitrator, court or other competent authority having jurisdiction, such finding or declaration shall not invalidate any other provision hereof and this Release shall thereafter continue in full force and effect except that such invalid or unenforceable provision, and (if necessary) other provisions hereof, shall be reformed by such arbitrator, court or other competent authority so as to effect insofar as is practicable, the intention of the parties set forth in this Release, provided that if such arbitrator, court or other competent authority is unable or unwilling to effect such reformation, the invalid or unenforceable provision shall be deemed deleted to the same extent as if it had never existed.

7. Releasor hereby certifies that Releasor has read all of this Release and fully understands all of the same, and that Releasor has executed this Release only after having received full legal advice and disclosure as to Releasor's rights from legal counsel of Releasor's choice.

IN WITNESS WHEREOF, each Releasor party hereto has executed this Release effective as the day and year first above written.

RELEASOR:

[_____]

By: _____

Name: _____

Title: _____

Exhibit G

Guarantee Agreement

GUARANTEE AGREEMENT

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by FRESH START FRANCHISING, INC. (the "Franchisor"), and _____ a _____ ("FRANCHISEE"), each of the undersigned (each a "Guarantor") personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, as provided in the Agreement, that FRANCHISEE must punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Each Guarantor agrees to be personally and unconditionally bound by each and every undertaking, agreement and covenant set forth in the Agreement, including but not limited to, the restrictive covenants, including the non-disclosure, non-solicitation and non-competition provisions contained in the Agreement, as well as the provisions in the Agreement relating to the Proprietary Marks, indemnification, consequences of termination, expiration or transfer to the same extent as and for the same period of time as FRANCHISEE is required to comply with and abide by such covenants and provisions. All of the foregoing obligations of the undersigned shall survive any expiration or termination of the term of the Agreement or this Guarantee Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right he may have to require that an action be brought against FRANCHISEE or any other person as a condition of liability.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guarantee Agreement is joint and several; (2) he or she shall render any payment or performance required under the Agreement upon demand if FRANCHISEE fails or refuses punctually to do so; (3) liability is not contingent or conditioned upon pursuit by Franchisor of any remedies against FRANCHISEE or any other person; and (4) liability is not diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to FRANCHISEE or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which is continuing and irrevocable during the term of the Agreement.

Guarantor consents and agrees that:

(1) Guarantor's liability under this undertaking is direct, immediate, and independent of the liability of, and is joint and several with, FRANCHISEE and the other owners of FRANCHISEE;

(2) Guarantor shall render any payment or performance required under the Agreement upon demand if FRANCHISEE fails or refuses punctually to do so;

(3) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to FRANCHISEE or any assignee or successor of FRANCHISEE or by any abandonment of the Agreement by a trustee of FRANCHISEE. Neither a Guarantor's obligations to make payment or render

performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of FRANCHISEE or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(4) Franchisor may proceed against any Guarantor and FRANCHISEE jointly and severally, or Franchisor may, at its option, proceed against a Guarantor, without having commenced any action, or having obtained any judgment against FRANCHISEE. Each Guarantor waives the defense of the statute of limitations in any action or for the collection of any indebtedness or the performance of any obligation guaranteed.

(5) Guarantor covenants and agrees that any indebtedness owed by FRANCHISEE to Guarantor, for any reason, currently existing or which may exist in the future, shall at all times be subordinate to any amounts FRANCHISEE owes to Franchisor. Guarantor covenants and agrees that as long as FRANCHISEE owes any amount to Franchisor, other than current royalty and advertising fee payments that are not past due, FRANCHISEE will not pay and the Guarantor will not accept payment of any part of any such indebtedness owed to Guarantor by FRANCHISEE, either directly or indirectly, without the consent of Franchisor.

(6) If Franchisor is required to enforce this Guarantee Agreement in any judicial proceeding or appeal thereof, the Guarantors will reimburse Franchisor for its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guarantee Agreement.

The undersigned Guarantors also recognize that certain disputes relating to the Agreement are to be resolved by arbitration and hereby consent to such arbitration in accordance with the terms of the Agreement. Further, each Guarantor also hereby consents to the applicability of the venue, governing law and jurisdiction provision in the Agreement to this Guarantee Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed their signatures on the same day and year as the Agreement was executed.

Print Name _____

Signature _____

Date _____

Address: _____

Print Name _____

Signature _____

Date _____

Address: _____

Exhibit B

Table of Contents of the Confidential Operations Manual

- I. INTRODUCTION (P: 1-4)
- II. GENERAL STANDARDS (P: 5-6)
- III. FINANCIAL REPORTING (P: 7)
- IV. ADVERTISING & MARKETING (P: 8)
- V. ADMINISTRATIVE & OPS. (P: 9-12)
- VI. FRANCHISE OPERATIONS (P: 13-90)
- VII. STANDARDS ENFORCEMENT (P: 91)
- VIII. LEGAL & SAFETY (P: 92)
- IX. EMPLOYEE RELATIONS (P: 93)
- X. APPENDIX (P: 94)

Exhibit C

Audited Financial Statements

CONSENT

Bonadio & Co., LLP consents to the use in the Franchise Disclosure Document issued by Fresh Start Franchising, Inc. ("Franchisor") on April 27, 2022, as it may be amended, of our report dated April 26 2022, relating to the financial statements of Franchisor as of and for the year ended December 31, 2021.

Bonadio & Co., LLP

By: Bonadio & Co., LLP

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Amherst, New York 14226
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FRESH START FRANCHISING, INC.

**Financial Statements as of
December 31, 2021 and 2020
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

April 26, 2022

To the Board of Directors of
Fresh Start Franchising, Inc.:

Opinion

We have audited the accompanying financial statements of Fresh Start Franchising Inc., which comprise the balance sheet as of December 31, 2021, and the related statements of income and retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 2021 financial statements referred to above present fairly, in all material respects, the financial position of Fresh Start Franchising Inc. as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fresh Start Franchising Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Fresh Start Franchising Inc. as of December 31, 2020 were audited by other auditors whose report dated March 31, 2021 expressed an unmodified opinion on those statements.

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 Fresh Start Franchising Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's 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 auditor's 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 generally accepted auditing standards 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, misrepresentations, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks 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 and 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 Fresh Start Franchising Inc.'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fresh Start Franchising Inc.'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.

Other Information Included in the Company's Franchise Disclosure Document

Management is responsible for the other information included in the Company's Franchise Disclosure Document. The other information comprises the information in the Franchise Disclosure Document and related Exhibits but it does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

FRESH START FRANCHISING, INC.**BALANCE SHEETS****AS OF DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 399,514	\$ 211,802
Accounts receivable	1,851	33,061
Vendor rebates receivable	63,549	80,045
Franchisee notes receivable	3,040	19,067
Prepaid expenses	<u>1,560</u>	<u>1,500</u>
Total current assets	469,514	345,475
OTHER ASSETS:		
Restricted cash	171,673	90,707
Intangible assets, net	1,733,333	1,866,667
Goodwill, net	627,299	705,712
Deposit	<u>1,500</u>	<u>1,500</u>
	2,533,805	2,664,586
PROPERTY AND EQUIPMENT, NET	<u>130,361</u>	<u>77,961</u>
	<u>\$ 3,133,680</u>	<u>\$ 3,088,022</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 232,253	\$ 147,798
Income taxes payable	12,215	86,000
Demand notes payable	<u>-</u>	<u>250,000</u>
Total current liabilities	244,468	483,798
DEFERRED INCOME TAXES	<u>21,500</u>	<u>14,250</u>
Total liabilities	265,968	498,048
STOCKHOLDERS' EQUITY:		
Common stock, no par value:		
1,000 shares authorized, 700 shares issued		
and outstanding	2,326,316	2,326,316
Retained earnings	<u>541,396</u>	<u>263,658</u>
	<u>2,867,712</u>	<u>2,589,974</u>
	<u>\$ 3,133,680</u>	<u>\$ 3,088,022</u>

The accompanying notes are an integral part of these statements.

FRESH START FRANCHISING, INC.

STATEMENTS OF INCOME AND RETAINED EARNINGS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUES:		
Royalty income	\$ 1,052,145	\$ 915,747
Vendor rebate income	190,137	213,575
Advertising royalty	<u>352,646</u>	<u>79,596</u>
Total revenue	1,594,928	1,208,918
OPERATING EXPENSES:		
Salaries and wages	189,455	79,635
Payroll taxes	14,424	6,761
Stock compensation expense	-	58,158
Consulting	150,000	-
Director fees	30,000	30,000
Employee benefits	9,398	3,745
General insurance	1,681	2,745
Rent	18,600	16,950
Repairs and maintenance	-	400
Storage fees	-	2,290
Telephone and internet	6,730	5,510
Office supplies	6,282	6,624
Office expense	1,168	3,203
Dues, subscriptions, licenses and permits	4,248	1,736
Travel	20,828	11,924
Franchisee relations	5,087	840
Advertising	352,667	79,707
Professional fees	84,162	116,516
Research and development	86,915	-
Depreciation and amortization	<u>229,598</u>	<u>220,517</u>
Total operating expense	<u>1,211,243</u>	<u>647,261</u>
Income from operations	383,685	561,657
OTHER INCOME (EXPENSE):		
Interest expense	(5,393)	(18,595)
Loss on disposal of fixed assets	-	(24,167)
Other income	2,996	-
Other expense	<u>(500)</u>	<u>-</u>
INCOME BEFORE INCOME TAXES	380,788	518,895
INCOME TAX EXPENSE:		
Current	95,800	86,000
Deferred	<u>7,250</u>	<u>53,250</u>
	<u>103,050</u>	<u>139,250</u>
NET INCOME	277,738	379,645
RETAINED EARNINGS (ACCUMULATED DEFICIT) - beginning of year	<u>263,658</u>	<u>(115,987)</u>
RETAINED EARNINGS - end of year	<u>541,396</u>	<u>263,658</u>

The accompanying notes are an integral part of these statements.

FRESH START FRANCHISING, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income	\$ 277,738	\$ 379,645
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	229,598	220,517
Non cash stock compensation expense	-	58,158
Loss on disposal of equipment	-	24,167
Deferred income tax expense	7,250	53,250
Changes in:		
Accounts receivable	31,210	34,499
Vendor rebate receivable	16,496	(32,795)
Prepaid expenses	(60)	(1,500)
Accounts payable and accrued expenses	84,455	(61,283)
Income taxes payable	<u>(73,785)</u>	<u>86,000</u>
Net cash flow from operating activities	572,902	760,658
CASH FLOW FROM INVESTING ACTIVITIES:		
Collection on franchisee notes receivable	16,027	2,812
Deposit	-	(1,500)
Purchase of furniture and equipment	<u>(70,251)</u>	<u>(20,808)</u>
Net cash flow from investing activities	(54,224)	(19,496)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from demand notes payable	-	550,000
Repayments of demand notes payable	<u>(250,000)</u>	<u>(1,300,000)</u>
Net cash flow from financing activities	<u>(250,000)</u>	<u>(750,000)</u>
CHANGE IN CASH AND RESTRICTED CASH	268,678	(8,838)
CASH AND RESTRICTED CASH - beginning of year	<u>302,509</u>	<u>311,347</u>
CASH AND RESTRICTED CASH - end of year	<u><u>571,187</u></u>	<u><u>302,509</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for -		
Interest	\$ 4,589	\$ 19,598
Income taxes	\$ 169,585	\$ -

The accompanying notes are an integral part of these statements.

FRESH START FRANCHISING, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

1. THE ORGANIZATION

Fresh Start Franchising, Inc. (the "Company") was formed on July 2, 2018 to purchase certain assets of Focus Franchising, Inc. The Company engages in the business of selling Jreck Sub restaurant franchises to qualified buyers and servicing those franchises. Qualified buyers would own and operate restaurants, as designed by the Company, using the system developed by the Company. The Company's business model is designed to allow the owners/operators of its franchise to enjoy the advantages of group buying and advertising and using the management and operational systems provided by the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Cash and Restricted Cash

The Company's cash balances may, at times, exceed federally insured limits. The Company has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash.

Accounts Receivable

Accounts receivable are stated at outstanding billed amounts, net of allowances for doubtful accounts. The Company estimates the allowance based on past credit history with customers and their ability to pay, known and inherent collection risks, and current economic conditions. Balances are written off when they are determined to be uncollectible. As of December 31, 2021 and 2020, the Company considered its accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts was recorded.

Vendor Rebates Receivable

Vendor rebates receivable represent rebates from several vendors based on annual franchisee purchase quantities. As of December 31, 2021 and 2020, Management believes all vendor rebates receivable are fully collectible and no allowance is necessary.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation. Any resultant gain or loss is credited or charged to the income statement.

Depreciation is provided for in amounts to relate to the cost of property and equipment to operations over their estimated useful lives (which range from 6 to 10 years) on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill and Intangible Assets

The Company's goodwill is being amortized on a straight-line basis over 10 years. Amortization of goodwill totaled \$78,413 for each of the years ended December 31, 2021 and 2020.

Intangible assets consist of purchased intellectual property (trademarks). The intangible assets are being amortized on a straight-line basis over 15 years. Amortization of intangible assets totaled \$133,333 for each of the years ended December 31, 2021 and 2020.

Goodwill and intangible assets are reviewed for impairment annually in accordance with applicable guidance. No impairment was indicated at December 31, 2021 or 2020.

Revenue

The Company's revenue from franchise agreements consists of royalties based on a percent of the franchise location sales. The Company's revenue also consists of purchasing rebates from various vendors generated by the purchases made by the various franchise locations.

Advertising Costs

Advertising costs are expensed as incurred and amounted to \$352,667 and \$79,706 for the years ended December 31, 2021 and 2020, respectively.

Income Taxes

The Company is subject to federal and state corporate income taxes. Deferred taxes are provided on temporary differences arising from assets and liabilities whose bases are different for financial reporting and income tax purposes, as well as on tax benefits expected to be realized from net operating losses and tax credits remaining available for carry forward. Basis differences for which deferred taxes are provided relate primarily to depreciable and intangible assets.

Future Application of Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, "Leases". The guidance in this ASU supersedes the leasing guidance in Topic 840, "Leases". Under the new guidance, a lessee will be required to recognize assets and liabilities in its balance sheet for the rights and obligations created by all leases with terms of more than twelve months. Leases will be classified as either finance or operating, with classification affecting only presentation of expenses and cash flows. This standard will be effective for the Company beginning with the fiscal year ending December 31, 2022. The Company continues to evaluate the impact that this ASU will have on its financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts and disclosures that are included in these financial statements. Actual results could differ from management's estimates and assumptions.

Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall impact of COVID - 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The future impact of this situation on the Company and its results and financial position is not presently determinable.

Reclassifications

Certain reclassifications have been made to the prior year information to conform to the current year presentation.

3. REVENUE RECOGNITION

The Company's revenues from contracts with customers are generated primarily from ongoing royalties from franchise locations.

Royalties, including advertising royalties, are recognized as revenue at the time the underlying franchise sales occur at the amount corresponding to the agreed upon percentage of sales the Company expects to receive. In accordance with the terms on the franchise agreement, advertising royalties are designated to be used by the Company for marketing and advertising activities. Royalty revenue is collected weekly. Royalty revenue and related receivables are recorded only when there is a reasonable expectation the revenue will be collected.

The ongoing royalty revenue is dependent upon the operational activity of the various franchise locations.

The number of operating franchises as of December 31, 2021 and 2020 is as follows:

Operating franchises as of December 31, 2019	32
New franchises opened	-
Operating franchises closed	<u>(1)</u>
Operating franchises as of December 31, 2020	31
New franchises opened	-
Operating franchises closed	<u>(3)</u>
Operating franchises as of December 31, 2021	<u>28</u>

Accounts Receivable

Accounts receivable represent the Company's right to consideration that is unconditional, except for the passage of time.

Accounts receivable were as follows as of December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Royalties receivable	\$ <u>1,851</u>	\$ <u>33,061</u>	\$ <u>67,560</u>

Purchasing Rebates

The Company also recognizes revenue from purchasing rebates, which is not a contract with a customer. As a condition in the franchise agreement, franchise locations are required to purchase certain products from designated vendors for which the Company receives a rebate from the vendor. Purchasing rebates are recognized in the period the related purchases occur. Purchasing rebates are determined by the vendors based on the volume of purchases at the rates set out in the agreement between the vendor and the Company. Purchasing rebates are received in accordance with the terms of the contract which range from monthly to quarterly.

4. CASH AND RESTRICTED CASH

Cash and restricted cash consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Cash	\$ 399,514	\$ 211,802
Restricted cash	<u>171,673</u>	<u>90,707</u>
Total cash and restricted cash	<u>\$ 571,187</u>	<u>\$ 302,509</u>

Restricted cash represents amounts the Company has designated for advertising purposes under the terms of the franchise agreements and for the value of unredeemed gift cards.

5. FRANCHISEE NOTES RECEIVABLES

Franchisee notes receivables represent promissory notes due from franchisees. These notes are non-interest bearing and were payable through September 2021. The terms of the note receivable for one franchisee was extended until the amount can be paid in full. Management believes the amount is fully collectible.

6. DEMAND NOTES PAYABLE

Demand notes payable at December 31, 2020 were due to a stockholder. Interest was payable annually at a rate of 3.5%. The notes were repaid in 2021.

7. STOCK BASED COMPENSATION

On January 14, 2020, the Company awarded an employee 17.5 shares of stock in consideration for services rendered. The value of the compensation was determined based on the approximate fair value of the stock at the time the award was made. For the year ended December 31, 2020, the Company recognized stock compensation expense of \$58,158 relating to this issuance.

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Office furniture	\$ 61,951	\$ 60,098
Store equipment	<u>94,200</u>	<u>25,800</u>
	156,151	85,898
Less: Accumulated depreciation	<u>(25,790)</u>	<u>7,937</u>
Property and equipment, net	<u>\$ 130,361</u>	<u>\$ 77,961</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$17,853 and \$8,771, respectively.

9. INCOME TAXES

The provision for income taxes consists of the following for the year ended December 31, 2021:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ 69,200	\$ 5,540	\$ 74,740
State	<u>26,600</u>	<u>1,710</u>	<u>28,310</u>
	<u>\$ 95,800</u>	<u>\$ 7,250</u>	<u>\$ 103,050</u>

The provision for income taxes consists of the following for the year ended December 31, 2020:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ 66,000	\$ 43,020	\$ 112,020
State	<u>20,000</u>	<u>10,230</u>	<u>31,230</u>
	<u>\$ 86,000</u>	<u>\$ 53,250</u>	<u>\$ 139,250</u>

The Company's deferred liability consisted of the following:

	<u>2021</u>	<u>2020</u>
Deferred tax liability	<u>\$ 21,500</u>	<u>\$ 14,250</u>

Accounting principles generally accepted in the United States of America require management to evaluate income tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain tax position that more likely than not, would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the Company's income tax positions and has concluded that, as of December 31, 2021 and 2020, there are no uncertain tax positions taken or expected to be taken that would require disclosure in the consolidated financial statement. Further, no interest or penalties have been accrued or charged to expense as of December 31, 2021.

The Company files income taxes that are subject to examination by various federal, state (primarily New York) and local taxing authorities. The normal statutory period impacting returns filed with those tax years subject to examination by the various taxing authorities are 2017 - 2020. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

10. RELATED PARTY TRANSACTIONS

In March 2020, the Company entered into a service agreement with Renzi Foodservice ("Renzi") to provide various marketing, IT, human resource and administrative services for the Company as identified and agreed to by both parties. Renzi is owned by three of the Company's stockholders. The agreement commenced March 1, 2020 and will continue until terminated by the Company. The Company may terminate the agreement at any time without cause and without further obligation to Renzi. The agreement requires a monthly fee of \$3,000. Professional fees relating to this agreement were \$36,000 and \$30,000 for the years ended December 31, 2021 and 2020, respectively.

Additionally, stockholders provide consulting services for the Company on an as needed basis. Consulting expense was \$150,000 for the year ended December 31, 2021.

11. LEASE AGREEMENT

The Company rents office space under an operating lease through February 2022 and beginning in March 2022 continues as a month-to-month lease. Rent expense for the years ended December 31, 2021 and 2020 was approximately \$18,600 and \$16,950, respectively. Future minimum lease payments are for 2022 are \$3,120.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 26, 2022, which is the date the financial statements were available to be issued.



Firley, Moran, Freer & Eassa, CPA, P.C.

125 East Jefferson Street • Suite 920 • Syracuse, NY 13202
p: 315.472.7045 f: 315.472.7053 www.fmfeepa.com

CONSENT

Firley, Moran, Freer & Eassa, CPA P.C. consents to the use in the Franchise Disclosure Document issued by Fresh Start Franchising, Inc. ("Franchisor") on April 1, 2021, as it may be amended, of our report dated March 31, 2021, relating to the financial statements of Franchisor as of and for the year ended December 31, 2020.

Lauren L. Kincaid

By: Lauren L. Kincaid, CPA

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Audited Financial Statements

FRESH START FRANCHISING, INC.

December 31, 2020

Audited Financial Statements

FRESH START FRANCHISING, INC.

December 31, 2020

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Firley, Moran, Freer & Eassa, CPA, P.C.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fresh Start Franchising, Inc.
Watertown, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Fresh Start Franchising, Inc., which comprise the balance sheets as of December 31, 2020 and 2019, the related statements of income and retained earnings and cash flows for the year ended December 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Fresh Start Franchising, Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the year ended December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Xirley, Moran, Green & Esso, CPA, P.C.

Syracuse, New York
March 31, 2021

BALANCE SHEETS

FRESH START FRANCHISING, INC.

	December 31,	
	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 211,802	\$ 139,178
Accounts receivable	33,061	67,560
Vendor rebates receivable	80,045	47,250
Franchisee notes receivable, current maturities	19,067	13,123
Prepaid expenses	1,500	-0-
TOTAL CURRENT ASSETS	345,475	267,111
OTHER ASSETS		
Restricted cash	90,707	172,169
Franchisee notes receivable, less current maturities	-0-	8,756
Intangible assets, less amortization of \$133,333 in 2020	1,866,667	2,000,000
Goodwill, less amortization of \$78,413 in 2020	705,712	784,216
Deposit	1,500	-0-
Deferred income taxes	-0-	39,000
	2,664,586	3,004,141
FURNITURE AND EQUIPMENT		
Office furniture	60,098	50,000
Store equipment	25,800	40,000
	85,898	90,000
Less allowances for depreciation	7,937	-0-
	77,961	90,000
	<u>\$3,088,022</u>	<u>\$3,361,252</u>

See notes to financial statements.

STATEMENT OF INCOME AND RETAINED EARNINGS

FRESH START FRANCHISING, INC.

Year ended December 31, 2020

Revenues:		
Royalty income	\$	915,747
Vendor rebate income		213,575
Advertising income		79,596
	GROSS REVENUES	<u>1,208,918</u>
Operating expenses:		
Salaries and wages		79,635
Payroll taxes		6,761
Stock compensation expense		58,158
Director fees		30,000
Employee benefits		3,745
General insurance		2,745
Rent		16,950
Repairs and maintenance		400
Storage fees		2,290
Telephone and internet		5,510
Office supplies		6,624
Office expense		3,203
Dues, subscriptions, licenses and permits		1,736
Travel		11,924
Franchisee relations		840
Advertising		79,707
Professional fees		116,516
Loss on disposal of fixed assets		24,167
Depreciation and amortization		220,517
		<u>671,428</u>
	INCOME FROM OPERATIONS	537,490
Interest expense		18,595
	INCOME BEFORE INCOME TAXES	<u>518,895</u>
Income tax expense:		
Current		86,000
Deferred		53,250
		<u>139,250</u>
	NET INCOME	379,645
Retained earnings (deficit) at beginning of year		<u>(115,987)</u>
	RETAINED EARNINGS AT END OF YEAR	<u>\$ 263,658</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS

FRESH START FRANCHISING, INC.

Year ended December 31, 2020

INCREASE IN CASH AND RESTRICTED CASH

Cash flows provided by operating activities:

Net income	\$ 379,645
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	220,517
Stock compensation expense	58,158
Loss on disposal of equipment	24,167
Deferred income tax expense	53,250
Decrease (increase) in:	
Accounts receivable	34,499
Vendor rebate receivable	(32,795)
Prepaid expenses	(1,500)
(Decrease) increase in:	
Accounts payable and accrued expenses	(61,283)
Income taxes payable	86,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>760,658</u>

Cash flows used in investing activities:

Deposit	(1,500)
Purchase of furniture and equipment	(20,808)
NET CASH USED IN INVESTING ACTIVITIES	<u>(22,308)</u>

Cash flows used in financing activities:

Proceeds from franchisee notes receivable, net	2,812
Proceeds from demand notes payable	550,000
Repayments of demand notes payable	(1,300,000)
NET CASH USED IN FINANCING ACTIVITIES	<u>(747,188)</u>
NET DECREASE IN CASH AND RESTRICTED CASH	<u>(8,838)</u>

Cash and restricted cash at beginning of year	<u>311,347</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 302,509</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash payments for:

Interest paid	<u>\$ 19,598</u>
---------------	------------------

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

FRESH START FRANCHISING, INC.

December 31, 2020 and 2019

NOTE A--INCORPORATION AND BUSINESS ACTIVITIES

Fresh Start Franchising, Inc. (the "Company") was formed on July 2, 2018 to purchase certain assets of Focus Franchising, Inc. The asset purchase agreement ("APA") was entered into on November 15, 2019 and the transaction closed on December 30, 2019 (See Note C). The Company commenced operations in January 2020. The Company applied to the New York State Attorney General's office to become a franchisor in June 2020 and received approval in December 2020. The Company is in the process of negotiating new franchise agreements with the current franchisees. Throughout 2020, the franchisees continued to operate under and abide by the expired franchise agreements that were in place with the prior franchisor, Focus Franchising, Inc. The Company's year ends on December 31.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Due to their prospective nature, actual results could differ from those estimates.

Concentrations of Credit Risk: Financial instruments which potentially expose the Company to concentration of credit risk consist primarily of cash that at times can exceed federally insured limits. The Company has not experienced any losses in such accounts.

Accounts Receivable: Accounts receivable represent monies owed from franchisees for royalties and advertising contributions. Accounts receivable are written off when they are determined to be uncollectible. The allowance for doubtful accounts is estimated based on the Company's discussions with the prior owner and based on current negotiations with all franchisees for new franchise agreements. The allowance for doubtful accounts was \$-0- and \$17,019 at December 31, 2020 and 2019, respectively.

NOTES TO FINANCIAL STATEMENTS--Continued

FRESH START FRANCHISING, INC.

December 31, 2020 and 2019

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Vendor Rebates Receivable: Vendor rebates receivable represent rebates from several vendors based on annual franchise purchase quantities. Management believes all vendor rebates receivable are fully collectible and no allowance for doubtful accounts is necessary.

Revenue Recognition: The Company derives its revenue primarily by providing use of its brand and other proprietary items in accordance with franchise agreements the Company has with its franchisees. Revenue is earned as a percentage of gross revenues from each franchisee and is recognized at a point in time when the services are performed. The Company is currently negotiating new agreements with all of its franchisees. The agreements are expected to be finalized in 2021. The Company also receives vendor rebate income from several of its vendors based on purchase volumes in accordance with agreements the Company has with its vendors.

In circumstances where the Company has an unconditional right to consideration from a customer in an amount that corresponds directly with the value of the performance completed to date, the Company recognizes revenue in the amount to which the Company has a right to invoice for services performed.

Cash and Restricted Cash: The following table provides a reconciliation of the components of cash and restricted cash as reported within the Company's balance sheets to those amounts outlined within the statement of cash flows as of December 31:

	2020	2019
Cash	\$211,802	\$139,178
Restricted cash	90,707	172,169

Total cash and restricted cash shown in
the statement of cash flows \$302,509 \$311,347

Restricted cash includes cash restricted for use under the franchise agreements and for unredeemed gift cards.

Goodwill and Intangible Assets: The Company's goodwill is being amortized on a straight line basis over 10 years. The amortization of goodwill amounted to \$78,413 for the year ended December 31, 2020 (first full year of operations). Estimated annual amortization expense is as follows: 2021 through 2025--\$78,413; thereafter--\$313,647.

Intangible assets consist of intellectual property (trademarks and franchise agreements) that was purchased as part of the APA. The intangible assets are being amortized on a straight line basis over 15 years. The amortization of the other intangible assets amounted to \$133,333 for the year ended December 31, 2020. Estimated annual amortization expense is as follows: 2021 through 2025: \$133,333; thereafter--\$1,200,000.

NOTES TO FINANCIAL STATEMENTS--Continued

FRESH START FRANCHISING, INC.

December 31, 2020 and 2019

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Goodwill and Intangible Assets--Continued: Goodwill and the intangible assets are reviewed for impairment annually in accordance with applicable guidance. No impairment was indicated at December 31, 2020 or 2019.

Furniture and Equipment: Furniture and equipment are recorded at cost. Depreciation is provided by the straight-line method at rates sufficient to write-off the cost of such assets over their estimated useful lives which range from 6 to 10 years. When items are disposed of, the cost and related allowances for depreciation are eliminated from the respective accounts and resulting gains or losses are included in operations. General repair and maintenance costs are charged to expense when incurred. Depreciation expense charged to operations totaled \$8,771 for the year ended December 31, 2020.

Income Taxes: Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740-10, "Accounting for Uncertainty in Income Taxes", which governs the accounting for uncertainty in income taxes. The Company did not recognize any impact under FASB ASC Topic 740-10 for the years ended December 31, 2020 and 2019.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law. The CARES Act includes a broad range of income tax and economic stimulus provisions intended to aid individuals, small businesses, and corporations. Pursuant to U.S. GAAP, changes in tax laws and rates are recorded in the period in which the law is enacted. The Company has accounted for the impacts of the Act to the extent a reasonable estimate could be made.

Stock-Based Compensation: The Company accounts for stock-based compensation under FASB ASC Topic 718, "Compensation-Stock Compensation". Stock-based compensation awards are measured at fair value on their respective grant dates. The Company estimates grant date fair value based on the outstanding common stock at the time of the grant. Stock-based compensation cost is included as a charge to operating expense in the period awarded. See Note F.

NOTES TO FINANCIAL STATEMENTS--Continued

FRESH START FRANCHISING, INC.

December 31, 2020 and 2019

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Future Application of Accounting Pronouncement--Continued: In June 2020, the FASB issued Accounting Standards Update ("ASU") No. 2020-05 which amended the effective date for the pronouncement below.

In February 2016, the FASB issued ASU No. 2016-02, "Leases". The guidance in this ASU supersedes the leasing guidance in Topic 840, "Leases". Under the new guidance, a lessee will be required to recognize assets and liabilities in its balance sheet for the rights and obligations created by all leases with terms of more than twelve months. Leases will be classified as either finance or operating, with classification affecting only presentation of expenses and cash flows. This standard will be effective for the Company beginning with the fiscal year ending December 31, 2022. The Company continues to evaluate the impact that this ASU will have on its financial statements.

Events Occurring After Reporting Date: The Company has evaluated events and transactions that occurred between December 31, 2020 and March 31, 2021, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the balance sheet. There were no such events or transactions identified by the Company.

NOTE C--ACQUISITION

In connection with the APA entered into on November 15, 2019, the Company acquired certain assets and assumed certain liabilities of Focus Franchising, Inc. Under the terms of the agreement the total purchase price was \$2,986,421. The following table summarizes the estimated fair value of the assets acquired and liabilities assumed:

Assets acquired:	
Accounts receivable	\$ 67,560
Vendor rebates receivable	47,250
Franchisee notes receivable	21,879
Restricted cash	172,169
Office furniture	50,000
Store equipment	40,000
Trademarks and franchise agreements	<u>2,000,000</u>
	2,398,858
Liabilities assumed:	
Advertising and gift cards payable	<u>(196,653)</u>
NET ASSET VALUE	<u>\$2,202,205</u>

NOTES TO FINANCIAL STATEMENTS--Continued

FRESH START FRANCHISING, INC.

December 31, 2020 and 2019

NOTE C--ACQUISTION--Continued

In accordance with guidance contained in FASB ASC Topic 805, "Business Combinations", the Company recorded this transaction under the acquisition method of accounting. Under this guidance the Company recognized and measured at fair value the identifiable assets acquired and liabilities assumed as of the acquisition date. As the amount paid was more than the fair value of the net assets acquired, the difference of \$784,124 was recorded as goodwill.

NOTE D--FRANCHISEE NOTES RECEIVABLES

Franchisee notes receivables represent promissory notes purchased as part of the APA. These notes were entered into with the previous franchisor and the franchisees and are non-interest bearing. The notes are payable over 48 months through September 15, 2021.

NOTE E--DEMAND NOTES PAYABLE

Demand notes payable at December 31, 2019 consist of demand notes dated November 27, 2019 with three of the Company's stockholders. Interest is payable annually on November 1st. The interest rate on the notes is the applicable federal rate as of November 1st of each year (1.94% in 2019). These notes were repaid in 2020.

Demand notes payable at December 31, 2020 consist of demand notes dated June 23, 2020 for \$400,000 and July 15, 2020 for \$150,000 with a stockholder. Interest is payable annually on June 23rd and July 15th. The interest rate is 3.25%. Principal payments totaling \$300,000 were made by the Company in 2020. The balance of the demand notes payable at December 31, 2020 is \$250,000.

NOTE F--CAPITALIZATION AND STOCK BASED COMPENSATION

The Company has authorized 1,000 shares of no par value common stock. On July 2, 2018, the Company issued 12.0362 shares of stock to three stockholders in consideration for \$40,000. Throughout 2019 an additional 652.964 shares of stock were issued to the three stockholders in consideration for \$2,170,000. On December 30, 2019 and January 14, 2020 a fourth stockholder was issued 17.5 shares (35 shares total) of stock in consideration for services rendered to the Company in 2019 and 2020. For each of the years ended December 31, 2020 and 2019, the Company recognized stock compensation expense of \$58,158 relating to these issuances.

NOTES TO FINANCIAL STATEMENTS--Continued

FRESH START FRANCHISING, INC.

December 31, 2020 and 2019

NOTE G--INCOME TAXES

The net deferred tax (liability) asset consists of the following components as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Deferred tax asset--net operating loss	\$ -0-	\$ 39,000
Deferred tax liability--depreciation	<u>(14,250)</u>	<u>-0-</u>
NET DEFERRED TAX (LIABILITY) ASSET	<u><u>\$ (14,250)</u></u>	<u><u>\$ 39,000</u></u>

At December 31, 2019, the Company had Federal and New York net operating losses (NOL's) of approximately \$155,000. The Company fully utilized the NOL's during the year ending December 31, 2020.

The provision for income taxes for the year ended December 31, 2020 consists of the following:

Current tax expense:	
Federal	\$ 66,000
State	<u>20,000</u>
	86,000
Deferred tax expense	<u>53,250</u>
	<u><u>\$ 139,250</u></u>

The Company is subject to income tax examinations for U.S. federal and state taxes for tax years 2018 through 2020. At December 31, 2020 and 2019, the Company has no amounts accrued related to uncertain tax positions.

NOTE H--RELATED PARTY TRANSACTIONS

In March 2020, the Company entered into a service agreement with Renzi Foodservice ("Renzi") to provide various marketing, IT, human resource and administrative services for the Company as identified and agreed to by both parties. Renzi is related through common ownership by three of the Company's stockholders. The agreement commences March 1, 2020 and will continue until terminated by the Company. The Company may terminate the agreement at any time without cause and without further obligation to Renzi. The agreement requires a monthly fee of \$3,000. The Company incurred \$30,000 of professional fees relating to this agreement for the year ended December 31, 2020.

NOTES TO FINANCIAL STATEMENTS--Continued

FRESH START FRANCHISING, INC.

December 31, 2020 and 2019

NOTE I--RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic, which continues to spread throughout the United States and around the world. The ongoing impact of COVID-19 on the Company's financial performance and operations remains uncertain and will depend on future developments, including the duration of the outbreak, related advisories and restrictions. Management believes any potential disruption to its operations, when and if experienced, will be temporary, however there is uncertainty around when a disruption may occur, the duration and any potential impact.

Exhibit D

State Agencies and Agents for Service of Process

State Agencies:

New York

Office of the New York State Attorney General
New York State Department Of Law
Investor Protection Bureau
28 Liberty Street, 21st Fl.
New York, NY 10005
Phone: (212) 416-8222

Agents for Service of Process:

Delaware

The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801

New York

Secretary of State of New York
Department of State, Albany Location:
One Commerce Plaza, 99 Washington Ave.
Albany, NY 12231-0001

Exhibit E

List of Current Franchisees

NAME	STREET ADDRESS	CITY	STATE	ZIP	TELEPHONE
Mar-Moc, Inc.	32 Church Street	Adams	NY	13605	315-232-2434
	NYS Route 12	Central Square	NY	13036	315-676-5122
Wheeze & Haney	29 Market Street	Alexandria Bay	NY	13607	315-482-3403
Wolfco, Inc.	251 W. Genessee Street	Auburn	NY	13021	315-252-0209
JDM Development, Inc.	82 Main Street	Canton	NY	13617	315-379-9221
	209 West Main Street	Malone	NY	12953	518-483-5602
	2900 Ford Street Ext.	Ogdensburg	NY	13669	315-393-8443
	61 Market Street	Potsdam	NY	13676	315-265-2222
	269 Orvis Street	Massena	NY	13662	315-376-2285
Semper Associates, Inc.	210 State Street	Carthage	NY	13619	315-493-1420
Chance 2 Food Management	8097 Brewerton Road	Cicero	NY	13039	315-288-4535
McCombie, LLC	369 South Second Street	Fulton	NY	13069	315-598-1144
River Development Corp.	148 East Main Street	Gouverneur	NY	13642	315-287-4448
Carey Terrance	22 NYS Route 11	Hogansburg	NY	13655	315-358-4700
J.L. Jamm, Inc.	7596 State Street	Lowville	NY	13367	315-376-2285
Twin Bridges Assoc., Inc.	49 Main Street	Ogdensburg	NY	13669	315-393-2463
Hall-Pat Ltd	2 South Main Street	Philadelphia	NY	13673	315-642-0900
Bryan Logan	70 Broadway Street	Saranac Lake	NY	12983	518-891-7691
Morgan – Cunningham, Inc.	1601 Valley Drive	Syracuse	NY	13207	315-492-4101
P & S Sub Shop	1020 West Genessee Street	Syracuse	NY	13202	315-427-1010
AMYE Inc.	991 Flyer Road	Kirkville	NY	13082	315-427-3962
Mahima One Corp	915 State Fair Blvd.	Syracuse	NY	13209	315-427-3962
Timothy Graveline	16 Demars Blvd	Tupper Lake	NY	12986	518-359-2934
SNR Associates, Inc.	605 State Street	Watertown	NY	13601	315-782-9547
	1201 Arsenal Street	Watertown	NY	13601	315-782-3529
Fusion Acquisitions Group, Inc.	1248 Washington Street	Watertown	NY	13601	315-782-8226
Salmar Inc.	525 Mill Street	Watertown	NY	13601	315-782-6230

Wellkimcad Inc.	2700 E. Brutus Street	Weedsport	NY	13166	315-834-8811
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FRANCHISEES WHICH LEFT THE SYSTEM

The following is the list of franchisees which have been terminated, cancelled, not renewed, transferred or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the application date:

Garceau's Auto Sales, Inc.
Route 11
Champlain, NY 12919
518-298-7777

Cadwell Holding, Inc.
Route 5
Canastota, NY 13032
315-345-6277

Syracuse Fast Foods, Inc.
6376 Thompson Road
Syracuse, New York 13206
315-559-9300

Exhibit F

State Law Addendum

STATE LAW ADDENDUM – NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to Franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the Franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective

injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”** :

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”** :

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”** :

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

Dated on the day of _____, 20__.

Fresh Start Franchising, Inc.

By: _____

[Name]

[Title]

FRANCHISEE

By: _____

[Name]

[Title]

Exhibit G

Confidentiality and Non-Competition Agreement

CONFIDENTIALITY / NON-COMPETITION AGREEMENT

This Confidentiality and Non-Competition Agreement (this “Agreement”) is entered into on _____, 20__ by and between Fresh Start Franchising, Inc. (“Franchisor”) and _____ (“You” or “Your”) and provides as follows:

NOW, THEREFORE, Franchisor and _____ (“Franchisee”) desire to enter into a Franchise Agreement of even date herewith (the “Franchise Agreement”). You are a shareholder, owner, member, director, manager, officer, partner of or hold a similar position with Franchisee (each, as applicable, “Your Position”). Based on Your Position, in order to induce Franchisor to enter into and execute the Franchise Agreement, you desire to enter into this Agreement to undertake certain confidentiality obligations and be bound by certain restrictive covenants. In consideration of the covenants and agreements of the parties set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Definitions. The following terms will have the following meanings:

(a) **“Invention(s)”** means discoveries, developments, concepts, designs, ideas, improvements, inventions and/or works of authorship (including, but not limited to, modifications and derivative works), whether or not patentable, copyrightable or otherwise legally protectable, and includes, but is not limited to, any new product, method, procedure, process, recipe, formulation, technique, use, composition or design of any kind, or any improvement thereon.

(b) **“Proprietary Information”** means information or material not generally known or available outside of Franchisor, held by Franchisor as a trade secret or proprietary in nature, or entrusted to the Franchisor by third parties. Proprietary Information includes, but is not limited to, Inventions, confidential knowledge, trade secrets, copyrights, product ideas, techniques, processes, recipes, formulas and/or any other information of any type relating to products, data, research, development, marketing, forecasts, sales, pricing, customers, employees, and/or cost or other financial data concerning any of the foregoing of the Franchisor and its operations. Proprietary Information may be contained in, among other things, oral statements and material such as email, drawings, samples, procedures, specifications, reports, studies, analyses, customer or supplier lists, budgets, cost or price lists, compilations or computer programs, or may be in the nature of unwritten knowledge or know-how, and may be in writing (or other recorded format) or oral.

(c) **“Company Documents”** means documents or other media that contain Proprietary Information or any other information concerning the business, operations or plans of the Franchisor, whether such documents have been prepared by You or others. Company Documents include, but are not limited to, email, drawings, photographs, charts, graphs, notebooks, customer lists, computer disks, tapes or printouts, audio or video recordings and other printed, typewritten or handwritten documents.

Section 2. Acknowledgement of License. You understand that pursuant to the Franchise Agreement, Franchisee will possess or have a license to use Proprietary Information which has commercial value in Franchisor’s businesses. You also understand that Franchisee will

possess or have a license to use Proprietary Information of the Franchisor in connection with its operation of a franchised Jreck Subs Shop location.

Section 3. Acknowledgement of Access. You understand that You may have access to or have knowledge of Proprietary Information and Company Documents which are important to Franchisor's businesses.

Section 4. Acknowledgment of Trust. You understand and agree that Your Position creates a relationship of confidence and trust between You and Franchisee with respect to (a) all Proprietary Information; (b) all Company Documents; and (c) the confidential information of any other person or entity with which the Franchisee and/or Franchisor has a business relationship and is required by terms of an agreement with such entity or person to hold such information as confidential.

Section 5. Duty to Keep Confidential and Not Use. You shall at all times, both while holding Your Position and thereafter, keep in confidence and trust all Proprietary Information and Company Documents, and will not use or disclose any Proprietary Information and/or Company Documents, except in the performance of the duties and responsibilities of Your Position with Franchisee, without the prior written consent of Franchisor.

Section 6. Further Agreements. You hereby agree as follows:

(a) All Proprietary Information shall be the sole property of the Franchisor, including, but not limited to all trade secrets, patents, copyrights and other rights in connection therewith. You hereby assign to Franchisor, without any additional consideration, any rights You may presently have or You may acquire in any and all Proprietary Information.

(b) All Company Documents, whether or not pertaining to Proprietary Information, furnished to You by Franchisor or Franchisee, or produced by You or others in connection with Your Position, shall be and remain the sole property of the Franchisor. You shall return to Franchisee all Company Documents as and when requested by Franchisor. Even if not so requested, You shall promptly return to Franchisor all Company Documents upon the earlier of termination of the Franchise Agreement and termination of Your Position, for any reason. You will not take with You any Company Documents, material or property or any reproduction thereof upon such termination.

(c) During the term of Your Position, all Inventions that You conceive, reduce to practice, develop or have developed (in whole or in part, either alone or jointly with others) shall be the sole property of Franchisor to the maximum extent permitted by law, and Franchisor shall be the sole owner of all patents, copyrights, trademarks, trade secrets and other rights in connection therewith. You hereby assign, without any further consideration, to Franchisor any rights that You may have or acquire in such Inventions. You agree that any Invention that You conceive, reduce to practice, develop or have developed (in whole or in part, either alone or jointly with others) within two (2) years after the term of Your Position ceases shall be presumed to have been conceived during the period of Your Position. You agree to and shall promptly disclose to Franchisor any and all Inventions described in the foregoing sentences of this subsection. You understand that You may overcome the foregoing presumption by showing that such Invention

was conceived after the termination of Your Position and without the use of any Proprietary Information or Company Documents.

(d) Any assignment of Inventions required by this Agreement does not apply to an Invention for which no equipment, supplies, facility, trade secret or proprietary information of Franchisor was used and which was developed entirely on Interested Party's own time, unless (a) the Invention relates (i) directly to the business of Franchisor or (ii) to Franchisor's actual or demonstrably anticipated research or development or (b) the Invention results from any work performed by You for Franchisee.

(e) During or after Your Position ends, upon Franchisor's request and at Franchisor's expense, You will execute all papers in a timely manner and do all acts necessary to apply for, secure, maintain or enforce patents, copyrights, trademarks and any other legal rights in the United States and foreign countries in Inventions owned by and/or assigned to Franchisor under this Agreement, and You will execute all papers and do any and all acts necessary to assign and transfer to Franchisor or any person or party to whom Franchisor is obligated to assign its rights, Your entire right, title and interest in and to such Inventions. This obligation shall survive the termination of Your Position.

Section 7. Non-Competition. While holding Your Position or any other similar position with Franchisee and for a period of two (2) years after the later thereof terminates (the "Non-Competition Period"), You shall not directly or indirectly (e.g., providing consulting services or funding through family members) Compete with Franchisor. "Compete with Franchisor" means (a) manage, provide services or property to, be employed by, join, control, lend money or render financial or other assistance to, or participate in or be connected with in any capacity, any individual, partnership, firm, corporation, company or other business organization or entity that directly or indirectly engages in, or (b) operate, engage in or own an interest in, a business substantially similar to and/or in competition with Franchisor. The geographic scope of this non-competition covenant shall be within five miles of any Jreck Subs Shop location that is or was owned or operated by Franchisee and within two miles of any other Jreck Subs Shop (whether Company-owned, franchised or otherwise established and operated), whether in operation or under construction on the later of the effective date of the termination or Your Position. Notwithstanding the foregoing, You may own for investment purposes up to an aggregate of 5% of the capital stock of any business that "competes with" Franchisor, so long as the same is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through NASDAQ, and so long as you do not serve as an employee, officer, director or consultant of the company or control the company in question.

Section 8. Non-Solicitation. During the Non-Competition Period, You shall not directly or indirectly: (a) induce or attempt to persuade any employee, consultant or independent contractor of the Franchisee or Franchisor or any group, division, affiliate or subsidiary of the foregoing (i) to terminate any relationship therewith or (ii) to enter into any such (or similar type) relationship with any other business; or (b) contact any customer of the Franchisee or Franchisor or any group, division, affiliate or subsidiary of thereof for the purpose of soliciting such customer's business or diverting such customer's business from the Franchisee or Franchisor or any group, division, affiliate or subsidiary of thereof.

Section 9. No Violation or Conflict. You represent that Your execution, delivery and performance of this Agreement will not violate any obligations that You may have to any former employer, or other person or entity, including any obligations to keep confidential any proprietary or confidential information of any such employer, person or entity. You have not entered into, and You will not enter into, any agreement which conflicts with or would, if performed by You, cause You to breach this Agreement.

Section 10. Reasonableness. The parties agree that the terms and conditions set forth in this Agreement are reasonable in scope and time and agree not to raise any issue of reasonableness or unenforceability in any proceeding relating to such covenants. Notwithstanding the foregoing, if any of the covenants in this Agreement shall be deemed by a court to be unreasonably broad in any respect or otherwise unenforceable, then such covenant shall be deemed modified to the least extent necessary to make it reasonable and enforceable; it being the parties' intentions that such modified covenant apply to the fullest extent, including to the broadest business, largest territory and longest period as may be considered reasonable by such court.

Section 11. Term. This Agreement shall be effective as of the date of the Franchise Agreement and the obligations hereunder will continue beyond the termination of Your Position, and will be binding on Your heirs, successors, assigns and legal representatives.

Section 12. Irreparable Injury of Breach. The parties acknowledge and agree that it would be difficult to fully compensate Franchisor for damages resulting from the breach or threatened breach of the covenants in this Agreement. Without limiting the right of Franchisor to pursue all other legal and equitable rights available to it for the violation of the terms and conditions of this Agreement, the parties agree that other remedies cannot fully compensate Franchisor for such a violation and that Franchisor shall be entitled to temporary, preliminary and permanent injunctive relief (in addition to any other legal or equitable remedies to which Franchisor may be entitled) to prevent an actual or threatened violation or continuing violation of the terms and conditions of this Agreement.

Section 13. Benefit. You acknowledge that you shall derive material direct or indirect economic benefit by reason of Franchisor entering into the Franchise Agreement with Franchisee.

Section 14. Binding Agreement. You have the full right, power and authority to enter into this Agreement and to fulfill all of the obligations contemplated to be fulfilled by You hereunder. This Agreement constitutes a legal, valid and binding agreement of You enforceable against You in accordance with its terms.

Section 15. Entire Agreement. This Agreement constitutes the entire agreement between Franchisor and You pertaining to the subject matter hereof and supersedes all prior agreements, letters of intent, understandings, negotiations and discussions relating to the same, whether oral or written.

Section 16. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the New York State, notwithstanding any of its conflict of laws rules. You hereby irrevocably submit to the jurisdiction of any of the courts of the State of New York and of the United States of America sitting in or for Jefferson County, New York in respect of the

interpretation and enforcement of the provisions of this Agreement. With respect to the foregoing, You hereby waives and agree not to assert, that such action, suit or proceeding may not be brought or is not maintainable in such courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts. You hereby consent to and grant any such court jurisdiction over Your person and over the subject matter of any such dispute.

Section 17. Severability. If any provision of this Agreement is found to be invalid, illegal or unenforceable with respect to any individual or entity or set of circumstances under any present or future laws in effect at any time, then and in that event it is the parties' intention that the remainder of this Agreement shall not be affected thereby, and it is also the parties' intention that in lieu of the part of this Agreement that is invalid, illegal, or unenforceable, there be added as part of this Agreement a valid, legal and enforceable provision as similar in terms to such invalid, illegal, or unenforceable part as may be possible.

Section 18. Acknowledgement. You have read and fully understand this Agreement. This Agreement may only be modified by a subsequent written agreement executed by You and Franchisor.

Section 19. Section Headings Not Controlling. Section headings found in this Agreement are for convenience of reference only and shall not control or alter the meaning of this Agreement.

Section 20. Expenses. You shall be liable to Franchisor and shall pay to Franchisor immediately on demand all costs and expenses of Franchisor, including all reasonable fees and disbursements of Franchisor's counsel, incurred in the enforcement or attempted enforcement of this Agreement.

Section 21. Counterparts. This Agreement may be executed in counterparts. Facsimile and/or electronic execution signatures will be considered as binding and conclusive as if original and may be used in lieu of the original for all purposes, provided, however, that any party so executing must use all commercially reasonable efforts to furnish to the other party the originally executed document at the earliest opportunity.

[Signature Page Follows]

IN WITNESS WHEREOF, Franchisor and You have each executed this Agreement as the day and year first above written.

FRANCHISOR:

FRESH START FRANCHISING, INC.

By: _____

Name: _____

Title: _____

YOU:

Sign Name: _____

Print Name: _____

Position with Franchisee: _____

Address: _____

Exhibit H

Release

RELEASE

THIS RELEASE (this "Release") is made by the undersigned (hereinafter "Releasor(s)") for the benefit of Fresh Start Franchising, Inc., a Delaware corporation (hereinafter, "Franchisor"), on this ____ day of _____, 20____.

RECITALS:

WHEREAS, Releasor is a Fresh Start Franchising, Inc, franchisee and operates a Jreck Subs Business (the "Franchised Business") pursuant to that certain franchise agreement dated _____, 20__ (the "Franchise Agreement");

WHEREAS, Releasor desires to renew its franchise with Franchisor or desires Franchisor's consent to _____ in connection with the Franchise Agreement; and

WHEREAS, certain states require certain changes be made to this Release specific to such state.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Releasor hereby agrees, covenants and promises as follows:

1. Releasor, on behalf of itself and each of the persons and entities described in Section 2 hereof, hereby absolutely and forever releases, remises and discharges Franchisor and each of the persons and entities described in Section 3 hereof, from any and all claims, demands, damages, liabilities, costs (including, but not limited to reasonable attorneys' fees, accounting fees or experts' fees, and the costs of litigation, arbitration or other proceedings), expenses, liens, losses, charges, audits, investigations, injunctions, orders, rulings, subpoenas, controversies, obligations, debts, loans, interest, dues, accounts, awards, reckonings, bonds, bills, covenants, promises, undertakings, variances, trespasses, judgments, executions, sums of money owed, arbitrations, suits, decisions, proceedings, verdicts entered, issued, made or rendered and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor franchisee relationship between Releasor and Franchisor. Notwithstanding the foregoing, if this Release is entered into in conjunction with the renewal, assignment or transfer of the Franchise Agreement, the foregoing release shall not apply to any liability under any state franchise law which governs this Release.

2. Releasor hereby understands and agrees that this Release shall extend to and be binding upon any and all of Releasor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters. If more than one party shall execute this Release, the term "Releasor" shall mean and refer to each of the parties executing this Release, and all such parties shall be bound by its terms, jointly and severally.

3. Releasor hereby understands and agrees that this Release shall extend to and inure to the benefit of Franchisor and any and all of Franchisor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters.

4. Releasor hereby understands and agrees that this Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations,

warranties, agreements or covenants have been made by Franchisor with respect to this Release, other than those expressly set forth herein, and that in executing this Release, Releasor is not relying upon any representations, warranties, agreements or covenants not expressly set forth in this Release.

5. This Release may not be changed except in a writing signed by the person(s) against whose interest such change shall operate. This Release and all acts and transaction under it shall in all respects be interpreted, enforced and governed by the internal laws of the state in which Franchisor's principal place of business is located without regard to principles of conflicts of law.

6. If any provision of this Release is found or declared invalid or unenforceable by any arbitrator, court or other competent authority having jurisdiction, such finding or declaration shall not invalidate any other provision hereof and this Release shall thereafter continue in full force and effect except that such invalid or unenforceable provision, and (if necessary) other provisions hereof, shall be reformed by such arbitrator, court or other competent authority so as to effect insofar as is practicable, the intention of the parties set forth in this Release, provided that if such arbitrator, court or other competent authority is unable or unwilling to effect such reformation, the invalid or unenforceable provision shall be deemed deleted to the same extent as if it had never existed.

7. Releasor hereby certifies that Releasor has read all of this Release and fully understands all of the same, and that Releasor has executed this Release only after having received full legal advice and disclosure as to Releasor's rights from legal counsel of Releasor's choice.

IN WITNESS WHEREOF, each Releasor party hereto has executed this Release effective as the day and year first above written.

RELEASOR:

[_____]

By: _____

Name: _____

Title: _____

Exhibit I

Guarantee Agreement

GUARANTEE AGREEMENT

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by FRESH START FRANCHISING, INC. (the "Franchisor"), and _____ a _____ ("FRANCHISEE"), each of the undersigned (each a "Guarantor") personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, as provided in the Agreement, that FRANCHISEE must punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Each Guarantor agrees to be personally and unconditionally bound by each and every undertaking, agreement and covenant set forth in the Agreement, including but not limited to, the restrictive covenants, including the non-disclosure, non-solicitation and non-competition provisions contained in the Agreement, as well as the provisions in the Agreement relating to the Proprietary Marks, indemnification, consequences of termination, expiration or transfer to the same extent as and for the same period of time as FRANCHISEE is required to comply with and abide by such covenants and provisions. All of the foregoing obligations of the undersigned shall survive any expiration or termination of the term of the Agreement or this Guarantee Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right he may have to require that an action be brought against FRANCHISEE or any other person as a condition of liability.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guarantee Agreement is joint and several; (2) he or she shall render any payment or performance required under the Agreement upon demand if FRANCHISEE fails or refuses punctually to do so; (3) liability is not contingent or conditioned upon pursuit by Franchisor of any remedies against FRANCHISEE or any other person; and (4) liability is not diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to FRANCHISEE or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which is continuing and irrevocable during the term of the Agreement.

Guarantor consents and agrees that:

(1) Guarantor's liability under this undertaking is direct, immediate, and independent of the liability of, and is joint and several with, FRANCHISEE and the other owners of FRANCHISEE;

(2) Guarantor shall render any payment or performance required under the Agreement upon demand if FRANCHISEE fails or refuses punctually to do so;

(3) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to FRANCHISEE or any assignee or successor of FRANCHISEE or by any abandonment of the Agreement by a trustee of FRANCHISEE. Neither a Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of FRANCHISEE or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(4) Franchisor may proceed against any Guarantor and FRANCHISEE jointly and severally, or Franchisor may, at its option, proceed against a Guarantor, without having commenced any action, or having obtained any judgment against FRANCHISEE. Each Guarantor waives the defense of the statute of limitations in any action or for the collection of any indebtedness or the performance of any obligation guaranteed; and

(5) Guarantor covenants and agrees that any indebtedness owed by FRANCHISEE to Guarantor, for any reason, currently existing or which may exist in the future, shall at all times be subordinate to any amounts FRANCHISEE owes to Franchisor. Guarantor covenants and agrees that as long as FRANCHISEE owes any amount to Franchisor, other than current royalty and advertising fee payments that are not past due, FRANCHISEE will not pay and the Guarantor will not accept payment of any part of any such indebtedness owed to Guarantor by FRANCHISEE, either directly or indirectly, without the consent of Franchisor.

(6) If Franchisor is required to enforce this Guarantee Agreement in any judicial proceeding or appeal thereof, the Guarantors will reimburse Franchisor for its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guarantee Agreement.

The undersigned Guarantors also recognize that certain disputes relating to the Agreement are to be resolved by arbitration and hereby consent to such arbitration in accordance with the terms of the Agreement. Further, each Guarantor also hereby consents to the applicability of the venue, governing law and jurisdiction provision in the Agreement to this Guarantee Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed their signatures on the same day and year as the Agreement was executed.

Print Name_____

Signature_____

Date_____

Address: _____

Print Name_____

Signature_____

Date_____

Address: _____

Exhibit J

Authorization Agreement for Prearranged Payments (Direct Debits)

**AUTHORIZATION AGREEMENT
FOR PREARRANGED PAYMENTS
(DIRECT DEBITS)**

By signing this Authorization Agreement (the “**Agreement**”), the undersigned depositor (“**Depositor**”) hereby (1) authorizes FRESH START FRANCHISING, INC. and its affiliates (“**Franchisor**”) to initiate debit entries and/or credit collection entries to the Depositor’s checking and/or savings account indicated below and (2) authorizes the depository designated below (“**Depository**”) to debit such account pursuant to Franchisor’s instructions.

Depository

Branch

City and State

Zip Code

Bank Transit / ABA Number

Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Franchisor and Depositor of the Depositor’s termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide Franchisor and Depositor with thirty (30) days prior written notice of the termination of this authority. The address of Franchisor is 215 Washington Street, Suite 215, Watertown, New York 13601 and the address of Depositor is _____. Depositor agrees to maintain sufficient funds in the account set forth above to enable Depository to make such debit entries and/or credit collection entries. Depositor represents and warrants that it is legally authorized to use the account set forth above for the purposes contemplated by this Agreement. Depositor agrees to indemnify, defend, and hold harmless Franchisor from and against any and all losses, claims, demands, damages, penalties, fines, judgments, awards, expenses, amounts paid in settlement, liability or actions of any kind, threatened or actual, arising out of, relating to, or in connection with this Agreement. This Agreement shall be governed by the laws of the State New York, without regard to its conflict of laws principles. Any legal proceedings arising out of this Agreement shall only be brought in a federal or state court located within the geographic boundaries of the U.S. District Court for the Northern District of New York, and Depositor hereby expressly and irrevocably consents and submits to the personal and subject matter jurisdiction of such courts. Any failure or delay by Franchisor in exercising any right, power, or privilege under this Agreement shall not operate as a waiver, and no waiver of any right or any provision of this Agreement by Franchisor shall be deemed to constitute a waiver of any other provision nor shall any such waiver constitute a continuing waiver unless expressly provided. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, such determination shall not affect the validity or enforceability of any other part or provision of this Agreement.

DEPOSITOR (print name)

DEPOSITORY (print name)

By:_____

By: _____

Title:_____

Title:_____

Exhibit K

State Effective Dates

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

This 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
New York	

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 L

Receipts

RECEIPT
(Your 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 Fresh Start Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14-calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, Fresh Start Franchising, Inc. must provide this disclosure document to you at the earliest of your 1st personal meeting to discuss the franchise or 10 business days before you sign a binding agreement with, or make a payment to, Fresh Start Franchising, Inc. or an affiliate in connection with the proposed franchise sale.

If Fresh Start Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit D.

The name, principal business address and telephone number of each franchise seller offering the franchise: Matthew Darrah, 215 Washington Street, Suite 215, Watertown, New York 13601, (315) 782-0760.

Issuance Date: April 27, 2022

Our Registered Agent Authorized to receive Service of Process is set forth on see Exhibit D.

I received a disclosure document dated _____, 20__, that included the following:

Exhibits:

- | | |
|--|---|
| A. Franchise Agreement | F. State Law Addendum |
| B. Table of Content for Confidential Operations Manual | G. Confidentiality and Non-Competition Agreement |
| C. Audited Financial Statements | H. Release |
| D. State Agencies and Agents for Service of Process | I. Guarantee Agreement |
| E. List of Franchisees | J. Authorization Agreement for Prearranged Payments (Direct Debits) |
| | K. State Effective Dates |
| | L. Receipts |

_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name

PROSPECTIVE FRANCHISEE'S COPY

**RECEIPT
(Our Copy)**

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If Fresh Start Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14-calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, Fresh Start Franchising, Inc. must provide this disclosure document to you at the earliest of your 1st personal meeting to discuss the franchise or 10 business days before you sign a binding agreement with, or make a payment to, Fresh Start Franchising, Inc. or an affiliate in connection with the proposed franchise sale.

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| | L. Receipts |

_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name

Please sign this copy of the Receipt, date your signature and return it to Stephen Zaremba, Fresh Start Franchising, Inc., 215 Washington Street, Suite 215, Watertown, New York 13601.