FRANCHISE DISCLOSURE DOCUMENT

Juan Pollo Franchising, Inc.
dba Juan Pollo
A California Corporation
383 South J Street
San Bernardino, California 92410
(909) 885-6324
E-mail: kyleokura@juanpollo.com
www.juanpollo.com

As a Juan Pollo franchisee you will operate and offer within defined territories a quick serve restaurant outlet providing chicken rotisserie cooked and prepared using proprietary recipes and specified techniques, condiments and ingredients, and other food, beverages and related products and accessories.

The total investment necessary to begin operation of a Juan Pollo restaurant outlet is $287,500 to $584,000. This includes $45,000 to $47,000 that must be paid to the franchisor and its affiliates.

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 relating to the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Kyle Okura at 383 South J Street, San Bernardino, California 92410; telephone (909) 238-0544.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, such as 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, DC 20580. You can also visit the FTC's homepage at *www.ftc.gov* for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: **April 3, 2024**

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 Exhibit C.
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?	Exhibit B 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 Juan Pollo business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Juan Pollo franchisee?	Exhibits C and D list 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 E.

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 risks be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration or litigation only in California. 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 California than in your own state.

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

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.

JUAN POLLO FRANCHISING, INC.
dba JUAN POLLO

FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

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

To simplify the language, this disclosure document uses “we” or “us” to mean Juan Pollo Franchising, Inc., doing business as Juan Pollo. “You” means the individual or entity buying the Juan Pollo franchise. All persons owning 20% or more of the franchisee are “Principal Equity Owners”.

The Franchisor, Parents and Affiliates

We are the franchisor for the Juan Pollo system. Our principal business address is 383 South J Street, San Bernardino, California 92410. We do not conduct business under any other name.

We have no parent entity.

Our affiliated entity Okura Pollo Enterprises, Inc. doing business as Chino Restaurant Supply (“CRS”) provides seasonings, branded paper and plastic goods, uniforms, other materials containing the Brand, and other restaurant supplies to our franchisees. CRS is a California corporation that was formed in February 2000. CRS is also located at 383 South J Street, San Bernardino, California 92410. Otherwise, we are not controlled by, controlling, or under common control with any entity that that provides goods or services to our franchisees or that offers franchises in any line of business.

Predecessors

We have no predecessors.

Name Used by the Franchisor

We conduct business under the trade name “Juan Pollo”. We do not intend to use any other name to conduct business.

Agent for Service of Process

Our agents for service of process are Kyle Okura, 1398 North E Street, San Bernardino, California 92405 and (if you are in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin) the state office or official listed in Exhibit E of this disclosure document.

Business Organization Used by the Franchisor

We are a corporation that was incorporated in California on July 26, 2011.

The Franchisor’s Business

We act solely as a franchisor of Juan Pollo franchises. We began offering Juan Pollo franchises in March 2012. We do not operate businesses of the type being franchised and we do not engage in other business activities.

Prior Experience of Franchisor, Predecessors and Affiliates

The Juan Pollo concept was originated by Albert Okura in 1984. Albert Okura passed away unexpectedly on March 27, 2023, but his sons Kyle Okura and Aaron Okura continue to operate the Juan Pollo concept. Our affiliated entity Juan Pollo, Inc. ("JPI"), a California corporation also located at 383 South J Street, San Bernardino, California 92410, owns and operates a Juan Pollo chicken restaurant at 1258 West 5th Street, San Bernardino, California 92411 (opened January 1986). Our Chief Marketing Officer and Chief Operating Officer (as heirs and successors of Albert Okura) own and operate a Juan Pollo chicken restaurant at 5460 Philadelphia Street, Chino, California 91710 (opened July 1996).

The Business the Franchisee Will Conduct

The term of the Franchise is for an initial term of seven years (the term is renewable for additional five-year terms if you elect to do so, and you are complying with your current Franchise Agreement). Our franchise is a license to independently own and operate a single quick serve restaurant outlet ("Outlet") serving rotisserie cooked chicken prepared using proprietary recipes and specified techniques, condiments and ingredients, and other food, beverages and related products and accessories for use and resale and related products (collectively, "Juan Pollo and Products").

Competition

All Juan Pollo franchisees will compete with El Pollo Loco and other chicken retail restaurant operators and chains, other retail food operators and chains, and other drink and food retailers offering products comparable to the Juan Pollo Products. This market is well developed and competitive. All Outlets must make available to retail customers brochures describing the Juan Pollo franchise opportunity.

Applicable Regulations

You will need a business license, applicable health permits and any other applicable permits or licenses necessary to operate a Juan Pollo franchise. You must also obtain all applicable health permits, inspections and approvals by municipal, county or state health departments that regulate food handling and food service operations. Your Outlet must also meet applicable municipal, county, state and federal building codes and disabled persons access codes, including compliance with the Americans with Disabilities Act of 1990, as amended, or similar state laws or legislation.

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

The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles, including caps on emissions from commercial food preparation. Some state and local governments also regulate indoor air quality, including limiting the use of tobacco products in public places.

ITEM 2: BUSINESS EXPERIENCE

Kyle Okura: President.
Mr. Okura was named our President in January 2024. From January 2018 to January 2024, he served as our Vice President and Chief Marketing Officer, and from June 2016 to January 2018, he served as our Marketing Manager and Brand Manager. From June 2012 to January 2022, Mr. Okura served as Co-Manager of the Juan Pollo restaurant in Chino, California.

Aaron Okura: Chief Operating Officer and Vice President.
Mr. Okura was named our Chief Operating Officer in January 2018 and in January 2024, he was also named our Vice President. From June 2012 to January 2022, he served as Co-Manager of the Juan Pollo restaurant in Chino, California.

Lilia Ramos: Chief Financial Officer, Treasurer and Secretary.
Ms. Ramos was named our Chief Financial Officer, Treasurer and Secretary at our inception in July 2011. She also serves as Administrative Manager of JPI (since 1986) and Office Manager of CRS (since September 2001).

Melanie Lyons: Chief Human Resources Officer.
Ms. Lyons was named our Chief Human Resources Officer in May 2011, having previously served as our Office Assistant (since January 2021). She also serves as Restaurant Manager for Juan Pollo La Puente, Inc., La Puente, California (since May 2016).

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5: INITIAL FEES

The Initial Franchise Fee for a single initial Outlet is $40,000. For additional Outlets owned by the same franchisee, the Initial Franchise Fee is $20,000. The Initial Franchise Fee is due and payable in full, by wire transfer to our bank account, check or money order, when we have completed our initial obligations to you as franchisor and your Outlet is open and operating (or is ready to be opened and operated) under the Franchise Agreement. If you are a veteran of the U.S. Armed Services who was honorably discharged, we will discount the Initial Franchise Fee for your initial Outlet by 15%.

The entire Initial Franchise Fee is fully earned by us when paid and no refunds are available under any circumstances.

There are no other initial fees or payments for services or goods received from us or our affiliates before your Outlet opens.

ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty[1]	6% of your weekly Gross Revenues	Paid weekly on each Wednesday of the next week[2]	Gross Revenues include all revenue from the sale of all products and services and all other income of every kind and nature related to your franchise operation, whether for cash, by redemption of gift certificates or for credit, regardless of collection. Gross Revenues do not include sales tax or any other taxes you collect from customers for payment to an appropriate tax authority. If you were a franchisee of the Juan Pollo franchise system before April 17, 2017, we will consider you a "Legacy Franchisee", and you will pay a different Royalty rate under renewal Franchise Agreements you sign (2.5% of Gross Revenues in 2022, and 4% in 2023 and for the remainder of your renewal term). Legacy Franchisee rights only apply to the owners of the franchise and members of their immediate family.
Marketing, Advertising and Promotion Fees[1]	2% of Gross Revenues[3]	Paid weekly on each Wednesday of the next week[2]	We may impose an additional assessment upon a regional group of franchisees, or system-wide, for special designated advertising or promotional activities if two thirds of all affected Juan Pollo franchised Outlets agree to this additional assessment by affirmative vote.
Grand Opening Advertising and Promotion Expenses	At least $5,000	Within 60 days after the Opening Date	Within the first 60 days after the Opening Date, in addition to the amount to be spent on local marketing of your Outlet as a part of the Marketing and Promotion Fee, you must spend in your Territory at least $5,000 on the grand opening advertising and promotion of your Outlet, using the grand opening promotional program that we approve.
Local Marketing and Promotion Expenses	At least 1% of Gross Revenues	As and when needed	Beginning 61 days after the Opening Date, you must spend at least 1% of your Gross Revenues on the local marketing, advertising, and promotion of your Outlet.
Initial Training Fee for Additional Attendees[1]	$1,500[5] (for each attendee)	At time of training[2]	Initial Training is provided to your General Manager and one Principal Equity Owners at no additional charge. Additional attendees of Initial Training, including replacement General Managers, must pay $1,500 for each subsequent attendee for Initial Training. You must pay the costs of travel, lodging and meals for all trainees.
Additional Training Fee[1]	Up to $750[5] (per day per person)	At time of training[2]	After you open your Outlet, and upon reasonable notice, we may require attendance of your designated personnel at training courses, seminars, conferences or other programs. We may, at our discretion, charge an additional training fee of up to $750 per day to each trainee for Juan Pollo training courses, seminars, conferences or

Type of Fee	Amount	Due Date	Remarks
Additional Training Fee[1] [continued]			other programs that we require you or your representatives to attend. You must also pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings.
Renewal Fee[4]	$500[5]	Not less than 120 days before the expiration date of your Franchise Agreement[2]	You are qualified for renewal if you give us at least 120 days' notice of intent to renew, you are in full compliance with your operating requirements, all fees due us are paid, you refurbish your franchised Outlet as necessary and you are not in breach of any term of your existing Franchise Agreement. You must execute our then current Franchise Agreement modified for renewal ("Renewal Franchise Agreement") which will replace your expiring Franchise Agreement. The Renewal Franchise Agreement may have materially different terms and conditions than your original Franchise Agreement.
Transfer Fee[1]	$10,000[5]	Before completion of the transfer[2]	Payable when you sell your franchise. No transfer fee if franchise is transferred to a corporation owned solely by you. No fee is due if franchise is transferred to an heir, conservator or personal representative upon your death, legal disability or dissolution of your corporation.
Late Payment Penalty[1]	5% of the delinquent amount plus interest[2]	Immediately upon demand for payment[2]	Interest is assessed at an annual percentage rate ("APR") of 10%.
Fee for Additional Inspection of Outlet[1]	$250[5]	Immediately upon demand for payment [2]	Due only if your Outlet fails our routine inspection, and our representatives must reinspect your Outlet to ensure remedial action has been completed.
Records and Rights of Inspection (Audit)[1]	Cost of audit plus interest on underpayment	Immediately upon demand for payment [2]	Due only if audit discloses an understatement of 5% or more in gross sales for any month or it takes our auditors an unreasonable amount of time (more than eight hours) to assemble your records for audit.
Recovery of Lost Royalties	The aggregate amount of Royalty actually paid by you, or what you were obligated to pay, whichever is greater, (i) during the 18 months before this Agreement was terminated or (ii) if the Opening Date is less than 18 months before the termination date, during the time since the Opening Date.	Immediately upon demand [3]	We are only entitled to recover lost royalties if the Franchise Agreement is terminated because of your material breach.

1. All fees are imposed by and are payable to us and are non-refundable. If you were a franchisee of the Juan Pollo franchise system before April 17, 2017, we will consider you a "Legacy Franchisee", and you

will pay a different Royalty rate under renewal Franchise Agreements you sign (4% of Gross Revenues for your renewal term beginning in 2023). Except as indicated above, all fees are uniformly imposed.

2. If any payment is not paid when due, you must pay interest on the unpaid amount at an annual percentage rate ("APR") of 10%. Interest begins from the date payment was due.

3. On a regional or system-wide basis, we may impose an additional assessment upon affected franchisees for special designated advertising or promotional activities if two-thirds of all affected Juan Pollo franchisees agree to such additional assessment by affirmative vote.

4. We will not accept the renewal fee until all other conditions for renewal have been met.

5. This fee may be adjusted by changes since the effective date of the Franchise Agreement in the annual average of the Consumer Price Index for All Urban Consumers ("CPI"), published by the Bureau of Labor Statistics of the United States Department of Labor, or the highest similar future index if these figures become unavailable.

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[1]	$40,000	Lump sum; non-refundable	When we have completed our initial obligations to you as franchisor under the Franchise Agreement.	Us
Travel and Living Expenses While Training[2]	$3,000 to $4,000	As incurred	During training	Travel and Lodging Vendors
Real Estate and Improvements[3]	$50,000 to $250,000	As incurred	Before opening	Landlord and contractors
Equipment[4]	$150,000 to $200,000	Lump sum	Before opening	Designated vendors or approved supplier
Signs[5]	$10,000 to $25,000	Lump sum	Before opening	Designated vendor
Insurance[6]	$2,000 to $3,000	Lump sum	Before opening	Designated vendor
Miscellaneous Opening Costs[7]	$10,000 to $25,000	As incurred	Before and during opening	Government agencies, suppliers, utilities, *etc*.
Opening Inventory[8]	$5,000 to $7,000	Lump sum	Before opening	CRS and designated vendors
Grand opening advertising[9]	$7,500 to $10,000	As incurred	Immediately before, during and just after opening	Advertisers
Additional Funds – 1st 3 months[10]	$10,000 to $20,000	As incurred	After opening	Employees, suppliers, utilities, *etc*.
TOTAL[11]	**$287,500 to $584,000**			

(1) All fees received by us are not refundable under any circumstances and must be paid in full. We do not offer financing of any fees.

(2) Initial training typically is completed within 12 days and is provided at our headquarters in San Bernardino, California and at an operating Juan Pollo restaurant in San Bernardino County, California. We can waive initial training if your Manager has been operating a Juan Pollo chicken restaurant for at least six months.

(3) You will provide Juan Pollo Products to your customers at your own Outlet. You must operate your Outlet in a stand-alone facility that can either be a free-standing building or an in-line located in a retail strip center. Your facility must a minimum of 1,000 square feet. Rent for your Outlet will vary based on several factors including square footage, location and condition of the space and lease arrangements. A security deposit and first month's rent are standard requirements for a commercial lease. You will need to conduct the necessary build-out of your leased space according to our requirements. The cost of your build-out may be offset by a Tenant Improvement ("TI") allowance or rebate from the landlord, which varies depending on the tenants of each lease agreement. However, you will be required in most cases to complete the build-out, satisfy all related invoices to contractors and service providers and obtain a Certificate of Occupancy to qualify for the TI rebate from the landlord.

(4) The equipment you must obtain include (i) two double sided rotisserie cookers (Esquire brand or similar), (ii) 16'-20' exhaust hood system, (iii) 1,200 gallon grease interceptor, (iv) two walk-in refrigerators (10'x10' produce walk-in and 10'x12' chicken walk-in), (v) two two-door commercial refrigerators, (vi) cabinet warming units for cooked chicken and tortillas, (vii) commercial food processor and microwave, (viii) Ice Machine (400 pound minimum), (ix) point of sale system ("POS"), including cash register and computer system), (x) beverage dispensing equipment, and (xi) tables, chairs and shelving.

(5) The quantity, size, type and cost of signs will vary substantially per lease space and in accordance with stipulations of each landlord and local governmental regulations. These estimates include the average filing fees for obtaining the necessary sign permits.

(6) As an independently owned and operated franchisee, you are responsible for all costs or liabilities arising from the operation of your Outlet, and it is imperative you carry adequate insurance to protect yourself. You must obtain the insurance coverage required by the Franchise Agreement from a carrier with a rating of "A VII" or better by A. M. Best Company. The currently required minimum coverage and limits of insurance are (i) General Liability at minimum limits of $1,000,000 per occurrence / $3,000,000 annual aggregate, (ii) Auto Liability at minimum limits of $1,000,000 combined single limit covering all owned, hired and non-owned vehicles, and (iii) Workers' Compensation to meet the statutory coverage of the state where your Outlet is located. To the extent permissible under law, these insurance requirements may be satisfied with a combination of primary, umbrella and/or excess policies. All insurance policies will name you as named insured and, excepting Workers' Compensation insurance policies, will name us and any of our subsidiaries and affiliates of these companies now existing or which may hereafter exist as additional insureds, including their employees, officers and directors on additional insured endorsement forms. The costs of premiums will vary based on location of the Outlet and any prior claim history. The required coverage and limits are subject to change.

(7) Includes security deposits, utility costs, incorporation fee, liability insurance, business licenses and permits.

(8) Initial inventory includes processed chickens, tortillas, fresh vegetables, bread products, paper products and various sauces and other items of merchandise and supplies you must stock to be able to open for business.

(9) Recommendations on how to advertise and promote your Grand Opening will be provided by us, including sample advertising copy and flier design.

(10) Although we do not require minimum funds for you to start your business, there are some expenses you will incur when you begin your franchise operations, such as inventory, supplies and employees. It is always a good idea to have some cash reserves available to cover initial operating expenses. This estimates the additional funds you will need for your first three months of operation. These expenses include payroll costs. We relied on the 44 years of aggregate experience of our executive officers in determining these figures.

(11) This estimates your initial start-up expenses. If you do not open for business, you may receive a refund from suppliers for unused inventory, unspent advertising and canceled insurance. Otherwise, the payments listed in the table above are nonrefundable. We do not finance any part of the initial investment. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases of Goods or Services, including Computer and Point of Sale System

We currently require you to purchase or lease the Clover Station Pro POS system ("POS system") to track and process retail sales at the Outlet. And we require you to always maintain an e-mail account connected to the Internet via a third-party network we designate in the Manual or otherwise in writing.

You must purchase processed chickens and fresh vegetables only from CRS or other vendors specifically designated by us or CRS. You must purchase other items bearing the Brand only from us, CRS or other sources we designate or approve. You must place or display at the premises of your Outlet (interior and exterior) only such signs, emblems, lettering, logos, and display materials that we approve in writing. All equipment leases will be between you and the lessor. Under no circumstances can you sign any lease as if you were us or on our behalf.

Our CEO owns an equity interest in CRS. Otherwise, there are no suppliers in which any of our officers or managers owns an interest.

Franchisor or its Affiliates Acting as Approved Suppliers

We do not sell or lease any goods, services, supplies or equipment related to establishing operating the franchised business. However, you must purchase required proprietary products that are used or sold at your restaurant only from CRS, or other designated vendors or approved suppliers, and CRS may provide you non-proprietary products suitable for use at your restaurant. You will receive a list of approved suppliers at initial training and later updates to this list by e-mail.

Approved Suppliers and Approval of Alternative Suppliers

We only designate or approve suppliers who demonstrate to our satisfaction the ability to meet our standards and specifications, who possess adequate quality control and capacity to supply your needs promptly and reliably, and who have been approved by us in the Manual or otherwise in writing. Designation of a supplier may be conditioned on factors established by us, including performance relating to frequency of delivery, standards of service, and payment or other consideration to us or parties designated by us. We may designate a single supplier or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers.

The current list of approved products and suppliers is found in the Manual. We may make changes to these lists or other parts of the Manual, which we will provide to you. If you desire to purchase products other than those provided by approved suppliers, you must submit to us a written request for approval of the proposed supplier together with such evidence of conformity with our specifications and program specifications as we may reasonably require. We will have the right to require that our representative be permitted to inspect the supplier's facility and that samples from the supplier be delivered for evaluation and testing, either to us or to an independent testing facility designated by us. A charge not to exceed the reasonable costs of evaluation and testing must be paid by you. Our criteria for supplier approvals are contained in the Manual. Within 60 days after our receipt of the completed request or completion of the evaluation and testing (if required by us), we will notify you in writing of our approval or disapproval of the proposed supplier. Approval will not be unreasonably withheld. You must not sell or offer for sale any products or services from a proposed supplier until you receive our written approval of the proposed supplier.

We may revoke our approval of specific products or suppliers if we determine in our sole discretion that the products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing or selling any disapproved product.

We may also consider the impact of an additional supplier (and consequent reductions in supplier volume and increase in distribution expense) on the overall supply chain being utilized by the system.

Issuance of Specifications and Standards

We issue specifications and standards regarding authorized "Juan Pollo Products" (as defined in the Franchise Agreement) to our franchisees through the Manual and other communications in writing or by email. We also issue specifications and standards regarding Juan Pollo Products and other authorized products and services to our designated and approved suppliers in writing or by email. We may modify these specifications and standards at any time but only after delivering written notification of the modifications and providing our franchisees or suppliers a reasonable amount of time to implement the modifications.

Revenue from Franchisee Purchases

In 2023, we did not receive any revenues from the sale of proprietary products or supplies you purchased in accordance with our specifications, although we may do so in the future. Purchases from us and our affiliates in establishing your Outlet range from 11% to 21% of your total initial investment, and in operating your Outlet will range from 20% to 40% of your total monthly expenses.

In 2023, we did not receive any revenue payments from our approved suppliers, or any revenues from the sale of products, supplies or services to Juan Pollo franchisees. In 2023, we received \$65,000 in rebates from franchising purchases, and in 2023, our affiliate CRS received \$63,569 in rebates from franchising purchases and \$4,719,903 in revenues (representing 99% of its total revenues in 2023) from the sale of products, supplies or services to Juan Pollo franchisees.

Cooperatives

We are not presently involved in any purchasing or distribution cooperatives.

Negotiated Purchase Arrangements

We do not negotiate purchase agreements with suppliers for the benefit of Juan Pollo franchisees, although we may do so in the future.

Material Benefits Based on Franchisee Purchases

We do not provide any material benefits to you based on your purchase of specific products or services or your use of specific suppliers.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in franchise agreement	Disclosure document item
a.	Site selection and acquisition/lease	7.1, 7.2	6,11
b.	Pre-opening purchases/leases	7.2, 7.3	8
c.	Site development and other pre-opening requirements	7.1, 7.2	6, 7, 11
d.	Initial and ongoing training	6.1-6.4	11
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f.	Fees	4.1-4.8, 5.2, 12.2	5, 6
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j.	Warranty and customer service requirements	3.3, 8.1	11
k.	Territorial development and sales quotas	8.1	12
l.	Ongoing product/service purchases	7.3	8
m.	Maintenance, appearance and remodeling requirements	5.2, 7.2, 8.6	11
n.	Insurance	8.10	7
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p.	Indemnification	16.2	6
q.	Owner's participation/management/staffing	3.6, 6.1, 6.2, 8.1, 12.6	11,15
r.	Records and reports	8.7	6
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t.	Transfer	12.1-12.7	17
u.	Renewal	5.2, 5.3	17
v.	Post-termination obligations	11.2, 15.1, 15.2	17
w.	Non-competition covenants	11.1-11.3	17
x.	Dispute resolution	14.1-14.5	17
y.	Other	16.12	Not applicable

ITEM 10: FINANCING

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

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

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

Pre-Opening Assistance

Before you open your business, we will:

(1) Provide you with initial training and orientation in the Juan Pollo system and how to operate a Juan Pollo chicken restaurant at your Outlet (see section 6.1 of the Franchise Agreement and the Training Program described below in this Item 11). Your General Manager must successfully complete initial training to our satisfaction before you can open your Outlet.

(2) Designate your protected territory (see section 3.1 and Exhibit 1 of the Franchise Agreement).

(3) Provide you with a suggested general plan for the layout; furnishing and equipping of your Outlet (see section 7.2(a) of the Franchise Agreement).

(4) Assist you in selecting a site for your Outlet, but we reserve the sole right of final consent to the location (see section 7.2(b) of the Franchise Agreement). We will grant or withhold our consent to the location within 14 days after you identify it to us. The factors that we consider in consenting to a site for the Outlet include general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease or rental terms. We do not typically own and lease to you the premises on which the Outlet will be located. We do not provide you with assistance in conforming the premises of the Outlet to local ordinances and building codes nor (i) obtaining any required permits, (ii) constructing, remodeling or decorating the premises, or (iii) hiring and training employees. You must add to your Outlet entrance and on all printed materials and electronic displays or communications the statement "Independently Owned and Operated" (see section 9.2 of the Franchise Agreement).

(5) Provide you with a copy of the Manual (see section 7.2 of the Franchise Agreement). Except for giving you a written list of proprietary or required items needed to open your Outlet and designated or approved suppliers who can provide these items to you, we do not give assistance with providing equipment, signs, fixtures, opening inventory or supplies, nor do we or our affiliates deliver or install these items.

Length of Time to Open the Outlet

We estimate the typical length of time between the signing of the Franchise Agreement (when you make your first payment to us for the franchise) and the opening of your Outlet will be 120 days. Factors that may affect this length of time include the satisfactory completion of initial training by your designated attendees, location of an acceptable site, ability to obtain an appropriate lease, financing arrangements, compliance with zoning and local ordinances, weather conditions, shortages, the contractor's ability to complete construction of the Outlet, and delivery and installation of equipment, fixtures and signs. If you do not begin operating your Franchised Business within 180 days after you sign the Franchise Agreement, we may cancel your Franchise Agreement; and if we do so, we are not obligated to refund your Franchise Fee. However, if you have been unable to find a suitable location despite your reasonable efforts to do so, or if you and we cannot agree on a site you have proposed for your Outlet, we will extend the time for you to begin operating your Franchised Business for an additional 180 days (a total of 360 days after you sign the Franchise Agreement).

Our Obligations during the Operation of the Franchise

During the operation of the franchised business, we:

(1) Will provide you with full access to, and integrate information about your Outlet into, the Juan Pollo website (see section 6.2(a) of the Franchise Agreement).

(2) Will be available by phone and e-mail for guidance in all phases of the operation and management of your Outlet (see sections 6.2 and 6.3 of the Franchise Agreement).

(3) Will visit you periodically at no cost to you to provide additional sales and administrative review and assistance, and if you request this assistance, you must reimburse us for the cost of our representative's transportation and lodging. We may, at our discretion, charge an additional training fee of up to $750 per day for Juan Pollo training courses, seminars, conferences or other programs that we require you or your representatives to attend. The nature, frequency and duration of this assistance by our representatives will be in our sole discretion. (See section 6.2(b) of the Franchise Agreement.)

(4) Will notify you if the general state of repair, appearance or cleanliness of your Outlet or its fixtures, equipment or signs do not meet our standards, and specify the action you must take to correct the deficiency (see section 8.11 of the Franchise Agreement).

(5) May conduct a system-wide mandatory meeting (or annual convention) not more than once a year (usually held in San Bernardino County, California), but typically no more than one day in duration). Attendance of the General Manager at these meetings will be mandatory (and is highly recommended for all your Principal Equity Owners). You must pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings. (See section 6.3 of the Franchise Agreement.)

(6) May recommend retail prices for specific Juan Pollo Products and other products and services we authorize for sale at your Outlet (to enhance uniformity in the delivery of goods and services to retail customers by our franchises and the strength of our Marks in inter-brand competition), and if we do so, you may not advertise or promote (whether by telephone, printed materials or any other media, including, without limitation, social media) retail prices that are inconsistent with these recommended prices. (See section 8.1(b) of the Franchise Agreement.) Also, to the extent permitted by federal and state law applicable to the Outlet, we may designate maximum and minimum retail prices to be charged for Juan Pollo Products.

Advertising Program for the Franchise System

We intend to use social media (and in the future, radio and television) and targeted print media in our advertising efforts. We will be using in-house advertising personnel to do this, but we also intend to hire advertising and public relations firms to assist us in these efforts. We are not required to spend any advertising fees in or near your Outlet, although we may do so. Advertising Fees are spent to benefit all franchises, including you.

Within the first 60 days after the Opening Date, you must spend in your Territory at least $5,000 on the grand opening advertising and promotion of your Outlet, using the grand opening promotional program that we approve. We will also provide you other general advertising programs and sales promotion, campaign and sample advertising materials. You may develop advertising materials for your own use, at your own cost. But we must approve all advertising materials in advance and in writing.

We do not yet have a franchisee council that advises us on advertising policies, but we may establish one in the future, and if we do so, we will request input on advertising informally from franchisees.

We are not presently involved in any advertising cooperatives. However, we reserve the right to create advertising cooperatives in the future. If we do so, retail Juan Pollo Outlets owned by us or affiliated with us will contribute to the cooperative on the same basis as Juan Pollo franchisees. We have the right to require cooperatives to change, dissolve or merge.

Beginning on the Opening Date, you must pay us Marketing and Promotion Fees equal to 2% of weekly Gross Revenues (see section 4.3(a) of the Franchise Agreement). We collect and spend Marketing and Promotion Fees for national, regional and local advertising, public relations, market research, and promotional campaigns designed to promote and enhance the value of the Brand and its public recognition and acceptance.

We will provide general advertising programs and sales promotion, campaign and sample advertising materials. You may develop advertising materials for your own use, at your own cost. But we must approve all advertising materials in advance and in writing. You grant us the right to use the name, image and likeness of you, all Principal Equity Owners and any of your affected employees, for commercial purposes relating to the marketing and promotion of the Marks, Juan Pollo products, any Juan Pollo Outlet and the Juan Pollo system. (See section 9.1(d) of the Franchise Agreement.)

Commencing on the effective date the Outlet becomes a franchised location, we recommend that you spend at least 1% of your Outlet's Gross Revenues on local advertising and promotion of your Outlet (see section 4.3(d) of the Franchise Agreement). Also, you must spend at least $5,000 within the first 60 days after your Outlet opens on the Grand Opening advertising and promotion related to your Outlet becoming a franchised location (see section 4.3(c) of the Franchise Agreement).

On a national or regional basis, we may impose an additional assessment on all affected Juan Pollo franchisees for special advertising or promotional activities if franchisees owning 2/3 of all affected franchised Outlets agree to this additional assessment, confirmed in writing by each franchisee (see section 4.3(e) of the Franchise Agreement).

Marketing and Promotion Fees are deposited into a separate bank account specifically designated for Juan Pollo advertising and promotional activities. This account is not subject to audit and no interest on the amounts on deposit is imputed for your benefit or paid to you. We administer the national advertising program and receive a fee of 15% of the annual aggregate Marketing and Promotion Fees for doing so.

Marketing and Promotion Fees are primarily used to promote the Juan Pollo system and retail sales at Outlets. We determine, in our sole discretion, the cost, form or media, content, format, production and timing, including regional or local concentration and seasonal exposure, location and all other matters involving advertising, public relations and promotional campaigns.

In 2023, we collected $648,171 in Marketing and Promotion Fees and spent $798,989 on the advertising and promotion of the Juan Pollo brand and retail businesses, as follows: 45% on the production of advertisements and other promotional materials, 36% for media placement, 15% for our administrative expenses and 4% on other miscellaneous expenses.

If we do not expend all Marketing and Promotion Fees collected for one year, the amount remaining is retained for future advertising. If you request this in writing, we will provide you on or before each March 31 with an unaudited statement describing the annual receipts and expenditures of Marketing and Promotion Fees during the calendar year that just ended.

None of the Marketing and Promotion Fees is or will be used primarily for the solicitation for new franchise sales.

Computer Requirements

You must purchase or lease, and use at your Outlet, the POS System we designate (currently the Clover Station Pro POS system) to track and process retail sales at the Outlet (see section 8.4 of the Franchise Agreement). We estimate the monthly cost of leasing this POS System is $93, and the cost to purchase this POS System is $2,500. You will use this POS system to complete point-of-sale transactions and track your weekly sales. We will have independent access to your POS system and there are no contractual limits on our independent access to the information and data stored on your POS system. You are responsible for all ongoing maintenance and repairs and upgrades. There are no contractual limitations on the frequency to upgrade or update the POS system. But if we ever do require our franchisees to update or upgrade their POS systems, you will receive a 90-day notice will.

We require you to always maintain an e-mail account, connect the POS system to a dedicated telephone line (or other communications medium we specify), and have access to the Internet via a third-party network we designate in the Manual or otherwise in writing. You must allow us and/or our designated affiliate, to poll the POS system on a daily or other basis at such times and in such manner as established by us or our designated affiliate, with or without notice, and to retrieve such transaction information including sales, sales mix, usage and other operations data as we or our designated affiliate deems appropriate. You must always have and maintain adequate anti-virus software in any computer you use to communicate with us directly or through our master web site. (See section 8.4(b) of the Franchise Agreement.)

We may identify and designate computer software that must be used in the operation of any POS System we require. If we do, you must license or sublicense such software from or our designated vendor and enter into a software license agreement on the designated vendor's then-current form.

Operations Manual

We will lend you one copy of our Manual (containing a total of 120 pages) and other applicable manuals during the relevant phases of initial training (see section 8.2 of the Franchise Agreement). This Manual contains mandatory and suggested specifications, standards and procedures for operation of your Outlet.

We will modify the Manual, and you must comply with these changes when you receive them, but no modification will alter your status and rights under the Franchise Agreement.

This Manual is confidential and remains our property. If you lose or allow the unauthorized duplication of the Manual or any other confidential manuals or proprietary materials loaned to you by us, you will be in violation of the Franchise Agreement and all other agreements you have with us (see section 8.2(c) of the Franchise Agreement).

The following is the Table of Contents of the Manual as of the date of this disclosure document.

Topic	Number of Pages
Introduction and History	1
Getting Started	3
Site Selection	15
Pre-Opening Procedures	3
Chicken Preparation and Rotisserie Cooking	22
Closing Procedures	5
Equipment and Supplies	3
Restaurant Policies and Procedures	18
Interviewing and Hiring	8
Owner / Manager	36
Franchisee Obligations	4
Franchisor Obligations	2
Total Pages	**120**

Currently, we have no policy under which we will render services to you not required by your Franchise Agreement (or other agreements with us) or the Manuals.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Overview of Juan Pollo	1	0	San Bernardino, California
Personal Introduction	1	0	San Bernardino, California
Front Counter Operations	2	6	San Bernardino, California
Rotisserie Operations	4	12	San Bernardino, California
Customer Service	2	6	San Bernardino, California
Food Preparation	4	12	San Bernardino, California
Manager Duties	4	24	San Bernardino, California
Marketing Review	2	0	San Bernardino, California

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Food Cost Review	1	0	San Bernardino, California
Labor Review	1	0	San Bernardino, California
Filing / Accounting / Reports	2	0	San Bernardino, California
Final Review	1	0	San Bernardino, California
Total Hours of Training	**25**	**60**	

Initial training is typically provided within 30 days before your Outlet opens and is scheduled as necessary (but no more frequently than monthly). If your Manager has previously been managing a Juan Pollo restaurant for at least one year, we may deem the initial training requirement to have been satisfied. All classroom training takes place at or near our national headquarters in San Bernardino, California, or another training center we designate. All on-the-job training takes place in an operating Outlet in or near San Bernardino County, California.

The instructional material consists of appropriate handouts and information directly from the Operations Manual. Currently, our principal instructor is Aaron Okura, who has been with us for 11 years, and who has 13 years of experience in the subject matters he teaches. The initial training instructor is sometimes assisted by our operations staff and other employees, but all instructors must have at least two years of experience in the subject matters they teach.

We do not charge for this training or service for the designated General Manager and one other trainee (each additional trainee may have to pay us $750 per day per person for training). You must pay all travel and living expenses of persons you send to training. Assistance by one of our operations specialists at the premises of your Outlet for the period immediately preceding the opening of your Outlet and including the opening day is provided without charge.

The successful completion of initial training by your designated General Manager is a condition to your opening of an Outlet to the public and must be fulfilled within 180 days after you sign the Franchise Agreement. The failure of your designated General Manager to successfully complete the training may result in the termination of your Franchise Agreement; provided that if your designated General Manager fails to complete initial training satisfactorily, you will have the option of sending a replacement approved by us to initial training. You must then reimburse us for our costs in providing this replacement training plus a training fee of $1,500.

Upon reasonable notice, we may require attendance of designated personnel of yours at training courses, seminars, conferences or other programs that are deemed by us to be relevant or appropriate to the operation of your Outlet (see section 6.2(b) of the Franchise Agreement). We may, at our discretion, charge an additional training fee of up to $750 per day for Juan Pollo training courses, seminars, conferences or other programs that we require you or your representatives to attend. No refresher courses are required.

ITEM 12: TERRITORY

You will receive a protected territory (“Territory”) within a defined geographical area around your Outlet as you and we determine and as specified in Exhibit 1 to your Franchise Agreement. By “protected” Territory we mean that so long as you continue to fulfill your material obligations under your Franchise Agreement (as reasonably determined by us), we will not grant any license or franchise to any other person to operate a Juan Pollo restaurant within your Territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You may relocate your Outlet with our written consent, which will not be unreasonably withheld. Not less than 90 days before the desired date of relocation (unless prior notice is impractical because of a required relocation in which event your notice must be given as soon as possible), you must make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location. Within 20 business days after we receive your request, we will either approve or disapprove in writing such closure or relocation in our sole discretion. If we disapprove of a proposed relocation, you may request an alternative proposed new location. (See section 8.6 of the Franchise Agreement.)

We do not grant you options or rights of first refusal to open additional Outlets, and you may not open additional Juan Pollo businesses or engage in activities that are equivalent to the franchised business outside the Territory.

Your Territory is not exclusive, and we and our direct or indirect affiliates reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing sales, to make sales anywhere including within your Territory using our principal trademarks and under trademarks differ from the ones you will use under the Franchise Agreement. If we solicit or accept orders from inside your Territory through other channels of distribution, we are not obligated to pay you any compensation.

Although you are not restricted from selling Juan Pollo Products to customers residing outside your Territory, except when advertising cooperatively with other Juan Pollo, you are restricted from advertising outside your Territory without our prior written consent. You may not engage in any mail order solicitations, catalog sales, telemarketing or television solicitation programs, or use any other advertising media outside of your territory without our prior written approval. Also, you may not offer or sell Juan Pollo Products directly or indirectly through the Internet, except as authorized by us in the Manual or otherwise in writing. We will publish all website content and we may provide you with a presence on our master web site (www.juanpollo.com). And if we do this, you must participate in this web site. We will maintain the “Uniform Resource Locator” (or “URL”) and you may never own any Internet domain name that contains any of the Marks. Under no circumstances are you authorized to establish your own personal websites (including social media sites) for the purpose of advertising your Outlet under our principal trademarks without our express consent.

We have not established and do not intend to establish company-owned retail outlets selling Juan Pollo Products in your Territory and we do not currently, nor do we have any plans in the future to, operate or franchise businesses under a different trademark that will sell goods or services like those you will offer. However, we reserve the right to offer and sell other types of franchises that are not directly competitive with the Juan Pollo franchise and to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to us, without necessarily granting you any rights in those systems.

The continuation of your rights to the Territory does not depend on you attaining a minimum level of sales, revenues or market penetration, or satisfying another contingency. The Territory may not be altered except if you and we mutually agree. You will maintain rights to your territory even if its population increases.

ITEM 13: TRADEMARKS

The principal Juan Pollo commercial symbols (stylized design of a roasting chicken and word mark "Juan Pollo") that we will license to you appears on the cover of this disclosure document.

On December 24, 2002, our founder Albert Okura registered the principal trademark "JUAN POLLO" with the United States Patent and Trademark Office ("USPTO"), registration number 2666886 in class 042 (fast food rotisserie chicken restaurants). This registration was later transferred to our affiliated entity JPI. This registration was renewed with the USPTO on December 16, 2012. On June 8, 2021, JPI registered the stylized design of a roasting chicken with the USPTO, registration number 6381626 in class 043 (restaurant services).

There are presently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor any pending interference, opposition or cancellation proceedings involving our trademarks. There are no agreements currently in effect that significantly limit our rights to use or license the use of trademarks listed in this Item in a manner material to the franchise. There is no pending material federal or state court litigation regarding our use or ownership rights in the trademarks. All required affidavits and statements have been filed with the USPTO by the franchisor and JPI.

All trademarks are owned by JPI. In April 2020, JPI granted us a royalty-free trademark license (the "Trademark License") and exclusive right to use and franchise the principal trademark and associated trade names, trademarks, service marks, logotypes and other commercial symbols and copyrights and proprietary materials in the United States to franchised operators of Juan Pollo. The Trademark License does not contain any significant limitations on our right to use or license the trademarks to you, and will continue for a term of 25 years, with the right to renew the Trademark License for additional consecutive periods of 25 years. If the Trademark License were to be terminated, we would have the right to change the name under which we and our franchisees operate and continue to operate and license the existing Juan Pollo under a different name. Except as described above, no agreements limit our rights to use or license the use of the trademarks.

You must follow our rules when you use the trademarks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the trademarks to offer or sell any unauthorized product or service, or in any manner that we have not authorized in writing.

We have the right to control any administrative proceedings or litigation involving a trademark we licensed to you. You must notify us promptly if you learn about an alleged infringement, unfair competition, unauthorized third-party use of or challenge to your use of the trademarks. We then will promptly take the action we think appropriate. We will indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition or similar claims about the trademarks. But we have no obligation to defend or indemnify you if the claim against you relates your use of the trademarks in violation of the Franchise Agreement.

If you learn that any third-party who you believe is not authorized to use our trademarks is using them or any variant of them, you must promptly notify us. We will determine whether we wish to take any action against the third party. You have no right to make any demand or to prosecute any claim against an alleged infringer for the infringement of our Marks.

You must modify or discontinue the use of a trademark if we modify or discontinue it. You must not directly or indirectly contest our rights to the trademarks, trade secrets or business techniques that are part of our business.

There are no infringing uses or superior previous rights known to us that can materially affect your use of the Marks in this state or any other state in which the franchised business is to be located.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own rights in, or licenses to, patents or copyrights that are material to the franchise and you do not receive the right to use any item covered by a patent or copyright. However, we assert a common law copyright on the contents of the Manual and only you or your authorized employees can have access to and use the proprietary information in the Manual.

You must immediately notify us if you become aware of any infringement or inappropriate use of the Manual. We will then take whatever action we deem appropriate, and will control any litigation, to protect our copyright in the Manual. You will have no power, right or authority to settle or compromise any such claim, suit or demand by a third party or to intervene to stop misuse, without our prior written consent. We will defend, compromise or settle at our discretion any claim, suit or demand relating to our copyrights and take steps to stop misuse at our cost and expense, using attorneys selected by us, and you agree to cooperate fully in such matters. If the infringement or inappropriate use results from your negligence or willful action, you must reimburse us all our expenses in protecting our copyright. Otherwise, we will indemnify you and hold you harmless from and against all judgments resulting from any claim, suit or demand arising from your authorized and use of the copyrights in accordance with the terms of the Franchise Agreement.

The Franchise Agreement provides that if you or your employees, agents and subcontractors or any other party who you may contract with create any materials containing or associated with the Marks, including artwork, graphics, layouts, slogans, domain names, other names, titles, text, or similar materials, these will become our sole property, including copyrights.

We do not currently have any pending patent applications that are material to the franchise.

Our intellectual property, whether the subject of a patent, copyright or not, also is protected by common law principles which limit the use of our confidential proprietary information, except as we have licensed it. We will enforce those rights as we determine.

Our Proprietary Rights in Other Confidential Information

You may never reveal any of our confidential proprietary information to another person or use it for another person or business. You may not copy any of our confidential proprietary information or disclose it to a third party except as we authorize. You must also promptly tell us when you learn about unauthorized use of any of our confidential proprietary information. We are not obligated to take any action but will respond to your notification of unauthorized use as we think appropriate.

The Franchise Agreement grants us the right at any time to use the name, image and likeness of you and all Principal Equity Owners for commercial purposes in connection with the marketing and promotion of the Marks, Juan Pollo Products, any Juan Pollo retail location and the Juan Pollo System, without any form of compensation or remuneration. Under the Franchise Agreement you also agree (i) to have any Principal Equity Owner or other affected employee of yours sign a release in the form contained in the Manual that authorizes us to also use the employee's name, image and likeness for the purposes described the preceding sentence, without compensation or remuneration, and (ii) to provide us with a copy of such signed release.

ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We are seeking franchisees whose principal owner plans to actively participate in the direct management and operation of the Outlet. Additionally, as disclosed in section 8.1(a) of the Franchise Agreement, you must employ at least one designated General Manager (if you are a sole proprietor, this could be you) who has successfully completed our initial training program.

You must disclose the identity of the General Manager to us and if for any reason they are no longer acting as General Manager, you must notify us immediately and in writing. The General Manager cannot have an interest in or business relationship with any of our business competitors. The General Manager must devote their full time during normal business hours to the management, operation and development of the Franchised Business. We do not require your General Manager to have any ownership interest in your business, although they may do so. If the General Manager does not own at least a 20% equity interest in your franchisee entity, they may be required to sign a non-competition agreement that is like the non-competition provisions contained in your Franchise Agreement.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell at your Outlet only Juan Pollo Products and other goods and services that we designate as required for all franchisees or have approved.

We have the right to add other authorized goods and services that you will be required to offer. There are no limits on our right to do so except that the additional investment required of you for equipment, supplies and initial inventory will not exceed $50,000 per year.

There are no restrictions on the customers to whom you may sell Juan Pollo Products and related goods and services at your Outlet.

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 OR OTHER AGREEMENT	SUMMARY
a.	Length of the franchise term	5.1	The initial term is seven years.
b.	Renewal or extension of the term	5.2	You can add additional five-year terms upon written notice delivered to us not less than 120 days before the end of the existing term. However, we are not obligated to renew your Franchise if one or more of the conditions in section 5.2(c) of the Franchise Agreement apply to you.
c.	Requirements for franchisee to renew or extend	5.2	Sign our current form of Franchise Agreement modified by addendum to delete terms that are inapplicable to a renewing franchisee to create a “Renewal Franchise Agreement”, pay renewal fee, remodel Outlet and sign release. The Renewal Franchise Agreement you sign at renewal may have materially different terms and conditions than your original Franchise Agreement, but the boundaries of the Territory will remain the same.
d.	Termination by franchisee	13.4	If we are in material breach (beyond any applicable cure periods), you can terminate your Franchise Agreement with 60 days’ notice.
e.	Termination by franchisor without cause	Not applicable	Not applicable.
f.	Termination by franchisor with cause	13.1-13.11	We can terminate only if you are in material breach of your Franchise Agreement. This provision is subject to state law.)
g.	“Cause” defined – curable defaults	13.3	You have 60 days after notice to cure monetary defaults and other defaults (including defaults under a lease for your Outlet) that can be cured. This provision is subject to state law.)
h.	“Cause” defined – non-curable defaults	13.2	Non-curable defaults under the Franchise Agreement: your bankruptcy or insolvency; abandonment of the franchise; you engage in conduct that reflects materially and unfavorably upon the operation or reputation of our franchise system; you make material misrepresentations relating to your acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System; you fail, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchise; after curing any default, you engage in the same noncompliance whether

	PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
h.	"Cause" defined – non-curable defaults [continued]		or not such noncompliance is corrected after notice; you repeatedly fail to comply with one or more material requirements of the Franchise Agreement, whether or not corrected after notice; the Franchised Business or your Outlet is seized, taken over, or foreclosed by a government official, creditor, lien holder or lessor, or that a final judgment against you remains unsatisfied for 30 days; you are convicted of a felony or any other criminal misconduct that is relevant to the operation of the Franchise; we make a reasonable determination that your continued operation of the Franchise will result in an imminent danger to public health or safety; or your financial condition is impaired to the point that it is reasonable to conclude that you will not be able to fully discharge your obligations under this Agreement and that impairment continues for at least 30 days. This provision is subject to state law.)
i.	Franchisee's obligations on termination or non-renewal	15.1	Obligations include removal of our Brand and other trademarks, return of all confidential and proprietary information and erasure of all copies of confidential and proprietary information, forwarding of telephone number and payment of amounts due (also see r, below).
j.	Assignment of contract by franchisor	12.1	No restriction on our right to assign. (However, no assignment will be made except to an assignee that in good faith and judgment of the franchisor is willing and financially able to assume our obligations as franchisor under the Franchise Agreement.)
k.	"Transfer" by franchisee – defined	12.2	The Franchise Agreement defines a transfer as a sale, assignment, transfer, conveyance, pledge, mortgage, encumbrance, abandonment, elimination or giving away, voluntarily or involuntarily, by operation of law or otherwise.
l.	Franchisor's approval of transfer by franchisee	12.2	We have the right to approve all transfers (including transfers of (i) more than 50% of the equity or (ii) controlling interest in a franchisee entity), but we will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	12.2	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you and current agreement signed by new franchisee (also see r. below). Within 60 days after our receipt of all necessary information and documentation required under the Franchise Agreement, or

	PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
m.	Conditions for franchisor approval of transfer [continued]		as specified by written agreement between us and you, we will notify you of the approval or disapproval of the proposed transfer of the Franchise by you. This notice will be in writing and delivered to you by business courier.
n.	Franchisor's right of first refusal to acquire franchisee's business	12.3	We can match any legitimate offer for your business, but we have no right of first refusal if the transfer is (i) between or among individuals (including their immediate family members) who have guaranteed obligations under a Small Business Administration loan or (ii) a transfer of less than 100% of the equity interest of a franchisee entity).
o.	Franchisor's option to purchase franchisee's business	15.2(d)	Upon a lawful termination or nonrenewal of the Franchise Agreement, we will purchase from you, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of the Franchise Agreement or any ancillary or collateral agreement by you to us or our approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in your possession or used by you in the Franchised Business. There are exclusions to some of these items to be purchased and exceptions to our obligation to purchase. We may deduct and withdraw from the purchase price to be paid to you all sums then due and owing to us.
p.	Death or disability of franchisee	12.6	Franchise must be assigned by estate to approved buyer within 270 days.
q.	Non-competition covenants during the term of the franchise	11.1	No involvement in competing business anywhere.
r.	Non-competition covenants after the franchise is terminated or expires	11.2	No competing business for one year within 25 miles of your Outlet or any other Juan Pollo Outlet (this obligation also applies to you if you assign your franchise). This provision is subject to state law.)
s.	Modification of the agreement	8.2, 16.14(c)	No modifications generally, but Manual subject to change. This provision is subject to state law.)
t.	Integration/merger clause	16.14	Only the terms of the franchise agreement are binding (subject to state and federal law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or in any related agreement disclaims or is intended to disclaim representations made in this Franchise Disclosure Document.

	PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
u.	Dispute resolution by arbitration or mediation	14.1-14.5	Except for certain claims, the parties agree in the Franchise Agreement to submit disputes initially to a settlement conference between your Principal Equity Owners and us. If that conference does not resolve the dispute, it will be referred to a mutually acceptable mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law. If the mediation proceeding does not result in a settlement of the dispute, it must then be arbitrated by and before JAMS, Inc. in accordance with (i) its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000) or (ii) its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more). Or if the parties mutually agree, the dispute may be submitted to arbitration by and before another mutually acceptable arbitrator. We will maintain a position of strict neutrality regarding any disputes between owners of a franchisee entity, and we will not assist any specific owner of your entity, nor will we take a position or issue an opinion on the validity of a specific claim by an owner of your entity or the respective liabilities of owners of your entity involved in a dispute. (This provision is subject to state law.)
v.	Choice of forum	14.3	Mediation and arbitration proceedings will take place in San Bernardino County, California. Any litigation proceedings will be filed in an appropriate court in California.
w.	Choice of law	16.13	The Federal Arbitration Act governs arbitration proceedings under the Franchise Agreement. Otherwise, the law of California governs the Franchise Agreement.

ITEM 18: PUBLIC FIGURES

We do not currently pay or provide any other benefit to a public figure for the right to use his or her name to promote the sale of Juan Pollo franchises.

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 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 specific location or under specific circumstances.

We do not make any representation about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Kyle Okura, Juan Pollo Franchising, Inc., 383 South J Street, San Bernardino, California 92410, (909) 885-6324; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	23	23	0
	2022	23	23	0
	2023	23	23	0
Company-Owned	2021	2	2	0
	2022	2	2	0
	2023	2	2	0
Total Outlets	**2021**	**25**	**25**	**0**
	2022	**25**	**25**	**0**
	2023	**25**	**25**	**0**

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021 TO 2023

State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0
Totals	**2021**	**0**
	2022	**0**
	2023	**0**

Table No. 3
STATUS OF FRANCHISE OUTLETS FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
California	2021	23	0	0	0	0	0	23
	2022	23	0	0	0	0	0	23
	2023	23	0	0	0	0	0	23
Totals	**2021**	**23**	**0**	**0**	**0**	**0**	**0**	**23**
	2022	**23**	**0**	**0**	**0**	**0**	**0**	**23**
	2023	**23**	**0**	**0**	**0**	**0**	**0**	**23**

Table No. 4
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Totals	**2021**	**2**	**0**	**0**	**0**	**0**	**2**
	2022	**2**	**0**	**0**	**0**	**0**	**2**
	2023	**2**	**0**	**0**	**0**	**0**	**2**

Table No. 5
PROJECTED SYSTEM-WIDE OPENINGS AS OF DECEMBER 31, 2023

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	1	2	0
Totals	**1**	**2**	**0**

Exhibit C of this disclosure document lists, as of December 31, 2023, all franchised Outlets then open and operating and franchisees who signed franchise agreements but had not yet opened their Outlets.

Exhibit D of this disclosure document lists, as of December 31, 2023, the contact information of every franchisee that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement in 2023, and any franchisee who has not communicated with us within the 10 weeks ending on the 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, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

We have not created, sponsored or endorsed any trademark-specific franchisee organizations associated with the Juan Pollo franchise being offered. There are no independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21: FINANCIAL STATEMENTS

Exhibit B to the disclosure document contains our audited financial statements for our fiscal years ended December 31, 2023, December 31, 2022, and December 31, 2021.

ITEM 22: CONTRACTS

The following agreements and other required exhibits are attached to this disclosure document as listed below:

Exhibit A - Franchise Agreement

ITEM 23: RECEIPTS

You will find copies of a detachable receipt in Exhibit H at the very end of this disclosure document.

JUAN POLLO

FRANCHISE AGREEMENT

EXHIBIT A

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FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and executed as of ________________, 20____ (the "Effective Date"), by and among Juan Pollo Franchising, Inc., a California corporation, doing business as Juan Pollo ("JPF", "we" or "us"), and ____ ("you").

An entity affiliated with us (the "Owner of the Marks") owns the Juan Pollo trademarks, service marks and other intellectual property and all rights in respect thereof and has authorized us to license them to Juan Pollo franchisees.

You desire to be franchised and licensed by us to use our "System" (as defined in Article I below), "Marks" (as defined in Article I below) and goodwill to conduct the "Franchised Business" (as defined in Article I below) from a specific "Outlet" (as defined in Article I below and identified in Exhibit 1 attached).

We are willing to grant you a "Franchise" (as defined in section 3.1 hereof), in accordance with the provisions of this Agreement and the Confidential Operations Manual.

I. DEFINITIONS

Abandoned. The term "Abandoned" means cessation of operation of the Franchised Business for a period of five consecutive business days, without our prior written consent. A repeated pattern of inactivity at your Outlet for periods of less than five consecutive business days may result in your Franchised Business being deemed Abandoned if in our judgment such inactivity adversely impacts the Franchised Business. However, your Franchised Business will not be deemed Abandoned if the inactivity is due to natural disasters or other matters reasonably beyond your control, provided that you give us notice of any such closure within five business days after the initial occurrence of the event resulting in such inactivity, and we acknowledge in writing that such inactivity is due to one of the foregoing causes, and provided further that you re-establish the Franchised Business and be fully operational within 180 days after the initial occurrence of the event resulting in such inactivity or such longer period as we may permit.

Anniversary Year. The term "Anniversary Year" means the 12-month period between the Effective Date and the first anniversary thereof and between each succeeding anniversary.

Confidential Operations Manual. The term "Confidential Operations Manual" means the manual or manuals (regardless of title) containing policies and procedures to be adhered to by you in performing under this Agreement, including all amendments and supplements thereto provided to you from time to time.

Consumer Price Index or CPI. The term "Consumer Price Index" or "CPI" means the annual average of the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor (or the highest similar future index if these figures become unavailable).

Franchised Business. The term "Franchised Business" means the sale of "Juan Pollo Products" (as defined in this Article I) and other goods and services we authorize in the Confidential Operations Manual pursuant to the "System" (as defined in this Article I) and other business methods and procedures set forth by us for the operation and marketing of an Outlet within the "Territory" (as defined in this Article I).

General Manager. The term "General Manager" means the individual (may be a "Principal Equity Owner", as defined in this Article I) that has been designated by you as the person responsible for the day-to-day operation of the Outlet, and who has successfully completed "Initial Training" (as required pursuant to section 6.1 hereof).

Gross Revenues. The term "Gross Revenues" means all revenues, however generated or received, that are derived by you from operating the Franchised Business at or through your Outlet, excluding only applicable sales or use taxes and legitimate refunds, and not modified for uncollected accounts.

Initial Training. The term "Initial Training" means training in the System provided by us, as described in section 6.1 hereof.

Juan Pollo Products. The term "Juan Pollo Products" means chicken in the grades and sizes authorized by JPF in the Confidential Operations Manual to be prepared and cooked on a rotisserie using proprietary recipes and specified techniques, condiments and ingredients, and other food, beverages and related products and accessories supplied by JPF, designated vendors and approved suppliers for resale by you at your Outlet in accordance with this Agreement and the Confidential Operations Manual (as amended from time to time by us).

Marks. The term “Marks” means the proprietary marks that are associated with the Juan Pollo system and associated designs in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, trade names, logos, insignias, designs and other commercial symbols which we now or hereafter are authorized to use and use or authorize others to use to identify the Franchised Business.

Outlet. The term “Outlet” means a retail fast casual restaurant that JPF has consented to which is exclusively dedicated to the operation of the Franchised Business under the Marks and in accordance with the System.

Principal Equity Owner. The term “Principal Equity Owner” means a sole proprietor franchisee or each person who owns 20% or more of an entity franchisee.

Proprietary Information. The term “Proprietary Information” means all non-public information, knowledge, know-how and technologies that we designate as confidential, proprietary or trade secrets, including the Confidential Operations Manual, business formats, business systems, financial information, marketing strategies and programs, operational techniques, service concepts, artwork, e-mail, electronic media, graphics, layouts, slogans, names, titles, text, manuals, bulletins, instruction sheets, or supplements thereto, or any equipment, videotapes, videodiscs, forms, advertising matter, Marks, devices, insignias, or designs.

System. The term “System” means comprehensive marketing and operational systems prescribed by us to be used in the conduct of the Franchised Business, as set forth in this Agreement and the Confidential Operations Manual. The System includes (i) the Marks, (ii) know-how relating to Juan Pollo Products, (iii) advertising, marketing and sales programs and techniques, (iv) training programs, and (vi) related materials, artwork, graphics, layouts, slogans, names, titles, text and other intellectual property that we make available to you. In our sole discretion, we may improve or change the System from time to time (including but not limited to adding to, deleting or modifying elements of the System and amending the Confidential Operations Manual) for the intended purpose of making the System more effective, efficient, economical or competitive; adapting to or taking advantage of competitive conditions, opportunities, technology, materials or local marketing needs and conditions; enhancing the reputation or public acceptance of the System; or better serving the public.

Territory. The term “Territory” means (i) the area within a designated radius of your Outlet or (ii) a designated geographic area around your Outlet as set forth in Exhibit 1 attached hereto.

Trade Dress. The term “Trade Dress” means the unique and distinctive layout, design and color schemes relating to the Outlet, and the textures, sizes, designs, shapes, and placements of words, graphics, and decorations on products and packaging related to Juan Pollo Products.

Transfer. The term “Transfer” means a sale, assignment, transfer, conveyance, pledge, mortgage, encumbrance, abandonment, elimination or giving away, voluntarily or involuntarily, by operation of law or otherwise.

II. THE FRANCHISED BUSINESS

2.1 Our Business. We are engaged in the administration, development, operation and licensing of businesses that operate Outlets offering the Franchised Business, using the Marks, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with us and our affiliated companies. Our activities in general, and our system (including proprietary recipes, rubs, sauces and menus; logos; equipment and operations; designs and layouts for the Outlets; marketing and advertising, specialty retail items and promotional activities) are undertaken to develop, maintain and enhance the Marks and our business reputation.

2.2 The Franchise System. As a result of our expenditure of time, skill, effort and money, we have developed and supervise the franchise System under the Marks operated in accordance with the provisions of this Agreement and our Confidential Operations Manual, as amended from time to time. The Owner of the Marks has authorized us to license the Marks to Juan Pollo franchisees.

III. GRANT OF FRANCHISE

3.1 Grant of Franchise.

(a) By our respective signatures below, as of the Effective Date, we hereby grant to you, and you hereby accept, a license ("Franchise") to participate in and use the System by conducting the Franchised Business at your Outlet within your Territory as described in Exhibit 1 attached hereto, in strict accordance with this Agreement and the Confidential Operations Manual, from the time of commencement of the Franchised Business until the end of the term hereof and any additional term unless sooner terminated. So long as you comply with this Agreement, we will not authorize another Juan Pollo franchisee to operate, or operate ourselves, a Juan Pollo Outlet in your Territory.

(b) Franchisor is executing this Agreement in reliance that the Principal Equity Owners and other individuals identified in Exhibit 2 of this Agreement are the sole holders of a legal or beneficial interest in Franchisee. Franchisor must be given prior notice in writing, together with supporting documents, if there is any proposed change of (i) Franchisee's equity ownership, (ii) Franchisee's management personnel, or (iii) control of Franchisee's entity, or if there is any proposed corporate reorganization including any merger, sale, transfer (whether part of or whole) of Franchisee's assets, business or undertakings. Franchisor will not unreasonably withhold its consent to any such proposed change or reorganization. However, if Franchisor rejects Franchisee's request for a proposed change or require a variation of the proposed change, Franchisee must comply with Franchisor's decision, and Franchisee's failure to do so may result in termination of this Agreement without liability to Franchisor.

(c) Each Principal Equity Owner (and their respective spouses, if applicable), must execute the Guarantee of Franchise Agreement attached as Exhibit 3 of this Agreement.

(d) You acknowledge that we may have granted and may in the future operate or grant other licenses and franchises outside the Territory. YOU MAY NOT USE OUR MARKS, OPERATIONAL TECHNIQUES, SERVICE CONCEPTS OR PROPRIETARY INFORMATION WITH ANY BUSINESSES OR SERVICES OTHER THAN THE FRANCHISED BUSINESS AT THE OUTLET WITHOUT THE EXPRESS PRIOR WRITTEN PERMISSION OF OUR PRESIDENT OR OTHER EXECUTIVE OFFICER, WHICH PERMISSION, IF GRANTED, WILL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE FRANCHISED BUSINESS AND SUBJECT REVENUES THEREFROM TO PAYMENT OF ROYALTY AND MARKETING AND PROMOTION FEES.

3.2 Reserved Rights.

(a) Nothing contained herein accords you any right, title or interest in or to the Marks, System, marketing and operational techniques, service concepts, proprietary information or goodwill of ours, except such rights as may be granted hereunder. **THIS AGREEMENT GRANTS YOU ONLY THE RIGHT TO OPERATE THE FRANCHISED BUSINESS AT YOUR OUTLET AND NOWHERE ELSE UNLESS WE SPECIFICALLY ALLOW YOU TO OFFER JUAN POLLO PRODUCTS ELSEWHERE. ALL OTHER RIGHTS ARE RETAINED BY AND RESERVED TO JPF.**

(b) We reserve the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to us, without necessarily granting you any rights in those systems. We reserve all rights to market and sell Juan Pollo Products at venues other than Outlets and through other channels of distribution anywhere, including within your Territory.

3.3 Promotion and Development of Your Outlet. You must (i) diligently and effectively promote, market and engage in the Franchised Business at your Outlet; (ii) develop, to the best of your ability, the potential for future Franchised Business within your Territory; and (iii) devote and focus all your professional attentions and efforts to such promotion and development.

3.4 Extent of Grant.

(a) You understand and agree that you are licensed hereby only for the operation of your Franchised Business at and from your Outlet and only within your Territory (unless we specifically agree otherwise on a case by case basis).

(b) You may not sublicense, sublease, subcontract or enter any management agreement providing for, the right to operate the Franchised Business or to use the System granted pursuant to this Agreement

3.5 Electronic Execution and Copies.

(a) An executed copy of this Agreement (or any portion of this Agreement) may be delivered by any of the parties by electrical, digital, magnetic, optical, electromagnetic, or similar capability regardless of the medium of transmission (any such medium is referred to in this section 3.5(a) and the following section 3.5(b) as “electronic”), and such delivery will be effective and binding upon such party, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement.

(b) You acknowledge and agree that we may create an electronic record of any or all agreements, correspondence or other communication between us or involving third parties, and those we may thereafter dispose of or destroy the original of any such document or record. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form, and will be maintained in and readable by hardware and software generally available. You agree that, notwithstanding any statute, regulation or other rule of law to the contrary, any such electronic version of this or any other agreement or correspondence between the parties will have the same legal effect, validity and enforceability as an original of any such document, even if the original of such document has been disposed of or intentionally destroyed.

3.6 Obligations of Entity Franchisee.

(a) If you are a partnership, limited liability company or other form of business association, you must provide us not later than the Effective Date with a copy of your partnership agreement, operating agreement or other agreement between the partners and members of the company or association. If you are a corporation or other entity that issues capital stock, you must provide us not later than the Effective Date with copies of your articles or certificate of incorporation or other corporate charter and bylaws.

(b) As a condition to entering the Franchised Business, if you are a corporation or limited liability company, you must place the following legend on all stock or membership certificates:

“THE TRANSFER OF THE EQUITY INTEREST IN THE COMPANY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT DATED _______________, 20 BETWEEN THIS COMPANY AND JUAN POLLO FRANCHISING, INC. REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE ARTICLES OF INCORPORATION OR FORMATION AND BYLAWS OR OPERATING AGREEMENT OF THIS COMPANY.”

IV. PAYMENTS BY YOU

4.1 Initial Franchise Fee.

(a) If this Agreement is for your first franchised Outlet, initial here [ ]. The “Initial Franchise Fee” for your initial franchised Outlet is $60,000 and is due and payable in full, by cashier’s check or money order or wire transfer to JPF’s bank account, on the date we have completed our initial obligations to you as franchisor and you already have one Juan Pollo chicken restaurant open and you are ready to begin to open and operate your Outlet under this Agreement (the “Effective Date”).

(b) If this Agreement is for your second or subsequent franchised Outlet, initial here [ ]. The “Initial Franchise Fee” for your second or subsequent franchised Outlet is $20,000 and is due and payable in full, by cashier’s check or money order or wire transfer when you execute this Agreement.

(c) If you are a veteran of the U.S. Armed Services who was honorably discharged, we will discount the Initial Franchise Fee for your initial Outlet by 15%.

4.2 Royalty.

(a) Beginning on the Effective Date, you must pay us a weekly “Royalty” equal to 6% of your weekly Gross Revenues.

(b) Royalties are due and payable on a weekly basis on the Wednesday of the week following the week in which applicable Gross Revenues were received, and are to be accompanied by a sales report in the form prescribed by JPF.

4.3 Marketing, Advertising and Promotion.

(a) Beginning on the Effective Date, you must pay us a weekly “Marketing and Promotion Fee” of 2% of the Gross Revenues received by you during the previous week.

(b) Marketing and Promotion Fees are due and payable on a weekly basis on the Wednesday of the week following the week in which applicable Gross Revenues were received and are to be accompanied by a marketing report in the form prescribed by JPF.

(c) Within the first 30 days after the Effective Date, you must spend in your Territory at least $5,000 on the grand opening advertising and promotion of your Outlet as a franchised Juan Pollo business, using the grand opening advertising and promotional program that we approve, including the “soft opening” to be held on or about the Opening Date and the Grand Opening event**.** Not later than 90 days after the Opening Date, you must provide us with a report itemizing your expenditures on the grand opening advertising and promotion of your Outlet.

(d) Commencing on the Effective Date, you must spend at least 1% of your monthly Gross Revenues on the local marketing, advertising and promotion of your Outlet, using marketing and promotional materials pre-approved or otherwise authorized in writing by us (“Local Advertising”). You must report to us by the 3rd business day after the end of each month after the Effective Date all details of your Local Advertising in that month in the manner specified in the Confidential Operations Manual.

(e) On a regional or system-wide basis, we may impose an additional assessment upon affected franchisees for special designated advertising or promotional activities if two-thirds of all affected Juan Pollo franchised outlets agree to such additional assessment by affirmative vote.

(f) With respect to regional or system-wide advertising, including without limitation advertising done as a result of Marketing and Promotion Fee contributions, we determine the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to advertising, public relations and promotional campaigns.

4.4 Electronic Funds Transfer. We may require payment of the Royalty and Marketing and Promotion Fees by electronic funds transfer (“EFT”) or such other automatic payment mechanism that JPF may designate directly from your account into our operating account. If we do so, you must execute or re-execute and deliver to us such pre-authorized check forms and other instruments or drafts required by our bank, payable against your bank account, to enable us to draw your Royalty and Marketing and Promotion Fees and other sums payable under the terms of this Agreement. You must also, in addition to those terms and conditions set forth in the Confidential Operations Manual, maintain a single bank account for such payments (with overdraft protection from your operating account) and must maintain such minimum balance in such account as we may reasonably specify from time to time. You must not alter or close such account except upon our prior written approval. Any failure of yours to implement such EFT system in strict accordance with our instructions will, without limiting the materiality of any other default of this Agreement, constitute a material default of this Agreement.

4.5 Fees Fully Earned. All payments made by you to us pursuant to this Article IV are fully earned and non-refundable when paid.

4.6 Late Fee; Interest on Delinquent Payments. Any payment of Royalty and Marketing and Promotion Fees not received by JPF when due will be delinquent and will be subject to a late payment penalty of 5% of the amount past due. Also, all delinquent amounts will bear interest at an annual percentage rate of 10%, and you must reimburse JPF immediately upon demand for all reasonable costs of collection relating to delinquent amounts.

4.7 No Accord or Satisfaction. If you pay, or we otherwise receive, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt will be applied against the earliest amount due us. We may accept any check or payment in any amount without prejudice to our right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere will constitute or be construed as an accord or satisfaction.

V. INITIAL TERM AND SUCCESSOR TERMS

5.1 Initial Term. The initial term of this Agreement (applicable solely to the Franchised Business licensed hereunder) commences on the Effective Date and expires on the seventh anniversary of the Opening Date, unless sooner terminated pursuant to the provisions of this Agreement.

5.2 Successor Terms.

(a) Upon written notice delivered to us not less than 120 days before the end of the existing term hereof, you may renew the rights granted under this Agreement for additional five-year terms commencing on the expiration date of the previous term, subject to the provisions of sections 5.2(b) through 5.2(i) below.

(b) At the time of renewal, you must (i) then be solvent (which means you are able to pay your debts as and when promised by you and you have assets that are greater than your debts), (ii) not have abandoned the Franchise, (iii) not be operating the Franchise in a manner endangering public health or safety or materially harming the Juan Pollo brand or reputation, and (iv) not have knowingly submitted false or incomplete reports to us during the initial term.

(c) Notwithstanding section 5.2(a) above, we are not obligated to renew your rights granted under this Agreement for an additional term if one or more of the following applies or occurs:

(i) You give us written notice of your intention not to renew this Agreement at least 180 days before the expiration of the initial term or any successor term.

(ii) During the 180 days prior to expiration of the Franchise, we permit you to sell your Franchised Business to a purchaser meeting our then current requirements for granting new Franchises or (if we are not granting a significant number of new Franchises) the then current requirements for granting renewal Franchises.

(iii) Termination of this Agreement would be permitted pursuant to sections 13.1 or 13.2 hereof.

(iv) You and we agree not to renew the Franchise.

(v) We withdraw from distributing our products or services through Franchises in the geographic market served by you, provided that:

(A) Upon expiration of the Franchise, we agree not to seek to enforce any covenant of the non-renewed franchisee not to compete with us or our franchisees; and

(B) The failure to renew is not for the purpose of converting the business conducted by you pursuant to this Agreement to operation by our employees or agents for our own account.

(vi) At the time of renewal, you or any Principal Equity Owner has been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense that is reasonably likely, in our reasonable judgment, to have a materially adverse effect on the Marks, the System, or the goodwill associated with the Marks or System.

(vii) We and you fail to agree to changes or additions to the terms and conditions of this Agreement, if such changes or additions would result in renewal of this Agreement on substantially the same terms and conditions on which we are then customarily granting renewal franchises, or if we are not then granting a significant number of renewal Franchises, the terms and conditions on which we are then customarily granting original franchise agreements. We may give you written notice of a date which is at least 30 days from the date of such notice, on or before which a proposed written agreement of the terms and conditions of the renewal Franchise must be accepted in writing by you. Such notice, when given not less than 180 days before the end of the Franchise term, may state that in the event of failure of such acceptance by you, the notice will be deemed a notice of intention not to renew at the end of the Franchise term.

(d) As a condition to renewing your Franchise rights, we and you would sign a mutual release and we will require you to sign our then-current standard Successor Franchise Agreement not later than 90 days before the end of the term that is expiring. **IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE THEN-CURRENT SUCCESSOR FRANCHISE AGREEMENT MAY**

CONTAIN OTHER TERMS THAT ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT. The then-current Successor Franchise Agreement, when executed, will supersede this Agreement.

(e) You have satisfied all monetary obligations owed by you to us and to our affiliates and all other material obligations under this Agreement or any other agreement you may have with us or our affiliates.

(f) You and your Principal Equity Owners may be required to execute a release, in the form prescribed by us, of all actual or potential claims you or they may have against us, our affiliates and our respective officers, directors, agents and employees as of the effective date of the Successor Franchise Agreement.

(g) You must comply with any applicable training or retraining requirements.

(h) Subsequent to your execution of a Successor Franchise Agreement for an additional term, but before its effective date, you must make such physical modifications to your Outlet as are reasonably necessary so that they are substantially consistent with the then current System requirements, and so that they can accommodate new Juan Pollo Products, if any. You must also bring your Outlet, other equipment, inventory of materials and supplies into compliance with the standards then applicable to new Juan Pollo franchises.

(i) When you sign the Successor Franchise Agreement, you must pay JPF a "Renewal Fee" of $500. This Renewal Fee is subject to adjustment based on changes in the CPI since the Effective Date.

5.3 Month to Month Extension; Longer Notice of Expiration Required by Law.

(a) At our option, if the renewal procedures described in section 5.2 above have not been completed, or in lieu of formal renewal of the Franchise, we may extend this Agreement on a month-to-month basis by notifying you we are doing so. Said month-to-month extension will continue until we give you at least a 30-day notice that the Franchise rights must be formally renewed in accordance with section 5.2 or the Agreement will expire and be terminated.

(b) If applicable law requires us to give a longer period of notice to you than herein provided prior to the expiration of the initial term or any successor term, we will give such additional required notice. If we do not give such required additional notice, this Agreement will remain in effect on a month-to-month basis only until you have received such required additional notice.

VI. TRAINING AND ASSISTANCE

6.1 Initial Training.

(a) It is of paramount importance that you, your General Manager, the Principal Equity Owners, and your other key employees and representatives understand the Franchised Business and the System, and that your General Manager has been trained how to operate the Franchised Business. Accordingly, we will provide to your General Manager and any Principal Equity Owner training and orientation in the System and how to operate the Franchised Business (collectively, "Initial Training"). Unless there are extenuating circumstances that in our reasonable determination justify a delay, your required trainees must attend the next Initial Training that we offer. You may not operate your Franchised Business unless your General Manager has satisfactorily completed Initial Training. You acknowledge and agree that JPF will solely determine whether you or your General Manager has satisfactorily completed Initial Training.

(b) The failure of your designated General Manager to complete Initial Training to our satisfaction will be grounds for termination of this Agreement; provided, however, that your General Manager who fails to successfully complete Initial Training will have the opportunity to either retake Initial Training or you may send one replacement, approved by us, to the next available Initial Training program.

(c) We will determine the contents and manner of conducting the Initial Training program in our discretion, however, the training course will be structured to provide practical training in the implementation and operation of the Franchised Business and may include such topics as Juan Pollo standards, marketing and customer service techniques, reports and equipment maintenance.

(d) There is no separate fee payable to us for the Initial Training program provided to your initial General Manager and Principal Equity Owners desiring to attend, or to a retaking of Initial Training by a General Manager or designated replacement. If we provide Initial Training to other successor General Managers or Principal Equity Owners, JPF may charge you a training fee of $1,500 for each subsequent trainee.

(e) All costs and expenses (including travel, hotel and meal) of your attendees of Initial Training will be your sole responsibility. All persons attending Initial Training on your behalf must have a demonstrable relationship to the management and operation of your Franchised Business.

6.2 Training and Assistance after the Effective Date.

(a) After the Effective Date, we will provide you with full access to the JPF website which may include access to a digital copy of the Confidential Operations Manual. We will also provide you with telephone or e-mail assistance at your request or otherwise as we deem necessary to instruct in all phases of the operation of the Franchised Business.

(b) After the Effective Date, and upon reasonable notice, we may require attendance of your designated personnel at training courses, seminars, conferences or other programs other than Initial Training or mandatory meetings (described in section 6.3 below) that are deemed by us to be relevant or appropriate to the operation of your Franchised Business. You specifically agree that only persons trained by us or under our supervision will have overall responsibility for the operation of the Outlet and Franchised Business, and that you will send your General Manager to us for additional training if we request this. We may, at our discretion, charge an additional training fee of up to $750 per day for Juan Pollo training courses, seminars, conferences or other programs that we require you or your representatives to attend.

(c) In the event of any Transfer of your Franchised Business, the transferee/assignee must be trained by us as a condition of our consent to such Transfer. The transferred Franchised Business may not be opened or re-opened by the transferee until we accept the transferee in writing as being qualified to operate the Franchised Business and we have otherwise consented to the Transfer in accordance with this Agreement

(d) After the Effective Date, we will provide you with periodic supervision and assistance that we deem appropriate, using our field representatives who may visit your Outlet and Territory from time to time. The frequency and duration of any visits to your Outlet or Territory by our representatives is in our sole discretion. In addition, we will be available on an ongoing basis at our national headquarters for consultation and guidance with respect to the operation and management of the Franchised Business.

(e) We may but are not required to make available to you optional staff training courses, seminars, conferences, or other programs, in a suitable location selected by us. We will not charge you a separate fee for this optional training.

(f) In addition to updates to the Confidential Operations Manual, we may provide you with additional materials relating to the Franchised Business. We may also from time to time make available to you for purchase other materials relevant to the System and the Franchised Business.

(g) All costs and expenses (including travel, hotel and meal) of your attendees at any training, conferences or meetings will be your sole responsibility. All persons attending training, conferences or meetings on your behalf must have a demonstrable relationship to the management and operation of your Franchised Business.

6.3 Mandatory Meetings. Not more often than once each calendar quarter, we may conduct a system-wide meeting or series of regional meetings to discuss Juan Pollo business activities or other matters relating to the Franchised Business. Attendance of the General Manager at these meetings will be mandatory (and is highly recommended for all Principal Equity Owners). We may limit the number of your attendees at these meetings. You must pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings. The mandatory meetings referenced in this section 6.3 are in addition to any voluntary convention or sales conference that may be coordinated by us.

6.4 Proprietary Materials. At Initial Training and other training programs and conferences, we may provide you with confidential and proprietary information ("Proprietary Information"), as well as training materials, training curricula and related materials for your use in the training of your staff. All of these items are and will remain our property. You must not yourself nor allow your employees or others, to copy, reproduce, disseminate or otherwise reveal to third parties any of the foregoing Proprietary Information and related materials without our express prior written consent.

VII. OPENING OF OUTLET AND FRANCHISED BUSINESS

<u>**7.1 Your Outlet**</u>. The Franchised Business may only be operated from your Outlet, the exact location of which is stated in Exhibit 1 of this Agreement. In order to promote the orderly and timely service of Juan Pollo customers, you may not deliver Juan Pollo Products or other products or services outside your Territory without our prior written consent.

<u>**7.2 Consent to Your Outlet**</u>.

(a) If not already known and consented to by JPF, premises acceptable to JPF from which your Outlet will be operated must be located by you within 180 days after the Effective Date. If not already known and consented to by JPF, we will review and consent or withhold consent to the proposed location within 10 business days after you notify us of it. If you do not find suitable premises for your Outlet or commence operation of the Franchised Business within 365 days after the Effective Date, JPF may terminate this Agreement effective on written notice, in accordance with Article XIII of this Agreement. JPF will give you an automatic one-month extension to open the Outlet beyond the mandatory dates specified above in this section 7.2(a) if we deem in our sole discretion that you have made a diligent effort to open, but were unable to do so due to reasons beyond your reasonable control.

(b) JPF reserves the sole right of final review and consent to the location of the Outlet. JPF uses available demographic information to evaluate the site and the area in which it is located, and we analyze area income figures, traffic patterns, visibility, population density, competition, zoning, parking, accessibility and other related, relevant circumstances.

(c) Unless otherwise agreed to in writing by you and JPF, you have the sole responsibility for locating and obtaining suitable premises for your Outlet. You and your landlord may be required to execute a rider to your lease, or other agreement or written understanding that (i) grants JPF an option to assume your position as lessee under the lease for the Outlet premises if you are in material default of either the lease for the Outlet premises (including an obligation of the landlord to notify JPF if you are in such default) or this Agreement, and (ii) requires the landlord to fully cooperate with JPF in completing de-identification of the Outlet in the event this Agreement is terminated or expires without being renewed.

(d) JPF has the right to continually inspect your Outlet and any other site where you conduct the Franchised Business.

<u>**7.3 Inventory**</u>.

(a) Within the timeframes that we specify before the Opening Date, you must order from (and if necessary pre-pay to) designated or approved suppliers the items specified in the store development materials and the Confidential Operations Manual and purchase your complete initial inventory of , other food and beverage products, the recommended number of pieces of proprietary equipment and other authorized and proprietary items necessary for you to provide Juan Pollo Products to your customers, with delivery scheduled for not later than two business days before the Opening Date. Thereafter, you must buy additional Juan Pollo Products, other food and beverage products, replacement or additional proprietary equipment and other authorized items only from the vendors designated by JPF or suppliers approved by JPF.

(b) You must also purchase non-proprietary fixtures, furnishings, equipment, POS System, computer hardware, software, modems and peripheral equipment as specified in the store development materials and the Confidential Operations Manual, in adequate quantities and sufficiently in advance to allow you to fully operate your Outlet on the Opening Date.

(c) You must buy interior and exterior signs, other materials containing the Marks, and apparel containing the Marks only from suppliers approved by JPF.

(d) You must also purchase uniforms, supplies, paper goods, services, packaging, forms and other products and supplies to constitute your complete initial inventory of such items as specified in the Outlet development materials and the Confidential Operations Manual, with delivery scheduled for not later than two business days before the Opening Date.

<u>7.4 Marketing and Advertising Boundaries</u>. You may not directly promote, advertise or otherwise market your Outlet outside the boundaries of the Territory or other advertising boundary that we designate, except with the express permission of the franchisee in whose territory the advertising is conducted. The marketing and advertising boundaries are determined by us and may be changed by us or overlap with the territories of other franchised Juan Pollo Outlets as market conditions or type of media warrant, all in our sole discretion. Such marketing and advertising boundaries may exceed the Territory provided herein, in our sole discretion.

VIII. OPERATION OF FRANCHISED BUSINESS

<u>8.1 Operational Requirements</u>.

(a) At all times you must be, or employ, a "full time" General Manager who will devote his or her entire time during normal business hours, as defined in the Confidential Operations Manual, to the management, operation and development of the Franchised Business. The General Manager must ensure that you fulfill your obligations to your customers in a timely and professional manner and he or she may not engage in any other business requiring his or her active participation during normal business hours.

(b) You must only offer at your Outlet Juan Pollo Products that are authorized by us. You must maintain a menu board and you must prepare all menu items in strict accordance with the recipes and procedures set forth in the Confidential Operations Manual or otherwise provided to you by us in writing. You may not engage in the sale or delivery of Juan Pollo Products outside of your Outlet except as we may authorize in the Confidential Operations Manual or otherwise in writing. You must use the standard signs and formats that we prescribe in operating the Outlet and conducting the Franchised Business. To protect and maintain the integrity, reputation and goodwill of the System and the Marks, we require that you comply with the methodology we prescribe in serving Juan Pollo Products to customers. To enhance uniformity in the delivery of goods and services to retail customers by our franchises and the strength of our Marks in inter-brand competition, and subject to applicable antitrust laws, we may recommend retail prices for specific Juan Pollo Products and other products and services we authorize for sale at your Outlet. If we do so, you may not advertise or promote (whether by telephone, printed materials or any other media, including, without limitation, social media) retail prices that are inconsistent with these recommended prices.

(c) You must operate your Franchised Business on a full-time basis in accordance with the hours of operation as designated in the Confidential Operations Manual and fulfill your obligations to your customers in a timely and professional manner. The obligation to remain open will not apply in the event of natural or man-made disasters or public emergencies.

(d) You must promptly satisfy any *bona fide* indebtedness that you incur in operating your Franchised Business. Contractors, subcontractors, vendors and suppliers providing services to the Franchised Business must be paid in accordance with the terms of their agreements with you.

(e) You must notify us in writing within 10 days after you receive actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the Franchised Business or that may adversely affect your operations in the Territory or your ability to meet your obligations hereunder.

(f) Upon the occurrence of any event that occurs at the Outlet or in the Territory that has caused or may cause harm or injury to customers or employees, such as product tampering or sabotage, contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance that may damage the System, Marks, or image or reputation of the Franchised Business or us or our affiliates, you must immediately inform our President (or as otherwise instructed in the Confidential Operations Manual) by telephone and e-mail (or other electronic messaging medium authorized by us for this purpose). You must cooperate fully with us with respect to our response to an incident described in this section 8.1(f).

(g) If there is any *bona fide* dispute as to any liability for taxes assessed or other indebtedness, you may contest the validity of the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, you may not permit a tax sale or seizure by levy or similar writ or warrant, or attachment by a creditor to occur against the premises of the Franchised Business or any of its improvements.

(h) You may not engage in any co-branding in or with the Franchised Business except with our prior written consent. We are not required to approve any co-branding chain or arrangement except in our discretion, and only if we recognize that co-branding chain as an approved co-brand for operation within the Juan Pollo system. "Co-branding" includes the operation of an independent business, product line or operating system owned or licensed by another entity (not us) that is featured or incorporated within your Outlet or the Franchised Business you operate in your Territory or is adjacent to your Outlet and operated in a manner which is likely to cause the public to perceive it to be related to the Outlet and Franchised Business licensed and franchised hereunder.

8.2 Confidential Operations Manual.

(a) You must operate the Franchised Business in accordance with the Confidential Operations Manual, a copy of which will be provided to you at Initial Training. We have the right to modify the Confidential Operations Manual at any time by the addition, deletion or other modification of the provisions thereof. All such additions, deletions or modifications are effective on the earlier of (i) the next business day after transmittal thereof to you by receipted e-mail or (ii) the next business day after deposit with a reliable overnight courier service.

(b) All additions, deletions or modifications to the Confidential Operations Manual are equally applicable to all similarly situated Juan Pollo franchisees. As modified by us from time to time, the Confidential Operations Manual will be deemed to be an integral part of this Agreement and references to the Confidential Operations Manual made in this Agreement, or in any amendments or exhibits hereto, are deemed to mean the Confidential Operations Manual, as amended by us from time to time. However, the Confidential Operations Manual, as modified or amended by us from time to time, will not alter your fundamental status and rights under this Agreement. If there is any discrepancy or dispute about the version of the Confidential Operations Manual that you maintain, the master copy of the Confidential Operations Manual that we maintain at our headquarters will control.

(c) If you lose or allow the unauthorized duplication of the Confidential Operations Manual or any other confidential manuals or proprietary materials loaned to you by us, you will be deemed to be in violation of this Agreement and all other agreements you have with JPF and our affiliated entities.

(d) Upon the expiration or termination of this Agreement for any reason whatsoever, you must immediately return the Confidential Operations Manual to us. Except as specifically permitted by us, at no time may you, or your employees or agents, make, or cause to be made, any copies or reproductions of all or any portion of the Confidential Operations Manual and may not disclose the terms thereof to any other person except your authorized employees and agents when required in the operation of the Franchised Business. You must also permanently erase anything relating to our trade secrets or other proprietary information from any computers and other media storage devices you retain after expiration, cancellation or termination of this Agreement.

8.3 Standards of Operation. You agree that we, you and everyone else involved in the System benefits from the maintenance of the highest standards of uniformity, quality, similar appearance and prominent display of the Marks at your Outlet and elsewhere in your Territory. Therefore, you agree to maintain the uniform standards of quality, appearance and display of the Marks in strict accordance with this Agreement, the architectural plans and the Confidential Operations Manual as it may be revised from time to time, and as we may otherwise direct in writing. In order that we may establish and maintain an effective network of franchisees, you specifically agree that you must not display the Marks except in the manner we authorize.

8.4 Point of Sale System.

(a) Within 60 days after JPF requires you to do so, you must purchase, use and maintain the computerized point of sale cash collection system and integrated business computer (including all related hardware and software) as specified in the Confidential Operations Manual or otherwise by JPF in writing for use with the Outlet (the “POS System”). The POS System must always be connected to a high-speed communications medium specified by JPF, with access to the Internet for implementing software, transmitting and receiving data, accessing the Internet in the manner designated by JPF in the Confidential Operations Manual or otherwise by JPF in writing for maintaining the POS System. You must obtain and maintain an annual maintenance agreement with the manufacturer or distributor of the POS System. The POS System must be electronically linked to JPF. We may poll the POS System on a daily or other basis at such times and in such manner as determined by JPF, with or without notice, and to retrieve such transaction information including sales, sales mix, usage and other operations data as JPF deems appropriate. You must ensure that only adequately trained employees, in JPF’s discretion, can conduct transactions using the POS System. Within a reasonable time upon our request, you must apply for and maintain debit cards, credit cards or other non-cash systems existing or developed in the future to enable customers to purchase Juan Pollo Products via such procedure, as specified by us. We may require you to update, upgrade or replace the POS System, including hardware and software, from time to time upon written notice, but you will not be required to replace the POS System any more frequently than once every three years.

(b) If JPF designates that certain computer software which is owned or licensed by JPF or a designated provider ("Proprietary Software") must be used in the operation of the POS System, you must at JPF's request license or sublicense such software from JPF or our designee and enter into a software license agreement on JPF's or such designee's then-current form. From time to time, you must purchase any upgrades, enhancements or replacements to the Proprietary Software. JPF may provide you, for a reasonable fee, support services relating to the Proprietary Software. You must incorporate any required modifications or additions within 30 days after receiving written notice from JPF, unless a longer time period is stated in the notice.

(c) You may not install, and must prohibit others from installing, unauthorized software on the POS System. You must take all commercially reasonable measures to ensure that no virus, Trojan horse, malicious code or other unauthorized code or software is installed on, or transmitted by, the POS System. You must from time to time communicate to JPF all passwords, access keys and other security devices or systems necessary to permit JPF to access the POS System and obtain the data we are permitted to obtain under this Agreement.

8.5 Maintenance, Upgrades and Refurbishments to the Outlet.

(a) JPF requires that you maintain, and from time to time refurbish, the Outlet to conform to the then-current building design, Trade Dress, and color schemes then applicable for an Outlet. Such maintenance and refurbishment may require expenditures by you on, among other things, structural changes, installing new equipment, remodeling, redecoration and modifications to existing improvements and such modifications as may be necessary to comply with System-wide standards then in effect for Outlets or to accommodate new Juan Pollo Products. In this regard, the following requirements are applicable:

(i) You must maintain all equipment used at the Outlet on an as needed basis. And you must immediately and completely resolve to our satisfaction any maintenance deficiencies we identify.

(ii) You must make all upgrades to equipment and any technology used in your Outlet that we may require.

(iii) We may periodically require you to update the Trade Dress used at your Outlet. Such updates will be contained in the Confidential Operations Manual or otherwise provided to you in writing. Such updates may require you to install new color schemes, logos, signage or other visual elements. We anticipate that such Trade Dress updates will be required no more frequently than once every five years.

(b) JPF will only require the types of modifications and expenditures described herein where there is good cause. In this context, "good cause" means that JPF must make a good faith determination that your Outlet is substantially inconsistent with prevailing System-wide standards (including the Trade Dress, safety issues regarding customers and employees, the overall condition of the Outlet, or the type, quality or condition of the equipment needed to adequately prepare, promote and sell Juan Pollo Products) and that, as a result of its appearance or condition, your Outlet is either (i) not adequately positioned to promote and sell Juan Pollo Products as then required or (ii) damaging the integrity of the Juan Pollo image, brand or Marks.

8.6 Relocation of Your Outlet.

(a) If you desire to relocate your Outlet, you may do so provided not less than 90 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice must be given as soon as possible), you make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location.

(b) Within 20 business days after receiving your request, JPF will either approve or disapprove in writing such closure or relocation in our reasonable discretion. In the event of disapproval of a proposed relocation, you may request an alternative proposed new location pursuant to the provisions of this section 8.6.

(c) You and the landlord may be required to execute a rider to your lease for the new location for the Outlet (or other agreement or written understanding) (i) granting us an option to assume your position as lessee under the lease for the relocated Outlet premises if you are in material default of either (A) the lease for the relocated Outlet premises (including an obligation of the landlord to notify us if you are in such default) or (B) this Agreement, and (ii) requiring the landlord to fully cooperate with us in completing de-identification of the relocated Outlet if this Agreement is terminated or expires without being renewed and we do not exercise our option to assume the lease for the relocated Outlet premises.

8.7 Record Keeping and Reporting Requirements.

(a) You agree to implement and thereafter use specific accounting software as may be designated by JPF to track, account for and report on the financial performance of the Franchised Business. On a quarterly basis (not later than 21 business days after the end of each calendar quarter), you must submit to us an unaudited profit and loss statement, as well as other financial or statistical reports, records, statements or information that we reasonably deem to be required or desirable as stated in the Confidential Operations Manual or otherwise in writing.

(b) Within 90 days after the end of each of your fiscal years (or any permitted extension for filing same), you must submit to us a copy of the Schedule C or equivalent portion of your federal tax return relating to the Outlet and your operation of the Franchised Business. On the Effective Date (and any time thereafter that this date changes), you must notify us of your fiscal year end date.

(c) All financial or statistical information you provide to us must be accurate and correct in all material respects.

(d) We have the right to use any financial or statistical information that you provide us, as we deem appropriate. We will not identify you, your Outlet or your Territory as the source of the information, and will not disclose any of this information except (i) with your written consent, (ii) as required by law or compulsory order or (iii) in connection with audits or collections under this Agreement.

(e) We or our designated agents have the right, at all reasonable times, to examine, copy and audit the books, records and applicable Schedules C (or equivalent portion) of your tax returns that relate to the Outlet and your operation of the Franchised Business. If an examination or audit discloses any underpayment of any fee, you must promptly pay the deficient amount plus interest calculated daily from the due date until paid at an annual percentage rate of 10%. If an examination or audit discloses an underpayment or understatement of any amount due us by 5% or more, or if the examination or audit is made necessary by your failure to furnish required information or documents to us in a timely manner, you must reimburse us for the cost of having your books examined or audited (this remedy will be in addition to any other rights or remedies we have under this Agreement or otherwise, including our right to terminate this Agreement).

(f) You must maintain and preserve all books, records and accounts of or relating to the Franchised Business for at least five years after the close of the fiscal year to which the books records and accounts relate.

8.8 Signs and Display Materials.

(a) All signs, display materials and other materials containing the Marks must be in full compliance with the specifications provided in, and in conformity with, the Confidential Operations Manual. We will designate or approve the suppliers of signs and display materials containing the Marks in accordance with Confidential Operations Manual guidelines.

(b) Subject to applicable governmental ordinances, regulations and statutes, you agree to erect and maintain, at the Outlet, entirely at your expense, any minimum signage recommended by us. Any signage containing the Marks will be designed by a vendor designated by JPF and manufactured by a vendor designated or approved by JPF.

8.9 Telephone Numbers. At your sole expense, you must obtain telephone directory listings in the form, size and content and in accordance with procedures prescribed by the Confidential Operations Manual, in at least one applicable telephone directory of general distribution covering the Territory, or such other areas as we may direct, of your "Business Name" (the name we have authorized you to use to conduct retail business at the Outlet) as promptly as possible after the Territory has been identified, listing the telephone number for your Outlet. At the time of termination of this Agreement, for any reason, you must transfer the telephone numbers for your Outlet to us or cancel them and de-list them from any applicable telephone directory.

8.10 Insurance.

(a) You must have in effect on the Effective Date and maintain during the term of this Agreement comprehensive general liability insurance, automobile insurance, and other insurance that is legally required for you to operate your business (*i.e.*, workers' compensation insurance) or that is reasonably prudent for your type of business. Policy coverage limitations and other terms relating to insurance will be set forth in the Confidential

Operations Manual. Any policies of insurance that you maintain must contain a separate endorsement naming us and the Owner of the Marks (and our other affiliates companies identified by us in writing) as additional insureds to the full extent of coverage provided under the insurance policies. You must provide us a copy of the policy and endorsement upon issuance and upon each renewal.

(b) You must promptly notify us of all claims against you or us under said policies of insurance and deliver to us certificates evidencing that such insurance is in full force and effect within 30 days after the Opening Date and each succeeding anniversary of the Opening Date. Such insurance certificate must contain a statement that the certificate cannot be canceled without 30 days prior written notice to you and to us. You must notify us in writing immediately regarding any cancellation, non-renewal or reduction in coverage or limits.

8.11 Review and Inspection.

(a) JPF has the right to send representatives at reasonable intervals at any time during normal business hours, to your Outlet or other offices to review and inspect your operations, business methods, service, management and administration relating to the Franchised Business or its equivalent, to determine the quality thereof and the faithfulness of your compliance with the provisions of this Agreement and the Confidential Operations Manual.

(b) You must permit our agents to access your Outlet and any other facility from which you sell Juan Pollo Products at any time during normal business hours to conduct reviews and inspections. You must cooperate with such reviews and inspections by rendering such assistance as our representatives may reasonably request and upon notice from us or our agents, immediately begin such steps as may be necessary to correct any deficiencies noted during any such inspection. You must immediately pay us upon our demand a fee of $250 for our reinspection of your Outlet to ensure noted deficiencies have been corrected.

8.12 Compliance with Laws. You must (i) operate the Franchised Business in compliance with all applicable laws, rules and regulations of all governmental authorities, (ii) comply with all applicable wage, hour and other laws and regulations of the federal, state or local governments, (iii) prepare and file all necessary tax returns and (iv) pay promptly all taxes imposed upon you or upon your business or property. You represent and warrant that you will obtain and at all times maintain all necessary permits, certificates or licenses necessary to conduct the Franchised Business in the locality within which the Outlet is situated. You must immediately notify us of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving you, or any entity affiliated with you, or any agent, employee, owner, director or partner of yours, which notification must include all relevant details in respect thereof, according to the procedures set forth in the Confidential Operations Manual.

8.13 Web Site and Internet Marketing.

(a) During the term of this Agreement, except as specifically authorized by us in section 6.2(a) of this Agreement, the Confidential Operations Manual or otherwise in writing, you may not (i) engage in Franchised Business directly or indirectly through the Internet, (ii) establish a website or social networking media outlet, or register an Internet domain or social networking media outlet name using any of the Marks, or (iii) otherwise advertise on the Internet or anywhere else, the mark "Juan Pollo", or any other Mark, or any mark similar to "Juan Pollo", or any combination or derivations thereof.

(b) Any alternative distribution methods and programs you would like to use to engage in the Franchised Business, including e-commerce, web sites, Internet sub-dealers, telesales and telemarketing, or any other non-retail method of distribution, is subject to the prior written approval of JPF, which approval will be in our sole discretion.

8.14 Intranet.

(a) We may, at our option, establish and maintain an "Intranet" through which Juan Pollo franchisees may communicate with each other, and through which we and you may communicate with each other and through which we may disseminate the Confidential Operations Manual, updates thereto and other confidential information. We will have discretion and control over all aspects of the Intranet, including the content and functionality thereof. We will have no obligation to maintain the Intranet indefinitely, and may dismantle it at any time without liability to you.

(b) You may use the Intranet, but only if you are in strict compliance with the standards and specifications, protocols and restrictions that we may establish from time to time regarding such use. Such standards and specifications, protocols and restrictions may relate to, among other things, (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among franchisees that endorse or encourage default of any Juan Pollo franchise agreement, or other agreement with us or our affiliates, (iii) confidential treatment of materials that we transmit via the Intranet, (iv) password protocols and other security precautions, including limitations on the number and types of employees that may be granted access to the Intranet, (v) grounds and procedures for our suspending or revoking a franchisee's access to the Intranet, and (vi) a privacy policy governing our access to and use of electronic communications that franchisees post to the Intranet. You acknowledge that, as administrator of the Intranet, we can technically access and view any communication that any person posts on the Intranet. You further acknowledge that the Intranet facility and all communications that are posted to it will become our property, free of any claims of privacy or privilege that you or any other person may assert.

(c) You must establish and continually maintain (during all times that the Intranet is operational and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the Confidential Operations Manual) with the Intranet that allows us to send messages to and receive messages from you, subject to the standards and specifications.

8.15 Franchise Advisory Council. We may, at our option, establish a franchise advisory council (the "FAC"), which will be composed of franchisees of the System. The FAC will, among other functions requested by us, serve as a representative committee for franchisees of the System and facilitate and coordinate the sharing of information and ideas between franchisees of the System and us. If appointed or elected to do so, you (or your designee) must, at your own expense, participate as a member of the FAC. We reserve the right to set reasonable standards for appointment or election to the FAC and you acknowledge that if we establish the FAC, you may be required to pay a fee or otherwise contribute to the FAC as the FAC leadership or we may require. You acknowledge that the role of the FAC is advisory only, and we are not obligated to implement the FAC's recommendations. Neither you nor your designee will have the right to be appointed, elected, and if appointed or elected, to continue to serve on the FAC if you are in material default of this Agreement, or are not current in your financial obligations to us, and your landlord (if any), suppliers and vendors.

IX. PROPRIETARY MARKS

9.1 License of the Marks.

(a) We hereby grant you the right during the term hereof to use and display the Marks in accordance with the provisions contained in this Agreement and in the Confidential Operations Manual, solely with your operation of the Franchised Business in the Territory. Neither you nor any Principal Equity Owner may use, display or permit the use or display of trademarks, trade names, service marks, insignias or logo types other than the Marks and other trademarks and service marks approved for use by us with the Franchised Business. Neither you nor any Principal Equity Owner may use or display the Marks with the operation of any business or other activity that is outside the scope of the Franchised Business. You may only use the Marks on the Internet or other electronic media in the manner and as specifically authorized by us in the Confidential Operations Manual or otherwise in writing. You may only purchase products and supplies that are (i) imprinted with the Marks or (ii) in packaging containing the Marks (collectively, "Branded Products and Supplies") only from us or vendors designated by us. You agree to be responsible for and supervise all your employees and agents to ensure the proper purchase of Branded Products and Supplies and use of the Marks in compliance with this Agreement.

(b) You acknowledge that the Marks have been licensed to us by the Owner of the Marks to use in the franchised System. You acknowledge and agree your use of the Marks is a temporary authorized use under this Agreement and that the Owner of the Marks retains all ownership interests in the Marks and that the Owner of the Marks, JPF and the Owner of the Marks retain all ownership of the goodwill generated by the Marks. You acknowledge that the use of the Marks outside the scope of the terms of this Agreement without our written consent is an infringement of the Owner of the Marks' and JPF's exclusive right, title and interest in and to the Marks. You agree that as between you and us, all rights to use the Marks within the franchised System are our exclusive property. You now assert no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof by virtue of your franchised use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Trade Dress, Confidential Operations Manual and our other manuals, bulletins, instruction sheets, forms, methods of operation and goodwill are and, as between you and us, remains vested solely in us, and the use thereof is only co-extensive with the term of this Agreement.

(c) You agree that during the term of the Franchise, and after the repurchase, expiration or termination of the Franchise, you will not, directly or indirectly, commit an act of infringement or contest or aid others in contesting the validity, distinctiveness, secondary meaning, ownership or enforceability of the Marks or take any other action in derogation of the Marks, and that no monetary amount will be assigned as attributable to any goodwill associated with your use of the System or the Marks.

(d) You hereby grant us the right at any time to use the name, image and likeness of you and all Principal Equity Owners for commercial purposes in connection with the marketing and promotion of the Marks, Juan Pollo Products, any Juan Pollo Outlet, and the System, without compensation. You also agree (i) to have any affected employee of yours who is not a Principal Equity Owner sign a release in the form contained in the Confidential Operations Manual authorizing us to also use his/her name, image and likeness for the purposes described in this section 9.1(d), without compensation, and (ii) to provide us with a copy of such signed release. The terms of this section 9.1(d) survive termination or expiration of this Agreement.

[Your Initials: ________]

(e) You acknowledge that we prescribe uniform standards respecting the nature and quality of Juan Pollo Products provided by you with which the Marks are used. Nothing herein gives you any right, title or interest in or to any of the Marks, except a mere privilege and license during the term hereof to display and use the same and you agree that all your use of the Marks under this Agreement inures to our benefit and the benefit of the Owner of the Marks.

(f) You agree that all materials associated with JPF, Juan Pollo Products or other services, artwork, graphics, layouts, slogans, names, titles, text or similar materials incorporating, or being used in connection with, the Marks which may be created by you, your employees, agents and subcontractors and any other party with whom you may contract to have such materials produced pursuant to this Agreement will become the sole property of the Owner of the Marks, including copyright and trademark rights, and you agree on behalf of yourself, your employees, your agents, your subcontractors and any other party with whom you may contract to have such materials produced, to promptly execute all appropriate documents in this regard.

(g) If necessary, you agree to join with us and share the expenses in any application to enter you as a registered or permitted user, or the like, of the Marks with any appropriate governmental agency or entity. Upon termination of this Agreement for any reason whatsoever, we may immediately apply to cancel your status as a registered or permitted user and you hereby consent to the cancellation and agree to join in any cancellation petition. You will bear the expense of any cancellation petition.

9.2 Your Business Name.

(a) In connection with your operation of the Outlet, you agree that at all times and in all advertising, promotions, signs and other display materials, on your letterheads, business forms, and at the Outlet and other authorized business sites, in all of your business dealings related thereto and to the general public, you will identify the Franchised Business solely under a trade name containing the Mark "Juan Pollo" and authorized by us ("Business Name") together with the words "INDEPENDENTLY OWNED AND OPERATED" on your letterhead, contract agreements, invoices, advertising and other written materials containing the Marks as we may direct.

(b) You must file and keep current a fictitious business name statement, assumed name certificate or similar document with respect to your Business Name in the county or other designated jurisdiction in which you are conducting business and at such other places as may be required by law. Before you commence engaging in the Franchised Business under the Marks, you must supply evidence satisfactory to us that you have complied with relevant laws regarding the use of fictitious or assumed names.

(c) On expiration or sooner termination of this Agreement, we may, if you do not do so, execute in your name, and on your behalf, all documents necessary, in our judgment, to end and cause a discontinuance of the use by you of the Marks and Business Name registrations and we are hereby irrevocably appointed and designated as your attorney-in-fact to do so.

(d) You further agree that you will not identify yourself as (i) us, (ii) a subsidiary, parent, division, shareholder, partner, agent or employee of ours or the Owner of the Marks or (iii) any of our other franchisees.

(e) If you are an entity and not an individual proprietor, you cannot use any of the Marks in your entity's legal name.

9.3 Trade Secrets and Proprietary Information.

(a) You acknowledge that the material and information now and hereafter provided or revealed to you pursuant to this Agreement (including without limitation, the contents of the Confidential Operations Manual) are confidential trade secrets of JPF and are revealed in confidence, and you expressly agree to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. We expressly reserve all rights with respect to the Marks, confidential trade secrets, methods of operation and other proprietary information, except as may be expressly granted to you hereby or in the Confidential Operations Manual. We will disclose certain of our trade secrets as reasonably needed for your operation of the Franchised Business by loaning to you, for the term of this Agreement, the Confidential Operations Manual and other written materials containing the trade secrets, through training and assistance provided to you hereunder, and by and through the performance of our other obligations under this Agreement.

(b) You acknowledge that we are the sole owner of all Proprietary Information and our trade secrets; that such information is being imparted to you only because of your special status as a franchisee of the System; and that our trade secrets are not generally known to our industry or the public at large and are not known to you except from such disclosure. You further acknowledge that you will acquire no interest in the Proprietary Information and trade secrets disclosed to you, other than the right to use them in the development and operation of the Franchised Business during the term of this Agreement. In addition, you acknowledge that the use or duplication of our trade secrets except as expressly permitted by this Agreement constitutes an unfair method of competition and that we will suffer irreparable injury thereby.

(c) You agree that you will not do or permit any act or thing to be done in derogation of any of our rights in the Marks, either during the term of this Agreement or thereafter, and that you will use these only for the uses and in the manner franchised and licensed hereunder and as herein provided. Furthermore, you and your employees and agents will not engage in any act or conduct that impairs the goodwill associated with the Marks.

9.4 Modification of Marks and Trade Dress. We may add to, substitute or modify any or all the Marks or Trade Dress from time to time, by directive in the Confidential Operations Manual. You must accept, use, display, or cease using, as may be applicable, the Marks and Trade Dress, including but not limited to, any such modified or additional trade names, trademarks, service marks, logo types and commercial symbols, and must within 30 days of receiving notification, commence to implement such changes and use your best efforts to complete such changes as soon as practicable.

9.5 Mark Infringement Claims and Defense of Marks.

(a) If you receive notice or otherwise become aware of any claim, suit or demand against you by any party other than us, the Owner of the Marks or any of our affiliates due to any alleged infringement, unfair competition or similar matter arising from your use of the Marks in accordance with the terms of this Agreement, or any misuse of the Marks by third parties on the Internet or otherwise, you must promptly notify us of any such claim, suit, demand or misuse. You will have no power, right or authority to settle or compromise any such claim, suit or demand by a third party or to intervene to stop misuse, without our prior written consent. We will defend you, compromise or settle at our discretion any such claim, suit or demand and take steps to stop misuse at our cost and expense, using attorneys selected by us or the Owner of the Marks, and you agree to cooperate fully in such matters.

(b) We will indemnify you and hold you harmless from and against all judgments resulting from any claim, suit or demand arising from your authorized and proper use of the Marks in accordance with the terms of this Agreement. We have the sole discretion to determine whether a similar trademark or service mark that is being used by a third party is confusingly similar to the Marks being used by you or constitutes a misuse of the Marks, and whether and what subsequent action, if any, should be undertaken with respect to such similar trademark or service mark or misuse.

X. ADVERTISING AND PROMOTION

10.1 Use of Marketing and Promotion Fees.

(a) JPF will expend, for the purposes of national, regional or local advertising, cooperative advertising, market research, public relations and promotional campaigns designed to promote and enhance the value of the Marks and general recognition and acceptance thereof, an amount equal to the aggregate Marketing and Promotion Fees collected from all Juan Pollo franchisees, less a 15% administrative fee. No interest on unexpended Marketing and Promotion Fees will be imputed for your benefit or payable to you. If requested by you in writing not later than March 31 of any calendar year, we will provide you not later than May 31 of that year with a statement of receipts and expenditures of the aggregate Marketing and Promotion Fees relating to the preceding calendar year, certified to be correct by an officer of JPF.

(b) In our sole discretion and as we deem appropriate, JPF is obligated to spend the Marketing and Promotion Fees collected from you and all other Juan Pollo franchisees (less our 15% administrative fee) on regional, local or national media or other marketing techniques or programs designated to promote the retail sale of Juan Pollo Products, the Marks and other aspects of the Juan Pollo brand, creative and production costs, and for other purposes deemed appropriate by us to enhance and promote the general recognition of Juan Pollo franchises.

(c) JPF may also spend Marketing and Promotion Fees collected from you and all other Juan Pollo franchisees for JPF-approved initiatives, which may include branding and marketing studies, initiatives and research; test marketing new products or concepts; the development of marketing strategies, tools, initiatives, and materials; public relations; market research; annual conferences (excluding the expenses of our principals and employees to travel to such conferences); and occasional selective regional and local advertising.

10.2 Advertising Content and Costs. With respect to regional or system-wide advertising, we determine the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to advertising, public relations and promotional campaigns.

XI. NON-COMPETITION COVENANTS

11.1 Exclusive In-Term Dealing.

(a) You acknowledge that you will receive valuable specialized training and access to JPF's trade secrets, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of the System. In consideration for the use and license of such valuable information, you agree that you will not during the term of this Agreement operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareowner, partner, joint venture or otherwise), or engage in, any competing business selling goods or offering services equivalent to Juan Pollo Products or the Franchised Business, without our express prior written consent.

(b) It is the intention of you and us that you maximize the Franchised Business within the Territory, and any action of yours that diverts business to another entity or diminishes the Gross Revenues of the Franchised Business will be a material breach of this Agreement. Accordingly, neither you nor any Principal Equity Owner may, either directly or indirectly, for yourself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity, (i) divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, (ii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System, or (iii) solicit any person who is at that time employed by us or any related entity to leave his or her employment.

11.2 Post Termination Non-Competition Covenants. For a period of one year after termination of this Agreement or its expiration without you entering into a Successor Franchise Agreement pursuant to section 5.2 of this Agreement, you agree that you will not (either directly or indirectly, for yourself , or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity) operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareowner, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to Juan Pollo Products or the Franchised Business, within a radius of 25 miles of (i) your Outlet or (ii) any other authorized location selling Juan Pollo Products, without our express prior written consent. Following termination or expiration of this Agreement, you must always refrain from any use, direct or indirect, of any of our proprietary information.

11.3 General Provisions regarding Non-Competition Covenants.

(a) You acknowledge that the restrictions contained in this Article XI are reasonable and necessary in order to protect our legitimate interests, and in the event of violation of any of these restrictions, we are entitled to recover damages including, without limitation, Royalties and other fees that would have been payable if such business were included in the Franchised Business, and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights and remedies will be cumulative and in addition to any other rights or remedies to which we are entitled at law or in equity.

(b) This Article XI applies to your General Manager and other Principal Equity Owners, and each of your other managers, directors, officers, general partners and affiliates.

(c) Each provision of this Article XI is independent of each other provision of this Agreement. If any provision of this Article XI is held unreasonable or unenforceable by any court, agency or other tribunal of competent jurisdiction, you agree to be bound by the maximum duty permitted by law with respect to that provision, which will be deemed restated accordingly, and all other provisions of this Article XI.

XII. ASSIGNMENT

12.1 Assignment by Us. We have the right to Transfer this Agreement, and all of our rights and privileges hereunder to any other person, firm or corporation ("Our Assignee"); provided that, in respect to any Transfer ("Assignment by Us") resulting in the subsequent performance by our Assignee of the functions of franchisor hereunder: (i) at the time of Assignment by Us, Our Assignee will be financially responsible and economically capable of performing the obligations of franchisor hereunder; and (ii) Our Assignee will expressly assume and agree to perform such obligations. If there is an Assignment by Us, we will be relieved of all obligations or liabilities after the effective date of the assignment.

12.2 Assignment by You.

(a) This Agreement is being entered into in reliance upon and in consideration of the singular personal skills and qualifications of you and the Principal Equity Owners and the trust and confidence we repose in you and them. Therefore, neither your interest in this Agreement and the Franchise granted hereunder, nor all or substantially all of the assets of the Franchised Business, nor a controlling or non-controlling interest in the Franchised Business, may be assigned, transferred, shared or divided, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner (collectively, "Assignment by You"), without our prior written consent and subject to our right of first refusal provided for in section 12.3 hereof. Our consent to a specific Assignment by You is not cumulative and will not apply to any subsequent assignments, in respect of each of which you must comply with this section 12.2.

(b) Prior to any Assignment by You, you must notify us of your intent to sell, transfer or assign the Franchise, all or substantially all the assets of the Franchised Business, or a controlling or non-controlling interest in the Franchised Business. The notice shall be in writing, delivered to us in accordance with section 16.1 hereof and include the following:

(i) The proposed transferee's name and address;

(ii) A copy of all agreements related to the sale, assignment, or transfer of the Franchise, the assets of the Franchised Business, or the interest in the Franchised Business; and

(iii) The proposed transferee's application for approval to become the successor franchisee. The application must include all forms, financial disclosures and related information generally used by us when interviewing prospective new franchisees, if those forms are readily made available to you. If the forms are not readily available, you must request that we deliver the forms to you by business courier in accordance with section 16.1 hereof within 15 calendar days. As soon as practicable after the receipt of the proposed transferee's application, we will notify, in writing, you and the proposed transferee of any additional information or documentation necessary to complete the transfer application. If our then-existing standards for the approval of new or renewing franchisees are not readily available to you when you notify us of your intent to sell, transfer, or assign the Franchise, all or substantially all the assets of the Franchised Business, or the controlling or non-controlling interest in the Franchised Business, we will communicate the standards to you within 15 calendar days.

(c) Within 60 days after the receipt of all the necessary information and documentation required pursuant to section 12.2(b) above, or as specified by written agreement between us and you, we will notify you of the approval or disapproval of the proposed Assignment by You. The notice will be in writing and delivered to you by business courier in accordance with section 16.1 hereof. Should we elect not to exercise our right of first refusal, or should such right of first refusal be inapplicable, as herein provided, our consent to the proposed Assignment by You will be deemed approved, unless disapproved by us in writing and for reasons permitted by the law governing this Agreement. If the proposed sale, assignment or transfer is disapproved, we will include in the notice of disapproval a statement setting forth the reasons for the disapproval. We may impose, among other things, the following conditions precedent to our consent to any such Assignment by You (these conditions are consistently applied to similarly situated franchisees operating under the Franchise brand):

(i) Your assignee ("Your Assignee") must complete our application for a franchise, and in connection therewith, you and Your Assignee must fully disclose in writing all of the terms and conditions of the Assignment by You;

(ii) Your Assignee and the principal equity owners of Your Assignee demonstrate that they have the skills, qualifications and economic resources necessary, in our sole judgment, to conduct the business contemplated by this Agreement;

(iii) Your Assignee and each principal equity owner of Your Assignee expressly assumes in writing for our benefit all of your obligations under this Agreement;

(iv) Your Assignee executes the then current form of Franchise Agreement being used by us for the remainder of the term of this Agreement or, in our sole discretion, for the initial term of the then current form of Franchise Agreement (unless we have a reasonable basis not to allow this, you may elect to have Your Assignee assume this Agreement for the remainder of its term);

(v) You must have complied fully as of the date of any such Assignment by You with all of your material obligations to us, whether under this Agreement or any other agreement, arrangement or understanding with us;

(vi) Your Assignee agrees that our Initial Training program described in section 6.1 hereof and any other training or orientation programs then required by us will be satisfactorily completed by necessary personnel within 30 days after the execution by Your Assignee of a Successor Franchise Agreement, provided, however, that Your Assignee must agree to pay for all of his, her or its expenses incurred in connection therewith, including any fee we charge for training (at the rate in effect at the time of transfer), travel, hotel and meal expenses; and

(vii) Not later than 10 days before the transfer, you must pay us a non-refundable "Transfer Fee" equal to $10,000. The Transfer Fee is subject to adjustment in our discretion based on corresponding changes in the CPI since the Effective Date.

(d) You will not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever (except that with our consent, which will not be unreasonably withheld, you may pledge a security interest in this Agreement in connection with a Small Business Administration loan), nor subfranchise or otherwise transfer, or attempt to subfranchise or otherwise transfer the Franchised Business, or to transfer or subfranchise a portion but not all of your rights hereunder without our express prior written consent, which may be withheld for any reason in our sole discretion.

(e) Any attempt by you to assign or any purported Assignment by You in violation of this section 12.2 is void and will (i) constitute a material breach of this Agreement, (ii) cause this Agreement (and in our sole discretion any or all other agreements between you and us, or between you and our affiliates) to be subject to immediate termination without further notice, and (iii) confer no rights or interest whatsoever under this Agreement upon any other party.

(f) Upon our consent to any Assignment by You, you must bring all accounts with us current and, together with JPF, execute a mutual release.

12.3 Right of First Refusal.

(a) Except for a transfer (i) to your heirs, personal representatives or conservators in the case of death or legal incapacity as provided in section 12.6 hereof or (ii) between or among individuals (including their immediate family members) who have guaranteed obligations under an SBA guaranteed loan, your right to transfer your entire interest in the Franchise granted by this Agreement under section 12.2 hereof is subject to our right of first refusal, which will be exercised in accordance with the terms of this section 12.3.

(b) You must deliver to us a written notice setting forth (i) all the terms and conditions of any *bona fide* offer relating to a proposed Assignment by You, and (ii) all available information concerning your Assignee including a detailed summary of how the proposed assignee meets our qualifications for a new System franchisee, and any other related information requested by us. If the specified terms and conditions include consideration of a non-monetary nature, such consideration must be expressed in reasonably equivalent monetary terms, and if it involves matters that cannot be stated in monetary terms, such consideration will not be considered regarding our right of first refusal.

(c) Within 15 days after our receipt of such notice (or if we request additional information, within 10 days after receipt of such additional information), we may either (i) consent or withhold our consent to such Assignment by You, in accordance with section 12.2 hereof, or (ii) at our option, accept the Assignment by You ourselves or on behalf of our nominee upon the terms and conditions specified in the notice.

(d) If we elect not to exercise our right of first refusal and consent to the Assignment by You, you will for a period of 60 days, and subject to the provisions of section 12.2 hereof, be free to assign this Agreement to such proposed Assignee upon the terms and conditions specified in said notice. If, however, these terms are modified in any material manner (as determined by us), or if said 60-day period expires, we will again have such right of first refusal with respect thereto and you will again be required to comply with section 12.3(b) above. Detailed terms of assignment must be delivered to us no later than 72 hours following the close of escrow or other consummation of the transaction.

12.4 Transfers to Certain Family Members. You or a principal owner, if a natural person, may with our consent, which will not be unreasonably withheld, transfer the Franchised Business or an equity interest in your franchised entity to such person's spouse or person having equivalent rights under applicable federal or state law, parent, sibling, niece, nephew, descendant or spouse's descendant provided that adequate provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to us, the performance of the transferee's obligations under this Agreement. No transfer under this section 12.4 will be subject to our right of first refusal set forth in section 12.3 hereof. However, you must comply with section 12.2(b)(i) through (vi) above, as well as provide full disclosure of the terms of said transfer and deliver to us no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction.

12.5 Transfers to Affiliated Entities. You or a Principal Equity Owner may without our consent, upon 30 days prior written notice to us, Transfer the Franchised Business or an equity interest in your franchised entity to an entity that is (i) organized for the purpose of operating the Franchised Business and (ii) owned in the same proportionate amount of ownership as prior to such Transfer, provided that adequate provision is made for the management of the Franchised Business. No Transfer under this section 12.5 will be subject to our right of first refusal set forth in section 12.3 hereof or the Transfer Fee set forth in section 12.2(b)(vii) hereof. However, you must comply with section 12.2(b)(i) through (vi) above, as well as provide full disclosure of the terms of said transfer and deliver to us no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction.

12.6 Transfers upon the Death or Incapacity of an Individual Franchisee or a Principal Equity Owner.

(a) Notwithstanding the foregoing, in the event of your death or legal incapacity, if you are an individual, or the death or legal incapacity of a Principal Equity Owner holding a majority equity interest in the franchisee entity ("Majority Equity Owner") if you are a corporation, limited liability company or partnership, the transfer of your or the deceased Majority Equity Owner's interest in this Agreement to their heirs, personal representatives or conservators, as applicable, will not be deemed Assignment by You, provided that a responsible management employee or agent of yours that has been satisfactorily trained by us will be responsible for the Franchised Business.

(b) In the event of the death of a sole proprietor franchisee or the death of a Majority Equity Owner, such person's interest in this Agreement or its equity interest in the franchise entity must Transfer as soon as practicable (but not more than 270 days) after the date of death in accordance with such person's will or, if such person dies without a will, in accordance with laws of intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Franchised Business. If we determine (i) there is no imminent sale to a qualified successor or (ii) there is no heir or other Principal Equity Owner capable of operating the Franchise, we may (but are not obligated to) immediately commence operating the Franchised Business on your behalf for a period of up to 90 days, renewable as necessary for up to one year and we will periodically discuss the status with the heirs of the decedent. For such management assistance, you or the successor in interest must pay a reasonable *per diem* charge we set for the interim manager.

(c) No Transfer under this section 12.6 will be subject to (i) our right of first refusal set forth in section 12.3 hereof or (ii) the Transfer Fee set forth in section 12.2(b)(vii) above, although such refusal right and Transfer Fee will be applicable to any subsequent Transfer by your (or a Majority Equity Owner's) heirs, personal representatives or conservators. However, you must comply with section 12.2(b)(i) through (vi) above, as well as provide full disclosure of the terms of said transfer and deliver to us no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction.

12.7 Consent of Franchisor to Transfers. Except as otherwise provided in this Agreement and subject to our right of first refusal provided in section 12.3 hereof, you or an Principal Equity Owner may consummate any Transfer of a direct or indirect interest in this Agreement, the Franchised Business or the economic benefits derived therefrom, or any equity interest in your franchised entity, not permitted by the preceding sections 12.4, 12.5 and 12.6, only after written notice to us and only with our written consent, which will not be unreasonably withheld. We will exercise our good faith business judgment in determining whether to give or withhold our consent to a Transfer under this section 12.7. Such exercise of good faith business judgment may include our consideration of certain skills and qualifications of the prospective transferee which are of business concern to us, including without limitation, the following: experience in businesses similar to the Franchised Business, financial and operational skills and qualifications, economic resources, reputation and character of such prospective transferee; the ability of such prospective transferee to fully and faithfully conduct the Franchised Business as contemplated by this Agreement; and the effect that the Transfer and the prospective transferee will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the System or us or any of our affiliates.

XIII. DEFAULT AND TERMINATION

13.1 General.

(a) This Agreement may be terminated by us only for good cause, which means your failure to substantially comply with the lawful requirements imposed upon it by this Agreement after being given notice at least 60 days in advance of the termination and a reasonable opportunity, which in no event will be less than 60 days from the date of the notice of noncompliance, to cure the failure (provided that this section 13.1(a) does not apply when there are grounds for immediate termination without notice pursuant to section 13.2 below).

(b) If we are in material breach of this Agreement, you may terminate this Agreement by giving us prior written notice setting forth the asserted breach of this Agreement and giving us 60 days in which to cure the default. A material breach of this Agreement by us means any unauthorized action or omission seriously impairing or adversely affecting you or the relationship between you and us created by this Agreement. However, if we become insolvent or declare bankruptcy, you will continue to have the right to operate under this Agreement until and unless a court orders otherwise.

(c) Notwithstanding anything contained herein to the contrary, in those circumstances under which we have the right to terminate this Agreement, we also have the option, to be exercised in our sole discretion, to choose alternative remedies to our right to terminate the entire Agreement.

(d) Notwithstanding anything contained herein to the contrary, in those circumstances under which we have the right to terminate this Agreement, we have the right to exercise all remedies available to us at law or in equity, including without limitation specific performance and damages (including without limitation punitive damages). All rights and remedies provided herein are in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

13.2 Immediate Termination.

(a) We have the right to terminate this Agreement immediately upon notice to you without an opportunity to cure, if:

(i) You admit your inability to pay your debts as they come due, or you or the business to which the Franchise relates (A) has been the subject of an order for relief in bankruptcy, (B) is judicially determined to be insolvent or (C) has all or a substantial part of your or its assets assigned to or for the benefit of any creditor;

(ii) You Abandon the Franchise by failing to operate the Outlet for five consecutive business days during which you are required to operate the business under the terms of this Agreement, or any shorter period after which it is not unreasonable under the facts and circumstances for us to conclude that you do not intend to continue to operate the Franchise, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond your control;

(iii) We and you agree in writing to terminate the Franchise;

(iv) You make any material misrepresentations relating to the acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System;

(v) You fail, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the Franchise;

(vi) After curing any failure in accordance with section 13.3 below, you engage in the same noncompliance whether corrected after notice;

(vii) You repeatedly fail to comply with one or more requirements of this Agreement, whether or not corrected after notice;

(viii) The Franchised Business or business premises of the Franchise are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lien holder or lessor, provided that a final judgment against you remains unsatisfied for 30 days (unless an appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within five days of such levy;

(ix) You are convicted of a felony or any other criminal misconduct which is relevant to the operation of the Franchise; or

(x) We make a reasonable determination your continued operation of the Franchise will result in an imminent danger to public health or safety.

13.3 Termination After Notice.

(a) Except as provided in section 13.2 above, we may terminate this Agreement only for good cause (as defined in section 13.1(a) above) after giving you prior written notice setting forth the asserted breach of this Agreement and giving you 60 days in which to cure the default. Upon receipt of a notice of default, you must immediately commence diligently to cure said breach, and if you cure said breach within 60 days, our right to terminate this Agreement will cease. If because of the nature of the breach, it would be unreasonable for you to be able to cure the default within 60 days, you will be given additional time (up to 30 additional days) as is reasonably necessary in our determination to cure said breach, upon condition that you must, upon receipt of such notice from us, immediately commence to cure such breach and continue to use best efforts to do so.

(b) If your rights under this Agreement are terminated by us for material breach, we may, at our option, declare you in default of all other franchise agreements or other agreements you have with us, and terminate your rights under those other agreements as well.

(c) The description of any default in any notice served by us hereunder upon you in no way precludes us from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

13.4 Description of Default. The description of any default in any notice served by us hereunder upon you in no way precludes us from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

13.5 Statutory Limitations. Notwithstanding anything to the contrary in this Article XIII, in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits our rights of termination hereunder or requires longer notice periods than those set forth herein, and in the event the parties are prohibited by law from agreeing to the shorter periods set forth herein, then this Agreement will be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of the law or regulation.

13.6 Extended Cure Period. Notwithstanding anything contained herein to the contrary, including, without limitation, section 13.3(c) hereof, in those circumstances under which we have the right to terminate this Agreement, we also have the right, to be exercised in our sole discretion, to grant to you in writing only, in lieu of termination of this Agreement, an extended period of time to cure the breach which gave rise to our right to terminate, but in no event may such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. You acknowledge that our election to grant an extended cure period to you will not operate as a waiver of any of our rights hereunder.

13.7 Our Right to Cure Your Defaults. In addition to all other remedies herein granted, if you default in the performance of any of your obligations or breach any term or condition of this Agreement or any related agreement involving third parties, we may, at our election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to you, cure the default for your account and on your behalf, and all costs or expenses including attorneys' fees incurred by us on account thereof are due and payable by you to us on demand.

13.8 Waiver and Delay. No waiver by us of any breach or series of breaches or defaults in performance by you and no failure, refusal or neglect of ours either to exercise any right, power or option given to us hereunder or to insist upon strict compliance with or performance of your obligations under this Agreement or the Confidential Operations Manual, constitutes a waiver of the provisions of this Agreement or the Confidential Operations Manual with respect to any subsequent breach thereof or a waiver by us of our right at any time thereafter to require exact and strict compliance with the provisions thereof.

13.9 Recovery of Lost Royalty. If this Agreement is terminated because of your material breach, based on the estimated time it takes for a replacement franchise outlet to achieve a similar revenue stream, we are entitled to recover liquidated damages equal to the amount of the Royalty paid by you during (i) the three years prior to the date this Agreement was terminated or (ii) if the Opening Date is less than three years before the termination date, the time since the Opening Date.

13.10 Collection Costs. We are entitled to reimbursement from you upon our demand of all costs we have incurred (including reasonable attorneys' fees) to enforce our rights under this Agreement, including actions to collect any amounts due and delinquent hereunder.

13.11 Continuance of Business Relations. Any continuance of business relations between you and us after termination of this Agreement will not be construed as a renewal, extension or continuation of this Agreement.

XIV. DISPUTE RESOLUTION

14.1 Mediation.

(a) We and you have entered a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement and the overall best interests of the System, to endeavor to make the relationship succeed as contemplated by this Agreement. To that end, you and we acknowledge that you and we need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between us are an important aspect of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having our executive officers and your Principal Equity Owners meet in person within 10 business days after a party notifies the other party that a Dispute has arisen at JPF's principal executive office (without your or JPF's respective legal counsel) to conduct a good faith discussion and negotiation of the issues with a view to resolving the dispute.

(b) If we are unable to settle the Dispute at this settlement conference (or if the meeting does not take place), within 10 days after that settlement conference takes place (or should have taken place), either party may submit the dispute to mediation conducted by a mutually acceptable mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law, unless the parties agree on a different mediator within 15 days after either party first gives notice of mediation. Any mediation proceeding will be conducted in San Bernardino County, California and should be completed within 45 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter. Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission because of its use in the mediation.

(c) If neither party submits the Dispute to mediation within 10 days after the settlement conference takes place (or should have taken place) in accordance with section 14.1(b) above, or if one party submits the Dispute to mediation but the other party refuses to participate, the Dispute will immediately be submitted to binding arbitration in accordance with section 14.2 below.

14.2 Arbitration.

(a) Any Dispute between us (or our affiliated entities) and you (or your Principal Equity Owners or affiliated entities) that is not resolved in accordance with section 14.1 above will be resolved through binding arbitration by and before JAMS, Inc. ("JAMS") in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more), or if the parties in dispute agree, through binding arbitration by any other mutually acceptable arbitrator. It is explicitly agreed by each of the parties hereto that no arbitration of any Dispute may be commenced except in accordance with this section 14.2.

(b) Arbitration proceedings will be conducted individually by a single plaintiff, and not as a class or by multiple plaintiffs in one action. All hearings and other proceedings will take place in San Bernardino County, California, or other county where our headquarters is then located, or if we so elect, at the JAMS business location nearest where your (or an applicable Principal Equity Owner's) principal place of business is then located.

(c) Either party may present briefs and affidavits of witnesses who are unable to attend hearings. A limited amount of discovery is permitted within the discretion of the arbitrator (including affidavits, interrogatories and depositions). The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction

(d) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear.

(e) The provisions of this section 14.2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Furthermore, this section 14.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction

determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.

[Our Initials: _______ Your Initials: ________]

<u>14.3 Injunctive Relief</u>. Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction, without the necessity of posting any bond and without the necessity of first complying with sections 14.1 and 14.2 above, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of $1,000 will be a sufficient bond (this amount may be adjusted by changes in the Consumer Price Index since the Effective Date). If an arbitration proceeding has already commenced pursuant to section 14.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 14.1 or 14.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief under this section 14.3. You acknowledge other licensed franchisees are using the Marks and that failure on your part to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to us or other affiliated persons or entities, and we or our affiliates may seek injunctive relief to protect the Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

<u>14.4 Legal Fees and Expenses</u>. The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other expenses incurred by the prevailing party in bringing or defending such arbitration, action or proceeding or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 14.4 is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

<u>14.5 Survival</u>. The terms of this Article 14 survive termination, expiration or cancellation of this Agreement.

XV. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

<u>15.1 Your Obligations</u>.

(a) In the event of termination, cancellation or expiration of this Agreement whether by reason of your breach, default, non-renewal, lapse of time or other cause, in addition to any other obligations provided for in this Agreement, you must forthwith discontinue the use or display of the Marks in any manner whatsoever, and you may not thereafter operate or do business under the Marks or any other Juan Pollo brand or any other name or in any manner that might tend to give the general public the impression that you are in any way associated or affiliated with us, or any of the businesses conducted by us or the Owner of the Marks, including without limitation repainting the business premises in a distinctively different color and removing or rearranging distinctive elements of the Juan Pollo trade dress. You must contact Yelp, other online review sites and other online directories and websites, and request the removal of all use of the trademarks at the former Juan Pollo outlet (and the physical address of the former Juan Pollo outlet) and all use of former reviews from the period you were a Juan Pollo franchisee. And, you also must comply with section 15.2 respecting the return to us of certain materials and must not thereafter use, in any manner, or for any purpose, directly or indirectly, any of our trade secrets, procedures, techniques, or materials acquired by you by virtue of the relationship established by this Agreement, including, without limitation, (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements thereto, or (ii) any equipment, videotapes, videodiscs, forms, advertising matter, devices, insignias, slogans or designs used from time to time in connection with the Franchised Business.

(b) If there is a termination, cancellation or expiration as described in section 15.1(a) above, you must comply with section 11.2 of this Agreement respecting post-termination competition, and promptly:

(i) Remove at your expense all signs erected or used by you and bearing the Marks, or any word or mark indicating that you are associated or affiliated with JPF;

(ii) Erase or obliterate from letterheads, stationery, printed matter, advertising or other forms used by you the Marks and all words indicating that you are associated or affiliated with JPF;

(iii) Permanently discontinue all advertising of yours that states or implies that you are associated or affiliated with JPF or the System;

(iv) If you engage in any business thereafter, you must use trade names, service marks or trademarks that are significantly different from those under which you had done business and must use sign formats that are significantly different in color and type face; and take all necessary steps to ensure that your present and former employees, agents, officers, shareholders and partners observe the foregoing obligations; and

(v) Assign all interest and right to use all telephone numbers and all listings applicable to the Outlet in use at the time of such termination to us and take all action necessary to change all such telephone numbers immediately and change all such listings as soon as possible.

(c) If you fail or omit to make or cause to be made any removal or change described in section 15.1(b)(i) through 15.1(b)(vi) above, then we will have the right within 15 days after written notice to enter your Outlet or other premises from which the Franchised Business is being conducted without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at your expense, which expenses you agree to pay to us promptly upon demand; and you hereby irrevocably appoint us as your lawful attorney upon termination of this Agreement with authority to file any document in the name of and on our behalf for the purpose of terminating all of your rights in any trade name you have used that contains any of the Marks.

15.2 Our Rights as Franchisor.

(a) The termination, cancellation, expiration or assignment of this Agreement will be without prejudice to any rights of us against you and such termination, cancellation, expiration or assignment will not relieve you of any of your obligations to us existing at the time of termination, cancellation, expiration or assignment or terminate those obligations of ours which, by their nature, survive the termination, cancellation, expiration or assignment of this Agreement.

(b) We may direct that all applicable suppliers immediately cease providing you with such Juan Pollo Products.

(c) You are obligated to return, at no expense to us, all copies of the Confidential Operations Manual and all other Juan Pollo proprietary materials and other of the following items that were supplied by us for your use without additional charge in connection with the operation of the Franchised Business: computer equipment, video equipment, video tapes, videodiscs, software, software manuals and documentation, and any other communications media and material. You must also permanently erase anything relating to us or the Franchised Business from any computers and other media storage devices you retain after expiration, cancellation or termination of this Agreement.

(d) Upon a lawful termination or nonrenewal of this Agreement, we will purchase from you, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of this Agreement or any ancillary or collateral agreement by you to us or our approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in your possession or used by you in the Franchised Business. We are not required to purchase any personalized items, inventory, supplies, equipment, fixtures, or furnishings not reasonably required to conduct the operation of the Franchised Business in accordance with this Agreement or any ancillary or collateral agreement or to which you, at the cessation of operation of the Franchised Business by you, cannot lawfully, or does not, grant us clear title and possession upon our payment to you for the inventory, supplies, equipment, fixtures, or furnishings (we have the right to receive clear title to and possession of all items purchased from you under this section 15.2(d)). We may offset against the amounts owed to you under any such purchase under this section 15.2(d) any amounts you owe to us. Notwithstanding the foregoing however, our requirement to purchase from you under this section 15.2(d) will not apply:

(i) if you decline a *bona fide* offer of renewal from us;

(ii) if we do not prevent you from retaining control of the Outlet or other principal place of the Franchised Business;

(iii) to any termination or nonrenewal of a franchise due to a publicly announced and nondiscriminatory decision by us to completely withdraw from all franchise activity within the relevant geographic market area in which the Franchise is located;

(iv) if we and you mutually agree in writing to terminate and not renew the Franchise; or

(v) to any inventory, supplies, equipment, fixtures, or furnishings that are sold by you between the date of the notice of termination or nonrenewal, and the cessation of operation of the Franchised Business by you, pursuant to the termination or nonrenewal.

XVI. GENERAL TERMS AND PROVISIONS

16.1 Notices.

(a) All notices that the parties hereto are required or may desire to give under or in connection with this Agreement will be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable overnight courier, for delivery on the next business day and addressed as follows:

(i) If to us:

JUAN POLLO FRANCHISING, INC.
383 S J ST
SAN BERNARDINO CA 92410-2412
Phone: (909) 885-6324

(ii) If to you:

____
____
____
Phone:

(b) Any notice between you and us will be deemed given the earlier of (i) the next business day after deposit with a reliable overnight courier, properly addressed and marked for delivery on the next business day or (ii) when delivered in person by the sending party or his, her or its agent.

(c) Any change in the addresses listed in section 16.1(a) above must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier.

16.2 Indemnity.

(a) You jointly and severally, hereby agree to protect, defend and indemnify JPF, and all of our past, present and future owners, affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person or entity or to any property arising out of or in connection with your development, maintenance or operation of the Outlet and the Franchised Business, except if caused by our intentional misfeasance, gross negligence or material default of our obligations under this Agreement.

(b) We hereby agree to protect, defend and indemnify you, your Principal Equity Owners, other owners, affiliates, officers, directors, employees and attorneys and each of them, from any liability or damage any of them may incur, including reasonable attorneys' fees, as a result of third party claims, demands, costs, or judgments of any kind or nature, arising out of our intentional misfeasance, gross negligence or material breach of our obligations under this Agreement, except if caused by the intentional misfeasance, gross negligence or material breach by you (or any Principal Equity Owners, or other of your owners, affiliates, officers, directors, employees or attorneys) of obligations under this Agreement.

(c) For the indemnification to be effective, each party entitled to indemnification hereunder must give the indemnifying party prompt written notice of any claim for which the indemnified party demands indemnity (provided that such obligation will not constitute a condition to the indemnifying party's indemnification obligation unless the indemnifying party has been materially harmed by such delay). We will retain the full right and power to direct, manage, control and settle the litigation of any claim. Each indemnified party must submit all its claims to its insurers in a timely manner. Any payments made by an indemnified party will be net of benefits received by any indemnified party from insurance in respect of such claims.

16.3 Your Relationship to Us as Franchisee. It is expressly agreed that the parties intend by this Agreement to establish between you and us the relationship of franchisee and franchisor. It is further agreed that you have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as agent or representative on our behalf for any purpose whatsoever. Neither you nor we are the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent. You agree that you will not hold yourself out as our agent, employee, partner or co-venturer or the Owner of the Marks. All employees or agents hired or engaged by or working for you will be only the employees or agents of yours and will not for any purpose be deemed employees or agents of ours or the Owner of the Marks, nor subject to our control; and in particular, we will have no authority to exercise control over the hiring or termination of these employees, independent contractors, or others who work for you, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the Marks. You agree to respond to customer indications of dissatisfaction with services rendered by you in a diligent and professional manner and agree to cooperate with representatives of ours or the Owner of the Marks in any investigation undertaken by us of complaints respecting your activities. You and we agree to file our own tax, regulatory and payroll reports with respect to our respective employees or agents and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

16.4 No Third-Party Beneficiaries. This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity (other than financing sources to whom we have granted or consented to a collateral assignment of this Agreement) will be entitled to any rights hereunder because of so-called "third party beneficiary rights" or otherwise.

16.5 Survival of Covenants. The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

16.6 Successors and Assigns. This Agreement is binding upon us and you and inures to the benefit of their respective successors and assigns.

16.7 Joint and Several Liabilities. If the entity that is the franchisee under this Agreement consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to us are joint and several.

16.8 Titles for Convenience Only. Section titles used in this Agreement are for convenience only and do not affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

16.9 Gender. All terms used in any one number or gender will extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section may require.

16.10 Severability; Partial Invalidity. Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement or the Confidential Operations Manual and any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement or the Confidential Operations Manual thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement or the Confidential Operations Manual is held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed deleted, and the remaining parts thereof will continue in full force and effect.

16.11 Counterparts. This Agreement may be executed in multiple copies, each of which will be deemed to be an original, and both of which together will be deemed to be one and the same instrument.

16.12 Compliance with U.S. Anti-Terrorism and Other U.S. Federal Laws.

(a) You certify that neither you, nor any Principal Equity Owner, nor any of your employees, nor anyone else who is associated with you is listed in the Annex to Executive Order 13224 (which is available for review at http://treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html). You covenant not to hire or have any dealings with a person listed in the Annex. You certify that you have no knowledge or information that, if generally known, would result in you, the Principal Equity Owners, your employees or anyone associated with you being listed in the Annex to Executive Order 13224. You and each of the Principal Equity Owners will comply with and fully assist possible in our efforts to comply with the Anti-Terrorism Laws (as defined below). Regarding such compliance, you certify, represent and warrant that none of your respective property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that you and the Principal Equity Owners are not otherwise in violation of any of the Anti-Terrorism Laws. You are solely responsible for ascertaining what actions must be taken by you to comply with all such Anti-Terrorism Laws. You specifically acknowledge and agree that your indemnification responsibilities as provided in this Agreement pertain to your obligations under this section 16.12. Any misrepresentation by you under this section 16.12 or any violation of the Anti-Terrorism Laws by you, any of the Principal Equity Owners, or employees will constitute grounds for immediate termination of this Agreement and any other agreement you executed with us or one of our Affiliates. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, and any other requirements of any United States governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

(b) Neither you nor any Principal Equity Owner conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under any applicable Anti-Terror Legislation.

(c) Neither you nor any Principal Equity Owner nor any employee of either is named as a "Specially Designated National" or "Blocked Person" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control, and published at www.treas.gov/offices/enforcement/ofac/sdn/. You acknowledge that you are not directly or indirectly owned or controlled by the government of any country that is subject to a United States embargo, nor do you or any Principal Equity Owner act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. You agree that you will notify us in writing immediately of the occurrence of any event that renders the foregoing representations and warranties of this section 16.12 incorrect.

[Your Initials: ________]

16.13 Governing Law. The Federal Arbitration Act (9 U.S.C. §1 *et seq*.) governs procedural and jurisdictional issues respecting arbitration of disputes under this Agreement. Otherwise, California law governs the terms of this Agreement and all related matters, documents and agreements, without regard to conflicts of law. If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted.

16.14 Entire Agreement.

(a) The parties to this Agreement each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined solely in and by this written Agreement and the Confidential Operations Manual. Recognizing the costs on all parties which attend uncertainty, the signatories to this Agreement each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings (which have been or may in the future be exchanged between them) serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein.

(b) In accordance with the foregoing section 16.14(a), the parties to this Agreement agree that this Agreement, and the Confidential Operations Manual, constitutes the entire agreement between the parties and contain all of the terms, conditions, rights and obligations of the parties with respect to the franchised business contemplated by this Agreement and any other aspect of the relationship between the parties; provided however, that nothing in this Agreement or in any related agreement or writing is intended to disclaim the representations made in the Juan Pollo Franchise Disclosure Document ("FDD") provided to you. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of this Agreement and any other document executed in connection with the Juan Pollo franchise.

(c) This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

XVII. EFFECTIVENESS OF AGREEMENT

This Agreement will become effective only upon the execution thereof by you and by us and only after you were furnished with an FDD. HOWEVER, THIS AGREEMENT IS NOT BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY US.

XVIII. ACKNOWLEDGMENTS AND REPRESENTATIONS

18.1 Acknowledgments and Representations.

(a) You represent and warrant that the following statements in this section 18.1 are true and accurate.

(b) You do not seek to obtain the Franchise for speculative or investment purposes and have no present intention to sell or transfer or attempt to sell or transfer the Franchised Business or the Franchise within 12 months after the Opening Date.

(c) You understand and acknowledge the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Confidential Operations Manual and the necessity of operating the Franchised Business under the standards set forth in the Confidential Operations Manual. You represent that you have the capabilities, professionally, financially and otherwise, to comply with our standards.

(d) If you are an entity, you are duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Outlet is located.

(e) Your execution of this Agreement will not constitute or violate any other agreement or commitment to which you are a party.

(f) Any individual executing this Agreement on your behalf is duly authorized to do so and the Agreement constitutes a valid and binding obligation of yours and all of your Principal Equity Owners.

(g) You and your Principal Equity Owners (i) have carefully read this Agreement and all other related documents to be executed by you concurrently or in conjunction with the execution hereof, (ii) have conducted an independent investigation of the business contemplated by this Agreement, (iii) have obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement, (iv) understand the nature of this Agreement, and (v) intend to comply herewith and be bound hereby.

(h) You received an FDD and a copy of this Agreement at least 15 calendar days before the signing of this Agreement.

(i) You made no payment to us before you signed this Agreement.

(j) You acknowledge that in operating the System, we must consider the needs of the System as a whole, and the need to protect the Marks, even if our actions are contrary to your individual interests as a franchisee.

18.2 Additional Information Respecting You.

(a) Attached as Exhibit 2 is a schedule containing complete information respecting your Principal Equity Owners.

(b) The address (written notice of any change in this information after the Effective Date must be delivered to us pursuant to section 16.1 hereof) where your financial and other records are maintained is either [ ] the same address as provided in section 16.1 hereof, or [ ] the following address:

____

____.

This Agreement may be executed and delivered by facsimile, email with scanned attachment or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (including DocuSign) and, upon such execution and delivery, will have the same force and effect as an original.

IN WITNESS WHEREOF, the parties hereto executed this Agreement as of the Effective Date:

YOU:	JPF:
______________________________	JUAN POLLO FRANCHISING, INC.
By: ____________________________	By: ____________________________
______________________________ [PRINTED NAME AND TITLE]	

List of Exhibits to Franchise Agreement:

Exhibit 1 – Territory, Location of Outlet

Exhibit 2 – Names and Addresses of Principal Equity Owners

Exhibit 3 – Guarantee of Franchise Agreement

EXHIBIT 1 - TERRITORY, LOCATION OF OUTLET

The Territory is the area in the map attached to this Exhibit 1.

The Outlet is located at:

____

____

____

(If the address of the Outlet is unknown when this Agreement is signed, as soon as the address is determined it will be inserted later into the space above or added by addendum attached to this Exhibit 1.)

EXHIBIT 2 - NAMES AND ADDRESSES OF PRINCIPAL EQUITY OWNERS

If you are an entity, list below the names, residential addresses and respective percentage equity ownership interests in the franchisee entity of each Principal Equity Owner:

1. ________________________________
   ____
   ____
   ______ %

2. ________________________________
   ____
   ____
   ______ %

3. ________________________________
   ____
   ____
   ______ %

4. ________________________________
   ____
   ____
   ______ %

5. ________________________________
   ____
   ____
   ______ %

EXHIBIT 3 - GUARANTEE OF FRANCHISE AGREEMENT

In consideration of the execution by Franchisor of the Franchise Agreement (the "Franchise Agreement") dated _________________, 20 ___ between Juan Pollo Franchising, Inc. doing business as Juan Pollo ("Franchisor") and ________________________ _________________________________ ("Franchisee") and for other good and valuable consideration, each of the undersigned "Principal Equity Owners" (as defined in the Franchise Agreement), and their spouses (if applicable), for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

If more than one person has executed this Guarantee of Franchise Agreement ("Guarantee"), the term "the undersigned", as used herein, refers to each such person, and the liability of each of the undersigned hereunder will be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by every covenant, term, condition, agreement and undertaking contained and set forth in said Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

The undersigned further hereby agree that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (i) any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Agreement as so amended, compromised, released or altered; (ii) any guarantor of or party to the Franchise Agreement may be released, substituted or added; (iii) any right or remedy under the Agreement, this Guarantee or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (iv) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Franchise Agreement or any other person.

Should Franchisee be in breach or default under the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, signatory to the Franchise Agreement or any others of the undersigned.

Notice to or demand upon Franchisee or any of the undersigned will be deemed notice to or demand upon Franchisee and all the undersigned, and no notice or demand need be made to or upon any of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned will not relieve any other guarantors from liability hereunder, under the Franchise Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, related to the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, will not modify or amend this Guarantee, which will be continuing, absolute, unconditional and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee inure to the benefit of the Franchisor, its successors and assigns. This Guarantee may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

The Lanham Act (15 U.S.C. §1051 et seq.) governs any issue involving Franchisor's proprietary trademarks. To the extent applicable, the laws of the state where the Store is located govern all issues involving modification of this Guarantee while it is in effect. Otherwise, this Guarantee and the legal relations among the parties hereto will be governed by and construed in accordance with the laws of the State of California. Nothing in this Guarantee is 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 California or any other state, which would not otherwise apply.

Any litigation arising out of or related to this Guarantee will be instituted exclusively in the Superior Court of the State of California, County of San Bernardino or the United States District Court for the Central District of California. Guarantors hereby 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*). Guarantors further hereby covenant never to assert or claim that such courts lack personal jurisdiction over Guarantors. In the event both such courts lack jurisdiction to enter any requested injunctive relief, an action or proceeding requesting such relief may be brought before any court having jurisdiction to grant such relief.

Should any one or more provisions of this Guarantee be determined to be illegal or unenforceable, all other provisions will nevertheless be effective.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee effective as of the date of the Franchise Agreement.

This Guarantee may be executed and delivered by facsimile, email with scanned attachment or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (including DocuSign) and, upon such execution and delivery, will have the same force and effect as an original.

PRINCIPAL EQUITY OWNERS	SPOUSES OF PRINCIPAL EQUITY OWNERS (if applicable)
x ______________________________	x ______________________________
______________________________ Printed Name of Principal Equity Owner	______________________________ Printed Name of Spouse
x ______________________________	x ______________________________
______________________________ Printed Name of Principal Equity Owner	______________________________ Printed Name of Spouse
x ______________________________	x ______________________________
______________________________ Printed Name of Principal Equity Owner	______________________________ Printed Name of Spouse
x ______________________________	x ______________________________
______________________________ Printed Name of Principal Equity Owner	______________________________ Printed Name of Spouse
x ______________________________	x ______________________________
______________________________ Printed Name of Principal Equity Owner	______________________________ Printed Name of Spouse

JUAN POLLO

FINANCIAL STATEMENTS

EXHIBIT B

JUAN POLLO FRANCHISING, INC.

Financial Statements
and
Independent Auditor's Report

For the Year Ended
December 31, 2023

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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Independent Auditor's Report

To the Board of Directors
Juan Pollo Franchising, Inc.
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Juan Pollo Franchising, Inc., (the Franchise) (an S Corporation), which comprise the balance sheet as of December 31, 2023, and the related statements of income, changes in stockholder's equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Franchise as of December 31, 2023, and the results of its operations and 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 (GAAS). 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 the Franchise 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 GAAS, 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 the Franchise'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 the Franchise's ability to continue as a going concern for a reasonable period of time.

Report on Summarized Comparative Information

We have previously audited the Franchise's December 31, 2022 and 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our reports dated March 27, 2023 and March 23, 2022, respectively. In our opinion, the summarized comparative information presented herein on the statement of income as of and for the years ended December 31, 2022 and 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rogers, Anderson, Malody & Scott, LLP.

April 3, 2024
San Bernardino, California

Juan Pollo Franchising, Inc.

Balance Sheet
December 31, 2023

ASSETS		
CURRENT ASSETS		
Cash	$	234,171
Receivables:		
Account		88,604
Marketing and promotion cooperative		119,971
Due from related party		15,984
Total Current Assets		458,730
PROPERTY AND EQUIPMENT, NET		189,071
INTANGIBLE ASSETS		29,751
TOTAL ASSETS	$	677,552
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accrued liabilities	$	67,482
Total Current Liabilities		67,482
STOCKHOLDER'S EQUITY		
Common stock, $1.50 stated value, 1,000,000 shares authorized, 10,000 shares issued and outstanding		15,000
Retained earnings		595,070
Total Stockholder's Equity		610,070
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$	677,552

The accompanying notes are an integral part of these financial statements.

Statement of Income
For the Year Ended December 31, 2023 (with comparative information for 2022 and 2021)

	2023	2022	2021
FRANCHISE REVENUE	$ 902,790	$ 920,297	$ 821,117
EXPENSES			
General and administrative	775,275	632,053	575,807
Depreciation	25,429	25,468	18,830
Total Expenses	800,704	657,521	594,637
Income from Operations	102,086	262,776	226,480
OTHER INCOME			
Other	74,417	-	-
INCOME BEFORE PROVISION FOR INCOME TAX	176,503	262,776	226,480
PROVISION FOR INCOME TAX	20,562	27,257	25,029
NET INCOME	$ 155,941	$ 235,519	$ 201,451

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Stockholder's Equity
For the Year Ended December 31, 2023

	Common Stock	Retained Earnings	Total Stockholder's Equity
Balance at December 31, 2022	$ 15,000	$ 561,318	$ 576,318
Net Income	-	155,941	155,941
Stockholder's Distributions	-	(122,189)	(122,189)
Balance at December 31, 2023	$ 15,000	$ 595,070	$ 610,070

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from franchisees	$	823,793
Cash received from other Doordash agreement		74,417
Cash paid for employees and benefits		(522,088)
Cash paid to suppliers for good and services		(220,274)
Income taxes paid		(31,328)
Net Cash Provided by Operating Activities		124,520
CASH FLOWS FROM FINANCING ACTIVITIES		
Stockholder's distributions		(122,189)
Net Cash Used for Financing Activities		(122,189)
Net increase in cash		2,331
Cash at beginning of year		231,840
Cash at end of year	$	234,171

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Income	$	155,941
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		25,429
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		(78,997)
Increase (decrease) in accrued liabilities		22,147
Net Cash Provided by Operating Activities	$	124,520

The accompanying notes are an integral part of these financial statements.

Note 1: Summary of Significant Accounting Policies

Nature of Business

Juan Pollo Franchising, Inc. (the Franchise), was organized in California on July 26, 2011. The Franchise was organized for the purpose of franchising fast food restaurants under the name "Juan Pollo" and providing goods and services in connection with this business. Operations commenced on April 2, 2011. An initial franchise fee is due upon beginning operations, with a weekly royalty and marketing and promotion fee due based on a percentage of weekly gross revenue. Juan Pollo franchising concentrates their market area in Southern California.

Method of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Management's Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Franchise considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Franchise did not have any investments with an original maturity of three months or less during the year ended December 31, 2023.

Deposits Held in Financial Institutions

The Franchise maintains its cash balances with financial institutions which, at various times throughout the periods covered by these financial statements, may have exceeded the Federal Deposit Insurance Corporation’s insured limit. The Federal Deposit Insurance Corporation insures up to $250,000 per deposit, per insured bank for each account ownership category. As of December 31, 2023, the Franchise was $15,829 under the federally insured limits.

Financial Instruments

The carrying amount of all financial instruments approximates fair value. The carrying amounts for cash and cash equivalents, investments, accounts receivable and accounts payable approximate fair value because of the short maturity of these instruments.

Note 1: Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Franchise recognizes revenue in accordance with the provisions of *Accounting Standards Update (ASU) No. 2014-09 - Revenue from Contracts with Customers (Topic 606)*, as amended. The core principle of the revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with the core principle by applying the following steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, (5) recognize revenue when (or as) the entity satisfies a performance obligation.

Accounts Receivable

Accounts receivable is recorded when invoices are issued and are presented in the balance sheet net of any allowance for doubtful accounts. Allowance for doubtful accounts is based on a review of outstanding receivables, historical collection information, and existing economic conditions. Receivables are due on a weekly basis. Receivables are written off based on individual credit evaluation and specific circumstances of the franchise.

The Franchise performs ongoing credit evaluations of its customers and currently, management represents that there is no need for an allowance for doubtful accounts, as all accounts are fully recoverable.

Property and Equipment

Property and equipment are recorded at cost. Expenses for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenses for repairs and maintenance are charged to operating expenses as incurred. Upon retirement or other disposition of property and equipment, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is computed using the straight-line method for financial reporting methods over the following estimated useful service life:

	Years	$ Threshold
Automobiles, office equipment, and furniture	5	$5,000
Leasehold improvements	15	5,000

Intangible Assets

Intangible assets consist of costs incurred to acquire the Juan Pollo Trademarks. In accordance with generally accepted accounting principles, the Franchise is not required to amortize other intangible assets with indefinite lives but subjects them to periodic testing for impairment. The Franchise performs its impairment test at its year end, or more frequently if impairment indicators arise. No impairment was recorded for the year ended December 31, 2023.

Note 1: Summary of Significant Accounting Policies (continued)

Properties

As of December 31, 2023, the Franchise's restaurant system consisted of 25 restaurants in Southern California: Two (2) company-operated restaurants, one (1) co-owned by company and a franchise restaurant, and twenty-two (22) publicly franchised restaurants. The table below sets forth the restaurants in operation.

Franchisee-owned restaurants	22
Co-owned by company and franchise	1
Company-owned restaurants	2
	25

Marketing and Promotion Fees

The Franchise participates in marketing and promotion cooperatives with their franchisees established to collect and administer funds contributed for use in marketing and promotional programs designed to increase sales and enhance the reputation of the Franchise and its franchise owners. Contributions to the marketing and promotion cooperatives (referred to as Marketing and Promotional Fees) are required for both franchisee-owned and company-owned restaurants and are charged 1% of their gross revenues for the first 3 years, and 1.5% of gross revenues after that for legacy franchises, and 2% of the gross revenues indefinitely for public franchises. Marketing and promotion fees are due and payable on a weekly basis on the Wednesday of the week following the week in which the applicable gross revenues were received from the franchisees.

Marketing and promotion cooperative receivables represent the corresponding obligation arising from the receipt of the contributions to purchase advertising and promotional programs for which creditors do not have recourse to the general credit of the primary beneficiary. As the contributions to these cooperatives are designated and segregated for marketing and promotion, the Franchise acts as an agent for the franchisees regarding these contributions. The use of these funds is restricted to activities that benefit all franchises' marketing and promotion efforts. In 2023, the Franchise paid for $811,850 of marketing and promotion expenses. The balance of the marketing and promotion cooperative receivable as of December 31, 2023, was $119,971.

Note 1: Summary of Significant Accounting Policies (continued)

Franchise Revenue

Franchise revenues consist of franchise royalties and initial franchise fees. Franchise royalties are based upon a percentage of gross sales of the franchisee and are recorded as income as such sales are reported by the franchisees. For franchises opened before December 31, 2014, a franchisee pays 2.5% of the first $500,000 of gross sales in a calendar year, after which the fee is reduced to 1.5% of gross sales until the end of the calendar year. For franchises opened after January 1, 2015 a franchisee pays 3.5% of the first $500,000 of gross sales in a calendar year, after which the fee is reduced to 2.5% of gross sales until the end of the calendar year. For newly opened franchises categorized as "general public franchises" the royalty fee is 6% of total gross sales. Initial franchise fees are $500 and are recognized ratably over the term of the initial franchise agreement.

Income and Franchise Taxes

The Franchise has elected to be treated as subchapter S corporation for federal and California tax purposes as of July 26, 2011. As such, the Franchise pays no federal or state income tax. Taxable income is passed through to the stockholders where it is reported and taxed on the stockholders' individual federal and state income tax returns. However, the Franchise is subject to a California franchise tax at the rate of 1.5% of net income, with a minimum of $800. Certain items of income and expense are recorded on different basis for financial statement and income tax reporting purposes. The Franchise's taxable income is based upon the accrual method of accounting which is the same method of accounting used for the financial statements herein presented. Certain temporary differences arise, such as accelerated depreciation methods used for tax reporting, but not for GAAP financial statements reporting. For taxable years beginning on or after January 1, 2021, and before January 1, 2026 California has allowed qualifying pass through-entities (PTEs) to annually elect to pay an entity level tax on state income, for which qualified taxpayers receive a credit for their share of the entity level tax. For tax year ending December 31, 2023, the Franchise has made the annual election to pay the elective tax of 9.3% on qualified net income.

Date of Management's Review

Management has evaluated subsequent events through April 3, 2024, which is the date the financial statements were available to be issued.

Note 2: Property and Equipment

Property and equipment consists of the following at December 31, 2023:

	12/31/2022	Additions	Deletions	12/31/2023
Property and equipment, being depreciated:				
Equipment	$ 28,452	$ -	$ -	$ 28,452
Furniture	23,537	-	-	23,537
Leasehold improvements	208,664	-	-	208,664
Vehicles	65,250	-	-	65,250
Total property and equipment, being depreciated	325,903	-	-	325,903
Less: accumulated depreciation	(111,403)	(25,429)	-	(136,832)
Total Property and Equipment, Net	$ 214,500	$ (25,429)	$ -	$ 189,071

Depreciation expense for the year ended December 31, 2023 amounted to $25,429.

Note 3: Intangible Assets

Intangible assets consists of the following at December 31, 2023:

Intangible asset	Carrying amount
Trademark	$ 29,751

The Trademark intangible asset has an indefinite life thus no amortization expense was recorded, and no impairment was deemed necessary for the year ended December 31, 2023.

Note 4: Related-Party Transactions

The Franchise pays a $4,000 monthly rent fee to a related party, as stipulated in the rent agreement between the two businesses. Rent expense amounted to $48,000 for the year ended December 31, 2023. All utilities and auto expenses were paid by the related party and Juan Pollo Franchising, Inc. will reimburse the related party for a total of $17,766 for the year ended December 31, 2023.

ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To Whom It May Concern:

We consent to the use of our report dated April 3, 2024, relating to the financial statements of the Franchise, for the year ended December 31, 2023, in the Franchise Disclosure Document issued by Juan Pollo Franchising, Inc. ("Franchise") as it may be amended.

Rogers, Anderson, Malody & Scott, LLP.

April 3, 2024
San Bernardino, California

JUAN POLLO FRANCHISING, INC.

Financial Statements
and
Independent Auditor's Report

For the Year Ended
December 31, 2022

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RAMS

ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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Independent Auditor's Report

To the Board of Directors
Juan Pollo Franchising, Inc.
San Bernardino, California

Opinion

We have audited the accompanying financial statements of Juan Pollo Franchising, Inc., (the Franchise) (an S Corporation), which comprise the balance sheet as of December 31, 2022, and the related statements of income, changes in stockholder's equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Franchise as of December 31, 2022, and the results of its operations and 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 (GAAS). 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 the Franchise 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 GAAS, 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 the Franchise'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 the Franchise's ability to continue as a going concern for a reasonable period of time.

Report on Summarized Comparative Information

We have previously audited the Franchise's December 31, 2021 and 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our reports dated March 23, 2022 and March 16, 2021, respectively. In our opinion, the summarized comparative information presented herein on the statement of income as of and for the years ended December 31, 2021 and 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rogers, Anderson, Malody & Scott, LLP.

March 27, 2023
San Bernardino, California

Balance Sheet
December 31, 2022

ASSETS		
CURRENT ASSETS		
Cash	$	231,840
Receivables:		
Account		103,597
Marketing and promotion cooperative		34,325
Due from related party		7,640
Total Current Assets		377,402
PROPERTY AND EQUIPMENT, NET		214,500
INTANGIBLE ASSETS		29,751
TOTAL ASSETS	$	621,653
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accrued liabilities	$	45,335
Total Current Liabilities		45,335
STOCKHOLDER'S EQUITY		
Common stock, $1.50 stated value, 1,000,000 shares authorized, 10,000 shares issued and outstanding		15,000
Retained earnings		561,318
Total Stockholder's Equity		576,318
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$	621,653

The accompanying notes are an integral part of these financial statements.

Statement of Income
For the Year Ended December 31, 2022 (with comparable information for 2021 and 2020)

	2022	2021	2020
FRANCHISE REVENUE	$ 920,297	$ 821,117	$ 675,456
EXPENSES			
General and administrative	632,053	575,807	653,920
Depreciation	25,468	18,830	18,045
Total Expenses	657,521	594,637	671,965
Income from Operations	262,776	226,480	3,491
OTHER INCOME			
Other	-	-	75,260
INCOME BEFORE PROVISION FOR INCOME TAX	262,776	226,480	78,751
PROVISION FOR INCOME TAX	27,257	25,029	1,147
NET INCOME	$ 235,519	$ 201,451	$ 77,604

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Stockholder's Equity
For the Year Ended December 31, 2022

	Common Stock	Retained Earnings	Total Stockholder's Equity
Balance at December 31, 2021	$ 15,000	$ 468,799	$ 483,799
Net Income	-	235,519	235,519
Stockholder's Distributions	-	(143,000)	(143,000)
Balance at December 31, 2022	$ 15,000	$ 561,318	$ 576,318

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from franchisees	$	895,708
Cash paid for employees and benefits		(483,704)
Cash paid to suppliers for good and services		(137,448)
Cash paid for marketing and promotion cooperative liabilities		(49,627)
Income taxes paid		(26,000)
Net Cash Provided by Operating Activities		198,929
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital improvements		(42,000)
Net Cash Used for Investing Activities		(42,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Stockholder's distributions		(143,000)
Net Cash Used for Financing Activities		(143,000)
Net increase in cash		13,929
Cash at beginning of year		217,911
Cash at end of year	$	231,840

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Income	$	235,519
Adjustments to reconcile net income to net cash used for operating activities:		
Depreciation		25,468
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		(24,589)
Increase (decrease) in accrued liabilities		12,158
Increase (decrease) in marketing and promotion cooperative liabilities		(49,627)
Net Cash Provided by Operating Activities	$	198,929

The accompanying notes are an integral part of these financial statements.

Note 1: Summary of Significant Accounting Policies

Nature of Business

Juan Pollo Franchising, Inc. (the Franchise), was organized in California on July 26, 2011. The Franchise was organized for the purpose of franchising fast food restaurants under the name "Juan Pollo" and providing goods and services in connection with this business. Operations commenced on April 2, 2011. An initial franchise fee is due upon beginning operations, with a weekly royalty and marketing and promotion fee due based on a percentage of weekly gross revenue. Juan Pollo franchising concentrates their market area in Southern California.

Method of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Management's Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Franchise considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Franchise did not have any investments with an original maturity of three months or less during the year ended December 31, 2022.

Deposits Held in Financial Institutions

The Franchise maintains its cash balances with financial institutions which, at various times throughout the periods covered by these financial statements, may have exceeded the Federal Deposit Insurance Corporation’s insured limit. The Federal Deposit Insurance Corporation insures up to $250,000 per deposit, per insured bank for each account ownership category. As of December 31, 2022, the Franchise had $35,744 of deposits in excess of federally insured limits.

Financial Instruments

The carrying amount of all financial instruments approximates fair value. The carrying amounts for cash and cash equivalents, investments, accounts receivable and accounts payable approximate fair value because of the short maturity of these instruments.

Note 1: Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Franchise recognizes revenue in accordance with the provisions of *Accounting Standards Update (ASU) No. 2014-09 - Revenue from Contracts with Customers (Topic 606)*, as amended. The core principle of the revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with the core principle by applying the following steps: (1) Identify the contract(s) with a customer, (2) Identify the performance obligations in the contract, (3) Determine the transaction price, (4) Allocate the transaction price to the performance obligations in the contract, (5) Recognize revenue when (or as) the entity satisfies a performance obligation.

Accounts Receivable

Accounts receivable are recorded when invoices are issued and are presented in the balance sheet net of any allowance for doubtful accounts. Allowance for doubtful accounts is based on a review of outstanding receivables, historical collection information, and existing economic conditions. Receivables are due on a weekly basis. Receivables are written off based on individual credit evaluation and specific circumstances of the franchise.

The Franchise performs ongoing credit evaluations of its customers and at this time, management represents that there is no need for an allowance for doubtful accounts, as all accounts are fully recoverable.

Property and Equipment

Property and equipment are recorded at cost. Expenses for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenses for repairs and maintenance are charged to operating expenses as incurred. Upon retirement or other disposition of property and equipment, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is computed using the straight-line method for financial reporting methods over the following estimated useful service life:

	Years	$ Threshold
Automobiles, office equipment, & furniture	5	$5,000
Leasehold improvements	15	5,000

Intangible Assets

Intangible assets consist of costs incurred to acquire the Juan Pollo Trademarks. In accordance with generally accepted accounting principles, the Franchise is not required to amortize other intangible assets with indefinite lives but subjects them to periodic testing for impairment. The Franchise performs its impairment test at its year end, or more frequently if impairment indicators arise. No impairment was recorded for the year ended December 31, 2022.

Note 1: Summary of Significant Accounting Policies (continued)

Properties

As of December 31, 2022, the Franchise's restaurant system consisted of 25 restaurants, comprised of 2 company-operated restaurants, 1 co-owned by company and franchise restaurant and 22 franchised restaurants, located in Southern California. The table below sets forth the restaurants in operation.

Franchisee-owned restaurants	22
Co-owned by company and franchise	1
Company-owned restaurants	2
	25

Marketing and Promotion Fees

The Franchise participates in marketing and promotion cooperatives with their franchisees established to collect and administer funds contributed for use in marketing and promotional programs designed to increase sales and enhance the reputation of the Franchise and its franchise owners. Contributions to the marketing and promotion cooperatives (referred to as Marketing and Promotional Fees) are required for both franchisee-owned and company-owned restaurants and are charged 1% of their gross revenues for the first 3 years, and 1.5% of gross revenues after that for legacy franchises, and 2% of the gross revenues indefinitely for general public franchises. Marketing and promotion fees are due and payable on a weekly basis on the Wednesday of the week following the week in which the applicable gross revenues were received from the franchisees.

Marketing and promotion cooperative receivables represent the corresponding obligation arising from the receipt of the contributions to purchase advertising and promotional programs for which creditors do not have recourse to the general credit of the primary beneficiary. As the contributions to these cooperatives are designated and segregated for marketing and promotion, the Franchise acts as an agent for the franchisees regarding these contributions. The use of these funds is restricted to activities that benefit all franchises' marketing and promotion efforts. In 2022 the Franchise paid for $712,804 of marketing and promotion expenses. The balance of the marketing and promotion cooperative receivable as of December 31, 2022, was $34,325.

Note 1: Summary of Significant Accounting Policies (continued)

Franchise Revenue

Franchise revenues consist of franchise royalties and initial franchise fees. Franchise royalties are based upon a percentage of gross sales of the franchisee and are recorded as income as such sales are reported by the franchisees. For franchises opened before December 31, 2014, a franchisee pays 2.5% of the first $500,000 of gross sales in a calendar year, after which the fee is reduced to 1.5% of gross sales until the end of the calendar year. For franchises opened after January 1, 2015 a franchisee pays 3.5% of the first $500,000 of gross sales in a calendar year, after which the fee is reduced to 2.5% of gross sales until the end of the calendar year. For newly opened franchises categorized as “general public franchises” the royalty fee is 6% of total gross sales. Initial franchise fees are $500 and are recognized ratably over the term of the initial franchise agreement.

Income and Franchise Taxes

The Franchise has elected to be treated as subchapter S corporation for federal and California tax purposes as of July 26, 2011. As such, the Franchise pays no federal or state income tax. Taxable income is passed through to the stockholders where it is reported and taxed on the stockholders’ individual federal and state income tax returns. However, the Franchise is subject to a California franchise tax at the rate of 1.5% of net income, with a minimum of $800. Certain items of income and expense are recorded on different basis for financial statement and income tax reporting purposes. The Franchise’s taxable income is based upon the accrual method of accounting which is the same method of accounting used for the financial statements herein presented. Certain temporary differences arise, such as accelerated depreciation methods used for tax reporting, but not for GAAP financial statements reporting. For taxable years beginning on or after January 1, 2021, and before January 1, 2026 California has allowed qualifying pass through-entities (PTEs) to annually elect to pay an entity level tax on state income, for which qualified taxpayers receive a credit for their share of the entity level tax. For tax year ending December 31, 2022, the Franchise has made the annual election to pay the elective tax of 9.3% on qualified net income.

Date of Management’s Review

Management has evaluated subsequent events through March 27, 2023, which is the date the financial statements were available to be issued. See note 5 for detail on subsequent event.

Note 2: Property and Equipment

Property and equipment consists of the following at December 31, 2022:

	12/31/2021	Additions	Deletions	12/31/2022
Property and equipment,				
not being depreciated:				
Construction in Progress	$ 31,276	$ 42,000	$ (73,276)	$ -
Total property and equipment,				
not being depreciated	31,276	42,000	(73,276)	-
Property and equipment,				
being depreciated:				
Equipment	28,452	-	-	28,452
Furniture	23,537	-	-	23,537
Leasehold improvements	135,388	73,276	-	208,664
Vehicles	65,250	-	-	65,250
Total property and equipment, being depreciated	252,627	73,276	-	325,903
Less: accumulated depreciation	(85,935)	(25,468)	-	(111,403)
Total Property and Equipment, Net	$ 197,968	$ 89,808	$ -	$ 214,500

Depreciation expense for the year ended December 31, 2022 amounted to $25,468.

Note 3: Intangible Assets

Intangible assets consists of the following at December 31, 2022:

Intangible asset	Carrying amount
Trademark	$ 29,751

The Trademark intangible asset has an indefinite life, thus no amortization expense was recorded and no impairment was deemed necessary for the year ended December 31, 2022.

Note 4: Related-Party Transactions

The Franchise pays a $4,000 monthly rent fee to a related party, as stipulated in the rent agreement between the two businesses. Rent expense amounted to $48,000 for the year ended December 31, 2022. All utilities were paid by the related party and Juan Pollo Franchising, Inc. will reimburse the related party for a total of $13,303 for the year ended December 31, 2022.

Note 5: Subsequent Event

On January 27, 2023, Albert Okura, president and 100% owner of the Juan Pollo Franchising, Inc. passed way. As of March 27, 2023, his estate is under probate and change of ownership has not been finalized. Management has evaluated there is no going concern as the franchise continues to operate in its franchising activities with all stores.

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CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To Whom It May Concern:

We consent to the use of our report dated March 27, 2023, relating to the financial statements of the Franchise, for the year ended December 31, 2022, in the Franchise Disclosure Document issued by Juan Pollo Franchising, Inc. ("Franchise") as it may be amended.

Rogers, Anderson, Malody & Scott, LLP.

March 27, 2023
San Bernardino, California

JUAN POLLO FRANCHISING, INC.

Financial Statements
and
Independent Auditor's Report

For the Year Ended
December 31, 2021

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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Independent Auditor's Report

To the Board of Directors
Juan Pollo Franchising, Inc.
San Bernardino, California

Opinion

We have audited the accompanying financial statements of Juan Pollo Franchising, Inc., (the Franchise) (an S Corporation), which comprise the balance sheet as of December 31, 2021, and the related statements of income, changes in stockholder's equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Franchise as of December 31, 2021, and the results of its operations and 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 (GAAS). 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 the Franchise 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 GAAS, 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 the Franchise'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 the Franchise's ability to continue as a going concern for a reasonable period of time.

Report on Summarized Comparative Information

We have previously audited the Franchise's December 31, 2020 and 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our reports dated March 16, 2021 and March 19, 2020, respectively. In our opinion, the summarized comparative information presented herein on the statement of income as of and for the years ended December 31, 2020 and 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rogers, Anderson, Malody & Scott, LLP.

March 23, 2022
San Bernardino, California

Balance Sheet
December 31, 2021

ASSETS		
CURRENT ASSETS		
Cash	$	217,911
Accounts receivable		98,022
Due from related party		22,952
Total Current Assets		338,885
PROPERTY AND EQUIPMENT, NET		197,968
INTANGIBLE ASSETS		29,751
TOTAL ASSETS	$	566,604
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accrued liabilities	$	33,178
Marketing and promotion cooperative liabilities		49,627
Total Current Liabilities		82,805
STOCKHOLDER'S EQUITY		
Common stock, $1.50 stated value, 1,000,000 shares authorized, 10,000 shares issued and outstanding		15,000
Retained earnings		468,799
Total Stockholder's Equity		483,799
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$	566,604

The accompanying notes are an integral part of these financial statements.

Statement of Income
For the Year Ended December 31, 2021 (with comparable information for 2020 and 2019)

	2021	2020	2019
FRANCHISE REVENUE	$ 821,117	$ 675,456	$ 644,886
EXPENSES			
General and administrative	575,807	653,920	545,619
Depreciation	18,830	18,045	8,482
Total Expenses	594,637	671,965	554,101
Income From Operations	226,480	3,491	90,785
OTHER INCOME			
Other	-	75,260	-
INCOME BEFORE PROVISION FOR INCOME TAX	226,480	78,751	90,785
PROVISION FOR INCOME TAX	25,029	1,147	800
NET INCOME	$ 201,451	$ 77,604	$ 89,985

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Stockholder's Equity
For the Year Ended December 31, 2021

	Common Stock	Retained Earnings	Total Stockholder's Equity
Balance at December 31, 2020	$ 15,000	$ 309,848	$ 324,848
Net Income	-	201,451	201,451
Stockholder's Distributions	-	(42,500)	(42,500)
Balance at December 31, 2021	$ 15,000	$ 468,799	$ 483,799

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from franchisees	$	770,123
Cash paid for employees and benefits		(475,258)
Cash paid to suppliers for good and services		(76,438)
Cash paid for marketing and promotion cooperative liabilities		(63,266)
Income taxes paid		(22,875)
Net Cash Provided by Operating Activities		132,286
CASH FLOWS FROM INVESTING ACTIVITIES		
Trademark registration		(3,575)
Capital Improvements		(62,502)
Net Cash Used for Investing Activities		(66,077)
CASH FLOWS FROM FINANCING ACTIVITIES		
Stockholder's distributions		(42,500)
Net Cash Used for Financing Activities		(42,500)
Net increase in cash		23,709
Cash at beginning of year		194,202
Cash at end of year	$	217,911

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Income	$	201,451
Adjustments to reconcile net income to net cash used for operating activities:		
Depreciation		18,830
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		(50,994)
(Increase) decrease in prepaid expenses		2,154
Increase (decrease) in accrued liabilities		24,111
Increase (decrease) in marketing and promotion cooperative liabilities		(63,266)
Net Cash Provided by Operating Activities	$	132,286

The accompanying notes are an integral part of these financial statements.

Note 1: Summary of Significant Accounting Policies

Nature of Business

Juan Pollo Franchising, Inc. (the Franchise), was organized in California on July 26, 2011. The Franchise was organized for the purpose of franchising fast food restaurants under the name "Juan Pollo" and providing goods and services in connection with this business. Operations commenced on April 2, 2011. An initial franchise fee is due upon beginning operations, with a weekly royalty and marketing and promotion fee due based on a percentage of weekly gross revenue. Juan Pollo franchising concentrates their market area in Southern California.

Method of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Management's Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Franchise considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Franchise did not have any investments with an original maturity of three months or less during the year ended December 31, 2021.

Deposits Held in Financial Institutions

The Franchise maintains its cash balances with financial institutions which, at various times throughout the periods covered by these financial statements, may have exceeded the Federal Deposit Insurance Corporation's insured limit. The Federal Deposit Insurance Corporation insures up to $250,000 per deposits, per insured bank for each account ownership category. As of December 31, 2021, the Franchise had $5,591 of deposits in excess of federally insured limits.

Financial Instruments

The carrying amount of all financial instruments approximates fair value. The carrying amounts for cash and cash equivalents, investments, accounts receivable and accounts payable approximate fair value because of the short maturity of these instruments.

Note 1: Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Franchise recognizes revenue in accordance with the provisions of *Accounting Standards Update (ASU) No. 2014-09 - Revenue from Contracts with Customers (Topic 606)*, as amended. The core principle of the revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with the core principle by applying the following steps: (1) Identify the contract(s) with a customer, (2) Identify the performance obligations in the contract, (3) Determine the transaction price, (4) Allocate the transaction price to the performance obligations in the contract, (5) Recognize revenue when (or as) the entity satisfies a performance obligation.

Accounts Receivable

Accounts receivable are recorded when invoices are issued and are presented in the balance sheet net of any allowance for doubtful accounts. Allowance for doubtful accounts is based on a review of outstanding receivables, historical collection information, and existing economic conditions. Receivables are due on a weekly basis. Receivables are written off based on individual credit evaluation and specific circumstances of the franchise.

The Franchise performs ongoing credit evaluations of its customers and at this time, management represents that there is no need for an allowance for doubtful accounts, as all accounts are fully recoverable.

Property and Equipment

Property and equipment are recorded at cost. Expenses for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenses for repairs and maintenance are charged to operating expenses as incurred. Upon retirement or other disposition of property and equipment, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is computed using the straight-line method for financial reporting methods over the following estimated useful service life:

	Years	$ Threshold
Automobiles, office equipment, & furniture	5	$5,000
Leasehold improvements	15	5,000

Intangible Assets

Intangible assets consist of costs incurred to acquire the Juan Pollo Trademarks. In accordance with generally accepted accounting principles, the Franchise is not required to amortize other intangible assets with indefinite lives but subjects them to periodic testing for impairment. The Franchise performs its impairment test at its year end, or more frequently if impairment indicators arise. No impairment was recorded for the year ended December 31, 2021.

Note 1: Summary of Significant Accounting Policies (continued)

Properties

As of December 31, 2021, the Franchise's restaurant system consisted of 26 restaurants, comprised of 2 company-operated restaurants, 1 co-owned by company and franchise restaurant and 23 franchised restaurants, located in Southern California. The table below sets forth the restaurants in operation.

Franchisee-owned restaurants	23
Co-owned by company and franchise	1
Company-owned restaurants	2
	26

Marketing and Promotion Fees

The Franchise participates in marketing and promotion cooperatives with their franchisees established to collect and administer funds contributed for use in marketing and promotional programs designed to increase sales and enhance the reputation of the Franchise and its franchise owners. Contributions to the marketing and promotion cooperatives (referred to as Marketing and Promotional Fees) are required for both franchisee-owned and company-owned restaurants and are charged 1% of their gross revenues for the first 3 years, and 1.5% of gross revenues after that for legacy franchises, and 2% of the gross revenues indefinitely for general public franchises. Marketing and promotion fees are due and payable on a weekly basis on the Wednesday of the week following the week in which the applicable gross revenues were received from the franchisees.

Marketing and promotion cooperative liabilities represent the corresponding obligation arising from the receipt of the contributions to purchase advertising and promotional programs for which creditors do not have recourse to the general credit of the primary beneficiary. As the contributions to these cooperatives are designated and segregated for marketing and promotion, the Franchise acts as an agent for the franchisees regarding these contributions. The use of these funds is restricted to activities that benefit all franchises' marketing and promotion efforts. In 2021 the Franchise paid for $644,275 of marketing and promotion expenses. The balance of the marketing and promotion cooperative liabilities as of December 31, 2021 is $49,627.

Note 1: Summary of Significant Accounting Policies (continued)

Franchise Revenue

Franchise revenues consist of franchise royalties and initial franchise fees. Franchise royalties are based upon a percentage of gross sales of the franchisee and are recorded as income as such sales are reported by the franchisees. For franchises opened before December 31, 2014, a franchisee pays 2.5% of the first $500,000 of gross sales in a calendar year, after which the fee is reduced to 1.5% of gross sales until the end of the calendar year. For franchises opened after January 1, 2015 a franchisee pays 3.5% of the first $500,000 of gross sales in a calendar year, after which the fee is reduced to 2.5% of gross sales until the end of the calendar year. For newly opened franchises categorized as “general public franchises” the royalty fee is 6% of total gross sales. Initial franchise fees are $500 and are recognized ratably over the term of the initial franchise agreement.

Income and Franchise Taxes

The Franchise has elected to be treated as subchapter S corporation for federal and California tax purposes as of July 26, 2011. As such, the Franchise pays no federal or state income tax. Taxable income is passed through to the stockholders where it is reported and taxed on the stockholders’ individual federal and state income tax returns. However, the Franchise is subject to a California franchise tax at the rate of 1.5% of net income, with a minimum of $800. Certain items of income and expense are recorded on different basis for financial statement and income tax reporting purposes. The Franchise’s taxable income is based upon the accrual method of accounting which is the same method of accounting used for the financial statements herein presented. Certain temporary differences arise, such as accelerated depreciation methods used for tax reporting, but not for GAAP financial statements reporting. For taxable years beginning on or after January 1, 2021, and before January 1, 2026 California has allowed qualifying pass through-entities (PTEs) to annually elect to pay an entity level tax on state income, for which qualified taxpayers receive a credit for their share of the entity level tax. For tax year ending December 31, 2021, the Franchise has made the annual election to pay the elective tax of 9.3% on qualified net income.

Date of Management’s Review

Management has evaluated subsequent events through March 23, 2022, which is the date the financial statements were available to be issued and has determined that there are no transactions that will have a significant impact on the Franchise.

Note 2: Property and Equipment

Property and equipment consist of the following at December 31, 2021:

	12/31/2020	Additions	Deletions	12/31/2021
Property and equipment,				
not being depreciated:				
Construction in Progress	$ -	$ 31,276	$ -	$ 31,276
Total property and equipment,				
not being depreciated	-	31,276	-	31,276
Property and equipment,				
being depreciated:				
Equipment	21,976	6,476	-	28,452
Furniture	23,537	-	-	23,537
Leasehold improvements	110,638	24,750	-	135,388
Vehicles	65,250	-	-	65,250
Total property and equipment,				
being depreciated	221,401	31,226	-	252,627
Less: accumulated depreciation	(67,105)	(18,830)	-	(85,935)
	$ 154,296	$ 43,672	$ -	$ 197,968

Depreciation expense for the year ended December 31, 2021 amounted to $18,830.

Note 3: Intangible Assets

Intangible assets consist of the following at December 31, 2021:

Intangible asset	Carrying amount
Trademark	$ 29,751

The Trademark intangible asset has an indefinite life, thus no amortization expense was recorded and no impairment was deemed necessary for the year ended December 31, 2021.

Note 4: Related-Party Transactions

The Franchise pays a $4,000 monthly rent fee to a related party, as stipulated in the rent agreement between the two businesses. Rent expense amounted to $48,000 for the year ended December 31, 2021. All utilities were paid by the related party and Juan Pollo Franchising, Inc. will reimburse the related party for a total of $11,803 for the year ended December 31, 2021. The Franchise will also be reimbursed by the related party for credit card charges for general and operating expenses amounting to $22,952 for the year ended December 31, 2021.

Note 5: Contingencies and Risks

COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption was temporary, there is still considerable uncertainty due to variants, known and unknown. Management has continued to carefully monitor the situation and evaluate its options. No adjustments have been made to these financial statements as a result of this uncertainty.

ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To Whom It May Concern:

We consent to the use of our report dated March 23, 2022, relating to the financial statements of the Franchise, for the year ended December 31, 2021, in the Franchise Disclosure Document issued by Juan Pollo Franchising, Inc. ("Franchise") as it may be amended.

Rogers, Anderson, Malody & Scott, LLP.

March 23, 2022
San Bernardino, California

JUAN POLLO

LIST OF FRANCHISE OUTLETS

EXHIBIT C

LIST OF FRANCHISE OUTLETS

The following franchised Outlets were open and operating on December 31, 2023:

STATE	CONTACT NAME	ADDRESS	PHONE NO.
CALIFORNIA	Jose & Cesar Garcia	3138 W. Lincoln Ave., Anaheim, CA 92801	714-821-3333
	Alfredo & Esmeralda Zuniga	550 Beaumont Ave., Beaumont, CA 92223	951-769-8570
	Martin & Marissa Ramirez	19059 Valley Blvd., Bloomington, CA 92316	909-562-0171
	Benita Ramirez	69160 Ramon Rd., Ste. 101, Cathedral City, CA 92234	760-620-5059
	Benita Ramirez	50225 Harrison St., Coachella, CA 92236	760-398-2556
	Maria F. Mora	1220 E. Washington St., Ste. 10, Colton, CA 92324	909-433-0600
	Verna & Susilo Santoso	1277 W. 6th St., Corona, CA 92882	951-738-8905
	Jennie Gandasetiawan	849 W. Covina Blvd., Covina, CA 91722	626-858-0669
	Arturo & Margaret Ramirez	9141 Citrus Ave., Fontana, CA 92335	909-427-8960
	Jorge & Leticia Villareal	8022 Limonite Ave., Ste. 101, Jurupa Valley, CA 92509	951-685-8663
	Jose & Yolanda Garcia	15845 Imperial Hwy., La Mirada, CA 90638	562-943-9000
	Jennie Gandasetiatwan	517 Workman Mill Rd., La Puente, CA 91746	626-330-0588
	Graciela Garcia	6600 E. Olympic Blvd., Los Angeles, CA 90022	323-597-0391
	Salvador & Rocia Ramirez	12615 Perris Blvd., Moreno Valley, CA 92553	951-601-0988
	Guadalupe & Jhovanna Ramirez	3045 S. Archibald Ave., Ontario, CA 91761	909-923-0366
	Jose Ramos	615 S. Euclid Ave., Ontario, CA 91762	909-988-1700
	Salvador & Rocia Ramirez	1675 N. Perris Blvd., Perris, CA 92507	951-443-1717
	Jose & Cesar Garcia	320 E. Foothill Blvd., Pomona, CA 91767	909-392-9794
	Jose & Cesar Garcia	300 S. Garey Ave., Pomona, CA 91767	909-469-4779
	Sean Cheema	6055 Magnolia Ave., Riverside, CA 92503	951-683-3513
	Sandy Salazar	1014 E. Highland Ave., San Bernardino, CA 92404	909-881-4191
	Verna & Susilo Santoso	1231 W. Memory Ln., Santa Ana, CA 92706	714-550-0507
	Maria F. Mora	273 E. 9th St., Upland, CA 91786	909-931-9057

As of December 31, 2023, the following franchisee had signed a franchise agreement but had not yet opened their outlet:

STATE	CONTACT NAME	CITY	PHONE NO.
CALIFORNIA	Jose & Yolanda Garcia	La Habra, CA	562-690-5333

JUAN POLLO

LIST OF TERMINATED FRANCHISES

EXHIBIT D

LIST OF TERMINATED FRANCHISES

No franchisee had an Outlet terminated, canceled or not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement in 2023.

No franchisee has failed to communicate with the franchisor within the 10 weeks ending on the date of this disclosure document.

JUAN POLLO

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT E

STATE FRANCHISE ADMINISTRATORS

We intend to register this disclosure document as a franchise in some of or all the following states, in accordance with applicable state law. The following are the state administrators responsible for the review, registration and oversight of franchises in these states:

California:
Commissioner of Financial Protection and Innovation
Dept. of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, CA 95834
(866) 275-2677

Hawaii:
Business Registration Division
Dept. of Commerce and Consumer Affairs
335 Merchant St., Rm. 203
Honolulu, HI 96813
(808) 586-2722

Illinois:
Office of the Attorney General
500 S. 2nd St.
Springfield, IL 62701
(217) 782-4465

Indiana:
Franchise Section
Securities Division
302 W. Washington St., Rm. E111
Indianapolis, IN 46204
(317) 232-6681

Maryland:
Office of the Attorney General
Securities Division
200 Saint Paul Pl.
Baltimore, MD 21202
(410) 576-6360

Michigan:
Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Bldg., 1st Flr
525 W. Ottawa St.
Lansing, MI 48909
(517) 373-7117

Minnesota:
Department of Commerce
85 7th Pl. E., Ste. 280
Saint Paul, MN 55101
(651) 539-1600

New York:
NYS Department of Law
28 Liberty St., 21st Flr.
New York, NY 10005
(212) 416-8211

North Dakota:
Franchise Examiner
North Dakota Securities Department
600 E. Boulevard Ave.
State Capitol - 5th. Flr., Dept. 414
Bismarck, ND 58505
(701) 328-4712

Rhode Island:
Securities Division
Dept. of Business Regulations
1511 Pontiac Ave., Bldg. 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota:
Division of Insurance
Securities Regulation
124 S. Euclid Ave., Ste. 104
Pierre, SD 57501
(605) 773-3563

Virginia:
State Corporation Commission
Div. of Securities & Retail Franchising
1300 E. Main St., 9th Flr.
Richmond, VA 23219
(804) 371-9051

Washington:
Administrator
Dept. of Financial Institutions
Securities Division
150 Israel Rd. SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin:
Franchise Administrator
Division of Securities
Dept. of Financial Institutions
345 W. Washington Ave.
Madison, WI 53703
(608) 266-8557

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a franchise in some of or all the following states, in accordance with applicable state law. If we register the franchise (or otherwise comply with the franchise investment laws) in any of these states, we will designate the following state offices or officials as our agents for service of process in those states:

California:
Commissioner of Financial Protection and Innovation
Dept. of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, CA 95834
(866) 275-2677

Hawaii:
Hawaii Commissioner of Securities,
Dept. of Commerce and Consumer Affairs, Business Registration Div.
335 Merchant St., Rm. 205
Honolulu, HI 96813
(808) 586-2744

Illinois:
Illinois Attorney General
500 S. 2nd St.
Springfield, IL 62701
(217) 782-4465

Indiana:
Indiana Secretary of State
200 W. Washington St., Rm. 201
Indianapolis, IN 46204
(317) 232-6681

Maryland:
Maryland Securities Commissioner
200 Saint Paul Pl.
Baltimore, MD 21202
(410) 576-6360

Michigan:
Michigan Corporation & Securities Bureau
Department of Commerce
6546 Mercantile Way
Lansing, MI 48911
(517) 373-7117

Minnesota:
Minnesota Commissioner of Commerce
85 7th Pl. E., Ste. 280
Saint Paul, MN 55101
(651) 539-1600

New York:
Secretary of State
99 Washington Ave.
Albany, NY 12231-0001
(518) 473-2492

North Dakota:
North Dakota Securities Commissioner
600 E. Boulevard Ave., 5th. Flr.
Bismarck, ND 58505
(701) 328-4712

Rhode Island:
Director,
Rhode Island Department of Business Regulations
1511 Pontiac Ave., Bldg. 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota:
Division of Insurance
Securities Regulation
124 S. Euclid Ave., Ste. 104
Pierre, SD 57501-3168
(605) 773-3563

Virginia:
Clerk,
Virginia State Corporation Commission
1300 E. Main St., 1st Flr.
Richmond, VA 23219
(804) 371-9733

Washington:
Dept. of Financial Institutions
Securities Division – 3rd Flr.
150 Israel Rd. SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin:
Administrator,
Wisconsin Division of Securities
345 W. Washington Ave.
Madison, WI 53703
(608) 261-9555

JUAN POLLO

STATE SPECIFIC ADDENDA

EXHIBIT F

CALIFORNIA

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR CALIFORNIA FRANCHISEES

1. California Business and Professions Code sections 20000 through 20043 (the "Act") provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.

2. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 *et seq.*)

3. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California Law.

4. The agreements contain a liquidated damage clause, under Civil Code, Section 1671, certain liquidated damage clauses are enforceable.

5. The Franchise Agreement requires binding arbitration. The arbitration will occur in San Bernardino County, California with the costs being borne equally by both parties. Franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code section 20040.5, Code of Civil Procedure section 1281, and the Federal Arbitration Act) to any provision of a franchise agreement that restricts venue to a forum outside of California.

6. It is unlawful to sell any franchise in California that is subject to registration under the California Franchise Investment Law without first providing to the prospective franchisee, at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever occurs first, a copy of the franchise disclosure document, together with a copy of all proposed agreements relating to the sale of the franchise.

7. Section 31125 of the California Corporations Code requires the franchisor to give you a disclosure document, in a form and containing information that the Commissioner of Financial Protection and Innovation may by rule or order require, before solicitation of a proposed material modification of an existing franchise.

8. The Franchise Agreement requires you to execute a general release of claims upon transfer of the Franchise Agreement. California Corporations Code section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (Corporations Code §§31000-31516). Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000-20043).

9. Our website (www.juanpollo.com) has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

10. Neither the franchisor, nor any person or franchise broker listed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934 (15 U.S.C.A. §78A *et seq.*), suspending or expelling these persons from membership in such association or exchange.

11. As a condition of registration, the franchisor is prohibited from using the funds allocated for advertising for operations.

12. Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of the Franchise Investment Law (Corporations Code §§31000-31516).

13. Franchisee must sign a personal guaranty, making you and your spouse individually liable or your financial obligations under the agreement if you are married. The guarantee will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

14. 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.

15. Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.

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

17. Both the Governing Law and Choice of Law for Franchisees operating outlets located in California, will be the California Franchise Investment Law and the California Franchise Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition.

18. The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

ADDENDUM TO FRANCHISE AGREEMENT FOR CALIFORNIA FRANCHISEES

The Franchise Agreement is amended or clarified as follows:

1. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

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

3. 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.

4. Both the Governing Law and Choice of Law for Franchisees operating outlets located in California, will be the California Franchise Investment Law and the California Franchise Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition.

5. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

This Addendum to Franchise Agreement may be executed and delivered by facsimile, email with scanned attachment or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (including DocuSign) and, upon such execution and delivery, will have the same force and effect as an original.

Date: ____________________	Date: ________________________
FRANCHISEE:	FRANCHISOR: JUAN POLLO FRANCHISING, INC.
______________________________	
BY: ____________________________	BY: ____________________________
ITS: ___________________________	

JUAN POLLO

STATE EFFECTIVE DATES

EXHIBIT G

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
California	

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.

JUAN POLLO

RECEIPTS

EXHIBIT H

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Juan Pollo 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 relating to the proposed franchise sale.

If Juan Pollo 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 appropriate state agency listed in Exhibit E.

We have no franchise brokers. The name, address and telephone number of the franchise seller for this offering is Kyle Okura, 383 South J Street, San Bernardino, California 92410; telephone (909) 885-6324.

Date of Issuance: April 3, 2024.

Juan Pollo Franchising, Inc. authorizes the person identified in Item 1 to receive service of process for it in your state. I received a disclosure document dated April 3, 2024, that included the following Exhibits:

"A"	Franchise Agreement *Exhibits to Franchise Agreement*: Exhibit 1: Territory, Location of Outlet Exhibit 2: Names and Addresses of Principal Equity Owners Exhibit 3: Guarantee of Franchise Agreement
"B"	Financial Statements
"C"	List of Franchise Outlets
"D"	List of Terminated Franchises
"E"	State Franchise Administrators and Agents for Service of Process
"F"	State Specific Addenda
"G"	State Effective Dates
"H"	Receipts

DATED: ______________________
(Do not leave blank)

If a business entity:

____
(Name of Business Entity)

____
(Signature of Primary Contact Owner)

____
(Print Name and Title)

If an individual:

____
(Signature of Prospective Franchisee)

____
(Print Name)

Please date and sign this page, and then keep it for your records.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Juan Pollo 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 relating to the proposed franchise sale.

If Juan Pollo 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 appropriate state agency listed in Exhibit E.

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"B"	Financial Statements
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"D"	List of Terminated Franchises
"E"	State Franchise Administrators and Agents for Service of Process
"F"	State Specific Addenda
"G"	State Effective Dates
"H"	Receipts

DATED: ______________________
(Do not leave blank)

If a business entity:

____
(Name of Business Entity)

____
(Signature of Primary Contact Owner)

____
(Print Name and Title)

If an individual:

____
(Signature of Prospective Franchisee)

____
(Print Name)

Please date and sign this page, and then return it to Juan Pollo Franchising, Inc., either by mail to 383 South J Street, San Bernardino, California 92410 or by email to kyleokura@juanpollo.com.