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DEPARTMENT OF BUSINESS OVERSIGHT SAN FRANCISCO

FRANCHISE DISCLOSURE DOCUMENT
TRUFOODS, LLC

a New Jersey limited liability company
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New York, New York 10103
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RITTER'S®

CUSTARD · BURGERS · GLACIERS

We offer franchises for the operation of Shoppes under the name "Ritter's Frozen Custard" offering a wide variety of frozen custard products and beverages, as well as hamburgers, hot dogs and fries We also offer co-branding opportunities and satellite "scoop shoppe" opportunities

The total investment necessary to begin operation of a Ritter's franchise located in a strip Shopping center is $365,000 to $693,900 This includes $35,000 that must be paid to the franchisor and/or its affiliate, as appropriate The total investment necessary to begin operation of a Ritter's franchise located in a free-standing building (excluding real estate costs) is $501,500 to $1,107,900 This includes $35,000 that must be paid to the franchisor and/or its affiliate, as appropriate The total investment necessary to begin operation of a Ritter's co-branded franchise is $66,000 to $375,500 This includes between $10,000 and $27,500 that must be paid to the franchisor and/or its affiliate, as appropriate The total investment necessary to begin operation of a Ritter's satellite scoop shoppe franchise is $156,000 to $486,500 This includes $17,500 that must be paid to the franchisor and/or its affiliate, as appropriate Please see Items 5 and 7 for additional details

If you are a multi-unit developer, you will pay a development fee equal to 100% of the initial franchise fee for the first Shoppe to be developed plus 50% of the reduced initial franchise fee for each additional Shoppe to be developed under the Multi-Unit Development Agreement The development fee is applied pro rata to the initial franchise fees due for each Shoppe to be developed after the first Your estimated initial investment will vary based on the number of Shoppes to be developed

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 the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale **Note, however, that no government agency has verified the information contained in this document**

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact Stewart Stolz, 666 Fifth Avenue, Suite 27B, New York, New York 10103 and (212) 359-3600

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

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

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

Issuance Date April 4, 2017

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

Call the state franchise administrator listed in Exhibit A for information about the franchisor or about franchising in your state

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN NEW YORK OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST MORE TO LITIGATE WITH US IN NEW YORK THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT STATE THAT NEW YORK LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

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

Effective date See the next page for state effective dates

STATE EFFECTIVE DATES

The following states require that this 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 Disclosure Document is either registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

California	
Connecticut	Trademark Exempt
Florida	
Hawaii	N/A
Illinois	
Indiana	N/A
Kentucky	July 15, 2008
Maine	Trademark Exempt
Maryland	N/A
Michigan	
Minnesota	N/A
Nebraska	N/A
New York	June 2, 2016 as amended
North Carolina	Trademark Exempt
North Dakota	N/A
Rhode Island	N/A
South Carolina	Trademark Exempt
South Dakota	N/A
Texas	July 1, 2008
Utah	N/A
Virginia	
Washington	N/A
Wisconsin	N/A

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EXHIBITS

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

The Franchisor

TRUFOODS, LLC ("we", "us" or "Ritter's Frozen Custard") is the Franchisor and maintains its principal place of business at , 666 Fifth Avenue, Suite 27B, New York, New York 10103 We are a New Jersey limited liability company formed on October 25, 2005 as Miramar JC Condominium I, LLC Miramar JC Condominium I, LLC was a dormant entity until June 22, 2007, when it changed its name to TRUFOODS, LLC We do business under the names "TRUFOODS" and "Ritter's Frozen Custard" In this Disclosure Document, "you" means the person or legal entity with whom we enter into an agreement The term "you" also refers to the direct and indirect owners of a corporation, partnership, limited liability company, or limited liability partnership that signs a Franchise Agreement as the "franchisee"

We are a franchising company which promotes and sells franchises for the operation of Shoppes known as "Ritter's Frozen Custard" We do not own or operate a Shoppe of the type being franchised We are also engaged in the business of selling franchises for our other three concepts, Arthur Treacher's Fish & Chips, Pudgie's Naked Chicken Co and Wall Street Deli Restaurants, under separate Disclosure Documents The franchises for Arthur Treacher's Fish & Chips, Pudgie's Famous Chicken and Wall Street Deli Restaurants were acquired in August 2007 We began offering franchises for Ritter's Frozen Custard Shoppes in Spring 2008

In this Disclosure Document we offer franchises for single unit and multi-unit Ritter's Frozen Custard franchises We offer Ritter's Frozen Custard area representative opportunities in a separate Disclosure Document

Our agents for service of process are listed in Exhibit A

Our Parents, Affiliates and Predecessors

We have no affiliates Our parent is AUA TRUFOODS, LLC (formerly known as AUA Investors I, LLC) and is headquartered at our address ("Parent") Our Parent has never offered franchises in this or any other line of business Our Parent will not provide products or services to our franchisees, nor will it guaranty our performance

Our predecessor is RFC Franchising LLC, an Indiana limited liability company originally formed on April 1, 2003 and which was located at 3755 East 82nd Street, Suite 325, Indianapolis, Indiana 46240 ("Predecessor") Our Predecessor was the franchisor of the Ritter's Frozen Custard concept from April 2003 to April 2008 Ritter's, LLC is a New Jersey limited liability company formed on February 4, 2008 and is a wholly-owned subsidiary of ours Ritter's, LLC holds the Ritter's Frozen Custard assets from our Predecessor that we acquired in April 2008 At the time of the acquisition, our Predecessor had approximately 39 franchises in operation and two franchises in development, which were transferred to us as part of our acquisition Our Predecessor never offered franchises in any other lines of business and currently exists as a non-operating corporate entity without assets Ritter's, LLC does not operate a business of the type being offered in this Disclosure Document nor has it offered franchises in this or any other line of business

The Franchise Offered

We are offering franchises for Shoppes that operate under the name "Ritter's Frozen Custard", which are established and operated using the format and system developed by our Predecessor (the

"**System**"), which operate at retail locations displaying our interior and exterior trade dress, and which feature and operate under the Proprietary Marks (as defined below) (each a "**Ritter's Frozen Custard Shoppe**" or "**Shoppe**") Ritter's Frozen Custard Shoppes offer a wide variety of frozen custard products using our proprietary recipes, formulae and techniques and a menu that includes hamburgers, hot dogs and fries ("**Proprietary Products**"), as well as a variety of non-proprietary food, beverage, and other compatible items that we periodically designate (collectively, "**Products**") Our interior trade dress is designed to make Ritter's Frozen Custard Shoppes welcoming, comfortable, and easily identifiable for customers We also offer co-branding opportunities to operators of existing TRUFOODS brands (Pudgie's Naked Chicken Co or Wall Street Deli) and to operators of existing non-TRUFOODS brands

We also offer the opportunity to purchase and operate a satellite scoop shoppe ("**Scoop Shoppe**"), which will only be offered to franchisees that have or will purchase a Ritter's Frozen Custard Shoppe A Scoop Shoppe will not produce its own frozen dessert products, so you must own and operate a Ritter's Frozen Custard Shoppe to provide inventory for the Scoop Shoppe A Scoop Shoppe must be within a 20 minute drive time of your Ritter's Frozen Custard Shoppe, and may not be located within another franchisee's territory If the Franchise Agreement for your Ritter's Frozen Custard Shoppe is terminated or not renewed, we have the right to terminate the Franchise Agreement for the Scoop Shoppe

If your Shoppe is located in a strip center or free standing building, you must offer our full menu of Products, including hamburgers, hot dogs and fries If your Shoppe is a Scoop Shoppe, a co-branded location or a non-traditional location (such as an airport), it is your choice whether you will offer hamburgers, hot dogs and fries in addition to your other menu items

Ritter's Frozen Custard Shoppes are characterized by our System Some of the features of our System include distinctive exterior and interior design, decor, color schemes, fixtures, and furnishings, recipes, standards and specifications for products, equipment, materials, and supplies, uniform standards, specifications, and procedures for operations, purchasing and sourcing procedures, procedures for inventory and management control, training and assistance, and marketing and promotional programs We may periodically change and improve the System

You must operate your Shoppe in accordance with our standards and procedures, as set out in our Confidential Operations Manuals (the "**Manuals**") We will lend you a copy of the Manuals for the duration of the Franchise Agreement (or, at our option, we may make these available to you electronically) In addition, we will grant you the right to use our marks, including the mark "Ritter's Frozen Custard", and any other trade names and marks that we designate in writing for use with the System (the "**Proprietary Marks**") We may modify the Proprietary Marks or substitute new Proprietary Marks See Items 13 and 14 for additional information regarding the Proprietary Marks and the Manuals

Franchise Agreement

We offer to enter into franchise agreements ("**Franchise Agreements**") (included as Exhibit C to this Disclosure Document) with qualified legal entities and persons ("**you**") that wish to establish and operate Ritter's Frozen Custard Shoppes Under a Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate a Shoppe at an agreed-upon specified location (the "**Approved Location**")

If you are not an individual, then you must designate one of your owners, who must be an individual person and who must be reasonably acceptable to us (the "**Designated Principal**") to act as the responsible point of contact for your Shoppe Your Designated Principal must have at least a 10% ownership interest in you

If you are a franchisee of a concept that has not signed a co-branding arrangement with us and you want to co-brand your franchise with ours, you must first obtain your franchisor's permission to do this If your franchisor approves, you will sign our standard Franchise Agreement (Exhibit C to this Disclosure Document), adjusted to reflect that it is a co-branded arrangement

If you are an independent business person, unaffiliated with any franchise concept, and you want to co-brand with us, you will sign our standard Franchise Agreement, adjusted to reflect that it is a co-branded arrangement

If you are either a franchisee under another concept or an independent business person and you choose to co-brand with us, your existing business must be complementary to (and not in competition with) a Ritter's Frozen Custard Shoppe

If you enter into our co-branding arrangement under any of these methods, your total initial investment will be much lower than if you purchase a stand-alone franchise However, if you are a franchisee or independent business person, you may need to upgrade your point of sale system, or purchase a separate point of sale system, to meet our requirements to report Gross Sales amounts to us and to calculate your Royalties and other payments due

Multi-Unit Development Agreement

We also may offer a multi-unit development agreement (the "**Multi-Unit Development Agreement**") (included as Exhibit D to this Disclosure Document) with qualified corporations and persons (a "**Multi-Unit Developer**"), which grants the Multi-Unit Developer the right to establish and operate a specified number of Shoppes in a specified area (the "**Exclusive Area**") at specific locations that must be approved by us, each under a separate Franchise Agreement We will enter into Multi-Unit Development Agreements under which at least three Shoppes will be developed by a Multi-Unit Developer

Multi-Unit Developers must open each Shoppe following the Development Schedule in Exhibit A to the Multi-Unit Development Agreement The Multi-Unit Developer must exercise each development right by itself signing a Franchise Agreement for the establishment and operation of a Shoppe

Market and Competition

You will offer your products to the general public The market for frozen dessert products is highly competitive, as is the market for obtaining locations in high traffic venues However, we believe our competitive position is enhanced by our brand, image, decor and operational format and by the proprietary frozen dessert products offered by Ritter's Frozen Custard Shoppes As frozen custard is a relatively new concept in many parts of the country, Ritter's Frozen Custard Shoppes have limited competition in the frozen custard market segment but will also face competition from stores, restaurants, and supermarkets that offer frozen dairy products such as ice cream and frozen yogurt

Industry Specific Regulations

The food service industry is heavily regulated A wide variety of Federal, state and local laws, rules and regulations have been enacted that may impact the operation of your Shoppe, and may include those which (a) establish general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design, maintenance and operation of the Shoppe's premises, (b) set standards pertaining to employee health and safety, (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for food service businesses and laws and regulations relating to access by persons with disabilities, employee practices concerning the storage, handling, cooking and preparation of food, restrictions on smoking, available of and requirements for public accommodations and requirements for fire safety and general emergency preparedness, (d) establish requirements for food identification and labeling, and (e) regulate advertisements State and local agencies inspect restaurants to ensure that they comply with these laws and regulations You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Shoppe and you should consider both their effect and costs of compliance

You must comply with all local, state, and federal laws that apply to your Shoppe's operations, including health, food handling, sanitation, EEOC, OSHA, discrimination, employment, and sexual harassment laws If applicable to your Shoppe, the Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, bathrooms, drinking facilities, etc You must obtain any applicable real estate permits (such as zoning), real estate licenses, and operational licenses You must comply with any federal, state, county, municipal, or other local laws and regulations that may apply to your Shoppe Regulations respecting food labeling, nutrition and health claims (for example, what products may be labeled as "low fat") have been issued by the federal Food and Drug Administration

Among the other licenses and permits you may need are Zoning or Land Use Approvals, Sunday Sale Permits, Sales and Use Tax Permits, Special Tax Stamps, Fire Department Permits, Food Establishment Permits, Frozen Dessert Retailer License, Food Service License, Health Permits, Alarm Permits, County Occupational Permits, Retail Sales Licenses, and Wastewater Discharge Permits There may be other laws, rules or regulations which affect your Shoppe, including minimum wage and labor laws along with ADA, OSHA and EPA considerations The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation Some areas have also adopted or are considering proposals that would regulate indoor air quality We recommend that you consult with your attorney for an understanding of these laws

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

The Nutrition Labeling and Education Act (NLEA) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims NLEA applies to virtually all foods in the food supply, including food served and sold in restaurants While NLEA specifies a number of exemptions for restaurants, there are many instances where a nutritional label is required The Food and Drug Administration's *Nutritional Labeling Guide for Restaurants and Other Retail Establishments* provides answers to commonly asked questions regarding the application of NLEA

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

ITEM 2
BUSINESS EXPERIENCE

Chairman and Chief Executive Officer Andy Unanue

Mr Unanue has been our Chairman since August 6, 2007 and our Chief Executive Officer since July 2008

Chief Financial Officer Robert Bagnell

Mr Bagnell has been our Chief Financial Officer since June 2, 2008

Executive Director of Operations Stewart Stolz

Mr Stolz has been our Executive Director of Operations since May 2013 From June 2011 to April 2013 Mr Stolz was our Regional Director of Operations

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

ITEM 5
INITIAL FEES

In the state of California, all initial fees and costs, including fees or costs related to any services rendered, any equipment and/or inventory delivered or any other costs related to the franchise, are deferred until the franchisor's pre-opening obligations to the franchisee are complete and the franchisee is open for business

In the State of Illinois only, we will defer the payment of the initial franchise fee, development fee and any other initial payment until the franchisor or their affiliate has completed its pre-opening obligations under the franchise agreement and franchisee's shoppe is open and operating However, you must execute the Franchise Agreement prior to looking for a site or beginning training This deferral has been imposed by the Illinois Attorney General's Office based on the Franchisor's financial condition

Based upon our financial condition, the Maryland Securities Commissioner requires that all initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the agreement

Franchise Agreement

You must pay us an initial franchise fee (the "**Franchise Fee**") to purchase a Ritter's Frozen Custard franchise The Franchise Fee is $25,000, unless you are purchasing your second (or later) franchise, in which case the Franchise Fee is equal to $20,000 or 80% of the then-current Franchise Fee being charged You must sign our Deposit Agreement (attached to this Disclosure Document as Exhibit K) and pay us a deposit equal to 50% of the Franchise Fee One-half of the deposit you pay is refundable if we terminate the Deposit Agreement, otherwise the deposit is not refundable

If you are a qualified United States veteran and have an ownership interest of at least 50% in the franchised business, we will discount the initial franchise fee for your franchised business by 50% If you open a second or more units the veteran discount will not apply to those units

The Franchise Fee will be fully earned when paid and non-refundable except if we terminate the Deposit Agreement

When you sign the Franchise Agreement, we will apply the deposit toward the Franchise Fee due, and you must pay the balance of the Franchise Fee in a lump sum Additionally, as described below, if you signed a Multi-Unit Development Agreement, we will credit a portion of the Multi-Unit Development Fee you paid toward the Franchise Fee under the conditions described below

Co-Branded Unit

If you are an existing franchisee of ours operating a unit under one of our other brands (Pudgie's Naked Chicken Co or Wall Street Deli), or if you are purchasing one of those franchises at the same time you are purchasing this co-brand, the Franchise Fee due is $7,500 If you are not an existing franchisee of ours, the Franchise Fee due is $25,000 You must pay the Franchise Fee in full at the time you sign our agreement The Franchise Fee for a co-branded unit is not refundable under any circumstances We reserve the right to require you to sign our Deposit Agreement

Scoop Shoppe

If you are an existing Ritter's Frozen Custard Shoppe franchisee in good standing, the Franchise Fee due for the Scoop Shoppe is $10,000 If you are purchasing a Scoop Shoppe at the same time as a Ritter's Frozen Custard Shoppe, the Franchise Fee due is $25,000 for the Ritter's Frozen Custard Shoppe plus $10,000 for the Scoop Shoppe You may not purchase a Scoop Shoppe franchise until you either have an existing Ritter's Frozen Custard Shoppe in operation or you are purchasing a Ritter's Frozen Custard Shoppe at the same time you purchase a Scoop Shoppe You must pay the Franchise Fee in full at the time you sign our agreement The Franchise Fee for a Scoop Shoppe is not refundable under any circumstances The owners of the Scoop Shoppe must be the same as the owners of the Ritter's Frozen Custard Shoppe, including the same percentage of ownership interests If you are a corporate entity, then the corporate entity must own both Shoppes

Grand Opening Advertising

In addition to the Franchise Fee described above, you must also pay to us or our designated agent the money for your grand opening advertising campaign and we or our designated agent will conduct your grand opening advertising campaign for you This must be paid not later than 90 days before your Shoppe opens, and it is not refundable For a full Ritter's Frozen Custard Shoppe franchise, the amount you must pay is $10,000 For a Scoop Shoppe, the amount you must pay is $7,500 For a co-branded franchise or Scoop Shoppe, the amount you must pay is $2,500

Multi-Unit Development Fee

If you are going to be a Multi-Unit Developer, then you will sign a Multi-Unit Development Agreement and pay us a multi-unit development fee (the "**Multi-Unit Development Fee**") The amount of the Multi-Unit Development Fee will depend on the number of Shoppes to be developed under the Multi-Unit Development Agreement, and will be calculated as follows 100% of the Franchise Fee for the first Shoppe to be developed plus 50% of the reduced Franchise Fee for each additional Shoppe to be opened under that agreement and is due to us on signing the Multi-Unit Development Agreement You will sign the Franchise Agreement for the first Shoppe at the same time as the Multi-Unit Development Agreement is signed Upon signing a Franchise Agreement for each Shoppe after the first one, the balance of the Franchise Fee for that Shoppe is due The Multi-Unit Development Fee is fully earned and non-refundable regardless of whether you enter into a Franchise Agreement for any of those Shoppes

If you meet your obligations under the Multi-Unit Development Agreement and are not otherwise in default under any other agreement with us, as you sign Franchise Agreements for each Shoppe under the Multi-Unit Development Agreement, we will credit the portion of the Multi-Unit Development Fee that you paid attributable to that Shoppe towards the Franchise Fee due for that Shoppe Additionally, if you are in compliance with the Multi-Unit Development Agreement, then as you sign a Franchise Agreement for each Shoppe that you develop to satisfy the Development Schedule, the Franchise Fee for those Shoppes will be the amount specified in the Multi-Unit Development Agreement (currently $25,000 for the first Shoppe and $20,000 for each additional Shoppe), regardless of whether our standard Franchise Fee is higher at the time you sign the Franchise Agreements for those Shoppes

The initial fees described in this Item 5 are uniform There are no additional payments to or purchases from us or our affiliates before you open your Shoppe

ITEM 6
OTHER FEES

Name of Fee (1)	Amount	Date Due	Remarks
Royalty	5% of Gross Sales	Payable weekly by the 3rd business day of each week	"Gross Sales" means all revenue from the sale of services and products and all other income related to the Franchised Business, except sales taxes Royalty Fees are payable by automatic debit, and funds must be made available in your account for withdrawal See note 2

Name of Fee (1)	Amount	Date Due	Remarks
Brand Development Fund Contribution	2% of Gross Sales	Payable weekly by the 3rd business day of each week	This fee is due and payable at the same time and in the same manner as the Royalty Fee See Item 11 for a discussion of the Brand Development Fund We reserve the right to increase the Brand Development Fee to 3% of Gross Sales on 60 days' written notice to you
Local Advertising	3% of Gross Sales	Must be spent monthly	Payable to your local advertising suppliers This expense is in addition to the Brand Development Fee Any advertising you wish to use must first be approved by us See Item 11
Cooperative Advertising Fund	An amount to be determined if a Cooperative Advertising Fund is established	To be determined	If an advertising cooperative is formed for your area, you must join it All amounts you pay to an advertising cooperative will count towards your local advertising requirement Payable to the cooperative See note 3
Renewal Fee	One-half of the then-current Franchise Fee	Prior to renewal	You will only need to pay this fee if you renew the Franchise Agreement There is no renewal under the Multi-Unit Development Agreement
Transfer	$15,000 under the Franchise Agreement $4,000 for a Scoop Shoppe $15,000 per unit under the Multi-Unit Development Agreement	On or prior to the date of the proposed transfer	No fee is imposed for a one-time transfer to an entity you form and own, for the convenience of ownership, or for approved transfers to members of your immediate family
Relocation Fee	$10,000	With request for relocation	If you request our consent to relocate your Shoppe

Name of Fee (1)	Amount	Date Due	Remarks
Additional Personnel Training	Our per-diem charges (which is currently $450) plus out-of-pocket costs for each trainee	Upon Demand	If you request that we train any additional personnel for you at our headquarters, beyond the initial two trainees, either before your Shoppe opens or while it is operating Our per-diem rate is subject to change, and updated rates will be contained in our Confidential Operations Manual The expenses you must pay for each of your trainees includes travel, lodging, meals and applicable wages.
Additional on-site training and assistance	Our per-diem charges (which is currently $450) plus our out-of-pocket costs, per trainer	Upon Demand	If you ask that we (a) provide additional on-site training, or (b) conduct at your Shoppe any training session that we offer at our headquarters, and we do so, then you will have to pay our then-current per-diem charge for extra training See Item 11 under the heading "Training" Our per-diem rate is subject to change, and updated rates will be contained in our Confidential Operations Manual The out-of-pocket costs you must reimburse include travel, lodging and meals for each trainer we send to you
Audit by us	Cost of the audit	15 days after billing	Payable only if you fail to furnish reports, supporting records or other required information, or, if an audit reveals that you have understated Gross Sales by 2% or more, you must pay for the cost of the audit (including travel, lodging and meals expenses of the auditors) as well as any under-reported amount plus interest

Name of Fee (1)	Amount	Date Due	Remarks
Non-Compliance Fee	$75 each time you are found to not be in compliance with the System and default letters or termination letters are sent to you	As incurred	You will only need to pay this fee if a formal notice is issued to you
Late Fee and Interest on Overdue Payments	A late fee equal to 5% of your overdue amount, plus interest equal to 1 5% per month (but not more than any maximum rate set by law)	At time the Overdue Payments are paid	Only due if you don't pay us the amounts you owe on time Interest will be charged only on overdue amounts and will start to accrue on the date when the payment was originally due
Prohibited Product or Service Fine	$250 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us This may not be enforceable under California law
Costs and Attorneys' Fees	Will vary under circumstances	Upon request	If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement
Indemnification	Will vary under circumstances	Upon request	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Franchised Business or for costs associated with defending claims that you used the Proprietary Marks in an unauthorized manner
Liquidated Damages	See note 4		
Gift Card Program	See note 5		
Charges for "mystery shopper" quality control evaluation	Will vary under circumstances, but not to exceed $500 per year	Upon demand, if incurred	See Note 6 The mystery shopper program will be separate from our programs for customer surveys and customer satisfaction audits (which may require you to accept coupons from participating customers for discounted or complimentary items) Payable to us or third parties

Name of Fee (1)	Amount	Date Due	Remarks
Computer System Subscription Fee	$5 per employee	Monthly	Payable to approved supplier
Intranet Access	$20	Payable monthly	We maintain an intranet website for our franchisees
Product/Supplier Testing	Varies – the costs of testing and evaluation or $500, whichever is lower	Upon demand, if incurred	See Note 8 and Item 8
Shoppe Refurbishment	Will vary under circumstances	As agreed	We may require you to refurbish your Shoppe to meet our then-current specifications for decor, layout, etc We will not require you to refurbish the Shoppe more frequently than every five years Payable to third parties
Shoppe Maintenance	Will vary under the circumstances	As incurred	You must regularly maintain the Shoppe premises and its fixtures, furnishings and equipment If you must repair or replace any item on the premises or in the Shoppe and you do not do so, we have the right to make the repair or replace the item and you must reimburse our costs

Notes

1 We impose and collect all fees uniformly, except as otherwise stated in the chart All fees are non-refundable All of the fees payable under the Franchise Agreement will apply to a Scoop Shoppe, if you own one, as well as the Ritter's Frozen Custard Shoppe

2 We may require payment by other than automatic debit, and you must comply with our payment instructions If you do not report the Shoppe's Gross Sales, we may debit your account for 120% of the last Royalty Fee and Brand Development Fund Contribution that we debited If the Royalty Fee and Brand Development Fund Contribution we debit are less than the Royalty Fee and Brand Development Fund Contribution you actually owe us, we will debit your account for the balance on a day we specify If the Royalty Fee and Brand Development Fund Contribution we debit are greater than the Royalty Fee and Brand Development Fund Contribution you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following week

If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you

3 Cooperatives will include all Shoppes in a designated geographic area, whether owned by us, our affiliates or our franchisees Each Shoppe has one vote on all cooperative matters

4 If we terminate the Franchise Agreement with cause, you must pay us, within 15 days after the termination's effective date, liquidated damages equal to the average Royalties you paid or owed to us during the 12 months of operation preceding the termination's effective date multiplied by (a) 24 (the number of months in 2 years) or (b) the number of months remaining during your franchise term, whichever is lower These liquidated damages cover only our damages from loss of the Royalty cash flow They do not cover other damages to which we might be entitled due to your actions or inaction

5 You must participate in our Gift Card program Gift Cards are available for sale and redemption at any Shoppe in the System

6 We may use an independent service to conduct a "mystery shopper" quality control and evaluation program You must participate in this program, and we may require that you pay the then-current charges imposed by the evaluation service (as we direct, either directly to the evaluation service provider or to us as a reimbursement)

7 As described in Item 11 under the heading "Computer System," we may require you to use certain software, hardware and/or support services in connection with the operation of the Shoppe We reserve the right to develop a proprietary software system, and if we do so we may require you to pay us an up-front licensing fee as well as ongoing software maintenance fees We or our affiliates may be a provider of these services or products Also, as described in Item 11, you must obtain and maintain a maintenance and/or support contract for your communications and information systems

8 If you wish to purchase unapproved products or equipment, supplies, services, or Products (other than Proprietary Products) from other than approved suppliers, we may require that our representatives periodically be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us You must pay a charge not to exceed the reasonable cost of the evaluation and testing

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – STRIP CENTER/END CAP				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Franchise Fee (See Item 5)*	$25,000	Lump Sum	At signing of Franchise Agreement	Us
Rent (3 Months) (Note 1)	$7,500 to $18,000	As agreed	As incurred	Landlord
Site Plans and Plan Review Fee (See Note 2)	$7,000 to $18,000	Lump sum	Prior to training	Suppliers
Construction/Leasehold Improvements (Note 4)	$125,000 to $290,000	Lump sum	Prior to training	Suppliers

YOUR ESTIMATED INITIAL INVESTMENT – STRIP CENTER/END CAP				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Project Management Fee (Note 4)	$0 to $15,000	As Arranged	As Arranged	Project Manager
Equipment, Furniture and Signs (Note 5)	$155,000 to $232,900	Lump sum	Prior to training	Suppliers
Inventory & Supplies (Note 6)	$12,000 to $16,000	Lump sum or periodic	Prior to training	Suppliers
Insurance (Note 7)	$1,500 to $4,000	Lump sum	Prior to training	Suppliers
Prepaid Expenses and Deposits (Note 8)	$2,000 to $10,000	Lump sum	Prior to training	Suppliers
Training Expenses (2 people)	$5,000 to $10,000	As incurred	As incurred	Suppliers
Grand Opening Expenses (Note 9)	$10,000	Lump sum	90 days before opening	Us or our Designated Agent
Additional Funds (Note 10) – 3 months	$15,000 to $45,000	Sporadic	As incurred	Suppliers, Employees, Utilities
TOTAL ESTIMATED INITIAL INVESTMENT (NOTE 11) (including rent for three months)	$365,000 to $693,900			

YOUR ESTIMATED INITIAL INVESTMENT – FREE-STANDING BUILDING				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Franchise Fee (See Item 5)*	$25,000	Lump Sum	At signing of Franchise Agreement	Us
Land (if purchased) (See Note 1)	****	Lump sum or periodic	As incurred	Landlord, Seller or Mortgage Co
Site Plans and Plan Review Fee (See Note 2)	$10,000 to $20,000	Lump sum	Prior to training	Suppliers
Sitework/Landscaping (See Note 3)	$50,000 to $210,000	Lump sum	Prior to training	Suppliers

YOUR ESTIMATED INITIAL INVESTMENT – FREE-STANDING BUILDING				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Construction/Leasehold Improvements (Note 4)	$215,000 to $500,000	Lump sum	Prior to training	Suppliers
Project Management Fee (Note 4)	$0 to $15,000	As Arranged	As Arranged	Project Manager
Equipment, Furniture and Signs (Note 5)	$150,000 to $232,900	Lump sum	Prior to training	Suppliers
Inventory & Supplies (Note 6)	$12,000 to $18,000	Lump sum or periodic	Prior to training	Suppliers
Insurance (Note 7)	$2,000 to $12,000	Lump sum	Prior to training	Suppliers
Prepaid Expenses and Deposits (Note 8)	$2,500 to $10,000	Lump sum	Prior to training	Suppliers
Training Expenses (2 people)	$5,000 to $10,000	As incurred	As incurred	Suppliers
Grand Opening Expenses (Note 9)	$10,000	Lump sum	90 days before opening	Us or our Designated Agent
Additional Funds(Note 10) – 3 months	$15,000 to $45,000	Sporadic	As incurred	Suppliers, Employees, Utilities
TOTAL ESTIMATED INITIAL INVESTMENT (NOTE 11) (excluding real estate purchase costs)	$501,500 to $1,107,900			

YOUR ESTIMATED INITIAL INVESTMENT – CO-BRAND UNIT				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Franchise Fee (See Item 5)*	$7,500 to $25,000	Lump Sum	At signing of Franchise Agreement	Us
Rent and Security Deposit (Note 1)	$0	As agreed	As incurred	Landlord

YOUR ESTIMATED INITIAL INVESTMENT – CO-BRAND UNIT				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Site Plans and Plan Review Fee (See Note 2)	$500 to $10,000	Lump sum	Prior to training	Suppliers
Construction/Leasehold Improvements (Note 4)	$5,000 to $175,000	Lump sum	Prior to training	Suppliers
Project Management Fee (Note 4)	$0 to $15,000	As Arranged	As Arranged	Project Manager
Equipment, Furniture and Signs (Note 5)	$45,000 to $115,000	Lump sum	Prior to training	Suppliers
Inventory & Supplies (Note 6)	$3,000 to $12,000	Lump sum or periodic	Prior to training	Suppliers
Insurance (Note 7)	$0	Lump sum	Prior to training	Suppliers
Prepaid Expenses and Deposits (Note 8)	$0	Lump sum	Prior to training	Suppliers
Training Expenses (2 people)	$2,500 to $6,000	As incurred	As incurred	Suppliers
Grand Opening Expenses (Note 9)	$2,500	Lump sum	90 days before opening	Us or our Designated Agent
Additional Funds (Note 10) – 3 months	$0 to $15,000	Sporadic	As incurred	Suppliers, Employees, Utilities
TOTAL ESTIMATED INITIAL INVESTMENT (NOTE 11) (including rent for three months)	$66,000 to $375,500			

YOUR ESTIMATED INITIAL INVESTMENT – SCOOP SHOPPE				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Franchise Fee (See Item 5)*	$10,000	Lump Sum	At signing of Franchise Agreement	Us
Rent and Security Deposit (Note 1)	$1,000 to $5,000	As agreed	As incurred	Landlord

YOUR ESTIMATED INITIAL INVESTMENT – SCOOP SHOPPE				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Site Plans and Plan Review Fee (See Note 2)	$7,000 to $18,000	Lump sum	Prior to training	Suppliers
Construction/Leasehold Improvements (Note 4)	$60,000 to $200,000	Lump sum	Prior to training	Suppliers
Project Management Fee (Note 4)	$0 to $15,000	As Arranged	As Arranged	Project Manager
Equipment, Furniture and Signs (Note 5)	$60,000 to $195,000	Lump sum	Prior to training	Suppliers
Inventory & Supplies (Note 6)	$7,000 to $16,000	Lump sum or periodic	Prior to training	Suppliers
Insurance (Note 7)	$1,500 to $4,000	Lump sum	Prior to training	Suppliers
Prepaid Expenses and Deposits (Note 8)	$2,000 to $10,000	Lump sum	Prior to training	Suppliers
Training Expenses (2 people)	$0 to $6,000	As incurred	As incurred	Suppliers
Grand Opening Expenses (Note 9)	$7,500	Lump sum	90 days before opening	Us or our Designated Agent
Additional Funds (Note 10) – 3 months	$0	Sporadic	As incurred	Suppliers, Employees, Utilities
TOTAL ESTIMATED INITIAL INVESTMENT (NOTE 11) (including rent for three months)	$156,000 to $486,500			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable We do not finance any portion of your initial investment

1 *Land* A free-standing Shoppe is approximately 2,500 square feet We estimate that, if you wish to purchase the site upon which to build a 2,000 square foot free-standing Ritter's Frozen Custard Shoppe, you will need at least a 3/4 acre site If your Shoppe will be a larger 2,500 square foot building, you will need 1 to 2 acres to build a free-standing Shoppe We cannot estimate the cost of purchasing land upon which to build the Shoppe As land is unique, this cost will vary considerably and we cannot estimate the cost

If you wish to operate a Ritter's Frozen Custard Shoppe in a strip center, you will need approximately 2,500 square feet of space The cost for leasing commercial space varies considerably depending upon the location and market conditions affecting commercial property

This estimate in the chart does not include the cost of utilities or any other charges The estimate in the chart represents one month of rent plus a one month security deposit

As of the date of this Disclosure Document, we have built a 2,500 square foot in-line location and a 2,500 square foot free-standing building These sizes are the newest proposed Shoppes and the cost estimates in this Item 7 are our current estimates for Shoppes of these sizes **Actual costs may vary**

If you are purchasing a co-branded unit, you will already be in possession of a location If you are purchasing a Scoop Shoppe franchise, you will need approximately 800 square feet of space

Our estimate does not include the cost of any real estate broker's fees If you use a real estate broker to assist you in finding a suitable site for your Shoppe, you may have to pay the broker a fee

2 ***Site Plans*** You must use an architect to prepare architectural plans This cost will vary depending upon on the extent to which our standard architectural plans must be modified to your particular site

3 ***Sitework and Landscaping*** If you will operate your Shoppe from a free-standing unit, you will incur costs in sitework and landscaping Sitework costs include conducting soil boring and environmental tests and an engineering survey along with preparing the site by fill and/or excavation

4 ***Construction and Leasehold Improvements*** If you will operate your Shoppe from a free-standing unit, you will incur costs in constructing a new building specifically designed for a Ritter's Frozen Custard Shoppe The costs will vary depending upon the size, condition and location of the premises and the price differences between various suppliers and contractors All construction materials and fixtures must be of our approved brands or types and must be purchased from designated and/or approved suppliers ***The leasehold estimates are based on the assumption that the landlord delivers a "vanilla shell" with all the elements contained in the TRUFOODS' recommended "Schedule A Work letter", Your costs may vary***

If you lease a location for your Shoppe in a strip center, leasehold improvement costs, including floor covering, wall treatment, counters, ceilings, painting, window coverings, electrical, carpentry, and similar work, and contractor's fees, will depend on the site's condition, location, and size, the demand for the site among prospective lessees, the site's previous use, the build-out required to conform the site for your Shoppe, and any construction or other allowances the landlord grants

If you choose to employ a project manager to oversee the construction of your Shoppe, you will pay that project manager a fee of between $12,000 and $15,000 Using a project manager is at your discretion

If your Shoppe is a Scoop Shoppe or co-branded location, the high end of our estimate includes leasehold improvements to offer hamburgers, hot dogs and fries, which is optional for these types of franchises

5 ***Equipment, Furniture and Signs*** The cost of purchasing equipment (including a point-of-sale system), furniture and signs will vary as a result of price differences between suppliers You may

purchase or lease approved brands and models of equipment, furniture and signs from approved suppliers To purchase a computer hardware and software system the cost will be between $1,500 to $6,000 per terminal

If you are purchasing a Scoop Shoppe, you will not manufacture frozen dessert products at the Scoop Shoppe Your inventory will be provided by the Ritter's Frozen Custard Shoppe you must own

If your Shoppe is a Scoop Shoppe or co-branded location, the high end of our estimate includes equipment and furnishings needed to offer hamburgers, hot dogs and fries, which is optional for these types of franchises

6 ***Inventory and Supplies*** The cost of an opening inventory of custard mix, food, beverages, containers, packaging materials, utensils and other supplies and materials will vary depending on price differences between suppliers Custard mix must be purchased from a supplier designated by us, other food and beverage products and items must generally conform to specifications, formulas and quality standards established by us and/or be purchased from approved suppliers

If your Shoppe is a Scoop Shoppe or co-branded location, the high end of our estimate includes an initial inventory of hamburgers, hot dogs and fries, which is optional for these types of franchises

7 ***Insurance*** You must maintain insurance coverage that meets our specifications The range provided is an estimate of the amount to be expended for insurance during the first year of the Shoppe's operation (excluding workers' compensation insurance) The costs will vary depending on factors such as the size, location and contents of the Shoppe and whether you own or lease the Shoppe's location If you are purchasing a co-branded unit, we assume that no additional insurance will be needed

8 ***Prepaid Expenses and Deposits*** This item covers utility deposits, which may vary considerably depending on the size and location of the Shoppe, professional fees, and other items If you are purchasing a co-branded unit, we assume that no additional security deposits are required

9 ***Grand Opening Expenses*** This item covers the grand opening advertising and promotional expenses that you must incur in connection with the opening of the Shoppe You must pay to us or our designated agent the amount for your grand opening advertising not later than 90 days before your Shoppe opens We will conduct the grand opening advertising campaign on your behalf If you are an existing franchisee of ours operating a unit under one of our other brands, or if you are purchasing one of those franchises at the same time you are purchasing this co-brand, you must pay to us or our designated agent the grand opening advertising amount for both concepts

10 ***Additional Funds*** You will need capital to support ongoing expenses, such as payroll, utilities, royalty fees and local advertising if these costs are not covered by sales revenue for your first three months of operation New businesses often generate a negative cash flow We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months This is only an estimate and there is no guarantee that additional working capital will not be necessary during this start-up phase or after If you are purchasing a co-branded unit, you either have an existing cash flow (in an existing business) or your additional funds requirement is included in the chart above for a stand-alone unit

11 *Total* This is an estimate only of the range of initial start-up expenses that you may incur These estimates are based on our predecessors' experience in the business since 2003 It is possible to significantly exceed costs in any of the areas listed We cannot guarantee that you will not have additional expenses opening a Shoppe Your costs will depend on factors including how well you follow our methods and procedures, your management skill, experience and business acumen, whether you personally manage the Shoppe or hire a Manager, the region in which your Shoppe is located, local economic conditions, whether your Shoppe is in a new or existing location, the physical size and location of your Shoppe, the condition of the premises and the amount and nature of leasehold improvements required, the HVAC and electrical systems present and necessary, the prevailing wage rate, and the sales level reached during the initial period You should review these figures carefully with a business advisor before making any decision to purchase a franchise These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations

We have not included a separate table for the initial investment if you sign a Multi-Unit Development Agreement If you become a Multi-Unit Developer, you will pay a Multi-Unit Development Fee which is applied pro rata to the Franchise Fees due for each Shoppe to be developed after the first The amount of the Multi-Unit Development Fee will depend on the number of Shoppes to be developed under the Multi-Unit Development Agreement, and will be calculated as follows 100% of the Franchise Fee for the first Shoppe to be developed plus 50% of the reduced Franchise Fee for each additional Shoppe to be opened under that agreement and is due to us on signing the Multi-Unit Development Agreement Other than the Multi-Unit Development Fee, actual start-up costs pertaining to the actual Shoppes opened under the Multi-Unit Development Agreement are as estimated above, subject to potential increases over time or other changes in circumstances If you sign a Multi-Unit Development Agreement, your professional fees such as legal and financial may be higher

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To insure that the highest degree of quality and service is maintained, you must operate the Shoppe in strict conformity with the methods, standards, and specifications as we may periodically require in the Manuals or otherwise in writing

None of our officers has an ownership interest in any approved supplier

Products and Other Purchases

General

All Products sold or offered for sale at the Shoppe must meet our then-current standards and specifications and be approved by us You must purchase, install, and use all fixtures, furnishings, equipment, decor, supplies, computers (hardware and software) and communications hardware and software, signs and materials as we may reasonably require in the Manuals or other written materials (collectively, "**Shoppe Items**") You must purchase all additional Products and other Shoppe Items solely from manufacturers, distributors, and suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the Manuals or otherwise in writing You may not purchase, offer or sell any Products, or use at your Shoppe any Products or Shoppe Items, that we have not previously approved as meeting our standards and specifications Although we are not currently an approved supplier of any Products, we have the right to be an approved supplier of some items We may disapprove of Products and suppliers based on our desire to consolidate System purchases through fewer suppliers We may designate a single supplier, which may be us or one of our affiliates, for any products, equipment, supplies, or services, in which event you must purchase these items exclusively from the designated supplier

If you wish to purchase unapproved products (except for Proprietary Products, which are discussed below) or Shoppe Items from other than approved suppliers, you must submit to us a written request to approve the proposed product or supplier, together with the evidence of conformity with our specifications as we reasonably specify We will have the right to require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us You must pay a charge, not to exceed the reasonable cost of the evaluation and testing or $500, whichever is lower We will use our best efforts to complete our review within 6 months If we do not give our written approval within this 6 month period, we will be deemed to have disapproved the proposed new supplier We may occasionally revoke our approval of particular Products, Shoppe Items 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 revocation, you must stop selling any disapproved product and/or stop purchasing from any disapproved supplier We will provide our notices of approval of a new Product or supplier, or revocation of an existing Product or supplier, to you in writing (including e-mail)

Our specifications either (1) are contained in the Manuals, or (2) will be provided to you upon request We, however, have no obligation to make available to prospective suppliers the standards and specifications that we deem confidential When approving suppliers, we consider whether they demonstrate the ability to meet our standards and specification and whether they possess adequate quality controls and capacity to supply your needs promptly and reliably However, our approval may be withheld for any reason

We estimate that your purchases from approved suppliers or that conform to our specifications will represent approximately 74% to 77% of your total purchases in establishing an in-line Shoppe, and approximately 80% to 90% in the continuing operation of the in-line Shoppe We estimate that your purchases from approved suppliers or that conform to our specifications will represent approximately 86% to 88% of your total purchases in establishing a free-standing Shoppe, and approximately 80% to 90% in the continuing operation of the free-standing Shoppe

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some Products, equipment, or services to some or all of the Shoppes in our System If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all Products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would not be in the best interests of the System or the franchised network of Shoppes There are currently no purchasing arrangements or distribution cooperatives in our System

We and/or our affiliates will receive payments or other compensation from suppliers on account of the suppliers' dealings with us, you, or other Shoppes in the System We may use any amounts that we receive from suppliers for any purpose that we deem appropriate We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase Products, equipment, supplies, services and other items at a price that will benefit us and our franchisees During the fiscal year ended December 31, 2016, we had total revenue of $807,394 00 of which $71,674 (or 8 8%) was from revenues or rebates paid to us by approved suppliers based on purchases from these suppliers by our franchisees The revenue amounts in the previous sentence are for all of the TRUFOODS brands combined (Arthur Treacher's Fish & Chips, Pudgie's Naked Chicken, Ritter's Frozen Custard and Wall Street Deli) We cannot break out the revenues or rebates we receive by brand because we have several suppliers that pay us rebates based on sales to multiple brands

The location you select for your Shoppe must be approved by us before you can secure the location by lease, sublease or purchase agreement Any construction plans prepared for you must also be approved by us before you may begin constructing the Shoppe Our review of your construction plans is only intended to verify that the construction plans meet our requirements for build-out of the Shoppe and presentation of the Proprietary Marks You must make sure that your construction plans meet all applicable laws, ordinances and building codes You may not open your Shoppe until we have approved it to open We may require you to refurbish your Shoppe to meet our then-current specifications for decor, layout, etc We will not require you to refurbish the Shoppe more frequently than every five years Payable to third parties

Any advertising you propose to use to promote your Shoppe must be approved by us before you may use it

Proprietary Products

The Proprietary Products, including our frozen custard mix and certain flavors, that are or may be offered and sold in Ritter's Frozen Custard Shoppes are manufactured in accordance with our proprietary recipes, formulae and specifications To maintain the high standards of quality, taste, and uniformity associated with Proprietary Products sold at all Ritter's Frozen Custard Shoppes in the System, you must purchase Proprietary Products only from the suppliers and distributors that we designate in our sole discretion, and you may not offer or sell any Proprietary Products that have not been purchased from us or our designated supplier at or from the Shoppe We will have the right to periodically introduce additional Proprietary Products, or to withdraw Proprietary Products We may also designate a single approved supplier for the logoed hats, shirts and other merchandise you must purchase

Except as described in this Item 8, we do not provide any material benefits to you based on your use of designated or approved suppliers

Insurance

You also must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting you, us, our affiliates, and our respective officers, directors, partners, and employees Your policies must name us, our affiliates, officers, directors, partners and employees as an additional insured The policies must provide protection against any demand or claim under personal and bodily injury, death, or property damage, or any liability from your operation of the Shoppe Required insurance will include comprehensive general liability coverage, including employment practices coverage, personal injury coverage, automobile coverage, including underinsured or uninsured coverage, business interruption insurance, and property damage coverage All policies must be written by a responsible carrier or carriers whom we determine to be acceptable, must name us and our affiliates as additional insureds, and must provide at least the types and minimum amounts of coverage specified in the Franchise Agreement or otherwise in the Manuals Additionally, we may designate one or more insurance companies as the insurance carrier(s) for Ritter's Frozen Custard Shoppes If we do so, we may have you obtain your insurance through the designated carrier(s) You must provide us with a Certificate of Insurance naming TRUFOODS, LLC as additional insured, evidencing the coverage before your Shoppe opens

Our insurance requirements are included in our Confidential Operations Manual and are subject to change during the term of your Franchise Agreement You must comply with any change in our insurance requirements Presently you must maintain the following minimum insurance amounts (1) builder's risk insurance during any periods of construction or renovation, (2) all risks coverage for full repair and replacement value of all of the equipment, fixtures and supplies used in your Shoppe, (3) worker's compensation and employer's liability insurance, as well as any other insurance required by law, (4) comprehensive general liability insurance with limits of at least $1,000,000 per occurrence, and $2,000,000 general aggregate, including the following coverages personal injury (employee and contractual inclusion deleted), products/completed operation, and tenant's legal liability, (5) automobile liability insurance, and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least $1,000,000 combined single limit, (6) excess liability coverage over general liability, automobile liability, and employer's liability, with at least $1,000,000 per occurrence, (7) insurance coverage required by your lease or sublease, or as we may otherwise require, and (8) business interruption insurance for actual losses sustained for 12 months

Except as described above, neither we nor any affiliate of ours will derive revenue as a result of your purchases or leases in accordance with our specifications or standards or from approved suppliers We provide no material benefits to franchisees based on their use of approved suppliers

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section(s) in Franchise Agreement	Section(s) in Multi-Unit Development Agreement	Item in Disclosure Document
(a) Site selection and acquisition / lease	5 1	3 2	11
(b) Pre-opening purchases/leases	8 7	Not Applicable	7 and 8
(c) Site development and other pre-opening requirements	5	3 2	8 and 11
(d) Initial and ongoing training	6	Not Applicable	11
(e) Opening	5	Not Applicable	11
(f) Fees	4 and 13	4	5 and 6
(g) Compliance with standards and policies/Operating Manual	8, 10, and 13	5	8, 11, and 14
(h) Trademarks and proprietary information	8 8, 8 10, 9, and 10 2	1 4	13 and 14
(i) Restrictions on products/services offered	1 3 and 8 6	1	5, 8 and 16

Obligation	Section(s) in Franchise Agreement	Section(s) in Multi-Unit Development Agreement	Item in Disclosure Document
(j) Warranty and customer service requirements	Not Applicable	Not Applicable	16
(k) Territorial development and sales quotas	1 and Exhibit A	1 and Exhibit A	12
(l) On-going product/service purchases	8	Not Applicable	8
(m) Maintenance, appearance and remodeling requirements	8 13 and 8 14	Not Applicable	8
(n) Insurance	14	Not Applicable	7 and 8
(o) Advertising	13	Not Applicable	6, 7, 8, and 11
(p) Indemnification	21 4	12 4	6
(q) Owner's participation / management and staffing	8 3 and 8 4	Not Applicable	15
(r) Records and reports	12	5 3 and 5 4	6
(s) Inspections and audits	8 9	Not Applicable	6 and 11
(t) Transfer	15	7	17
(u) Renewal	2 2	Not Applicable	17
(v) Post-termination obligations	17	8 3	17
(w) Non-competition covenants	18	8	17
(x) Dispute resolution	27	16	17
(y) Liquidated damages	17 11	Not Applicable	6

ITEM 10
FINANCING

We do not offer direct or indirect financing We do not guarantee your notes, leases or other obligations

Franchisees of Ritter's Frozen Custard are eligible for expedited and streamlined SBA loan processing through the SBA's Franchise Registry Program, www franchiseregistry com

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

Except as listed below, TRUFOODS, LLC is not required to provide you with any assistance

Pre-opening Obligations

Franchise Agreement Before you open your Shoppe we will

1 Approve or deny your proposed site for each Shoppe (Franchise Agreement, Section 5 1)

2 Provide you with our standard initial training program for yourself and one manager (unless you are a Multi-Unit Developer and the Franchise Agreement is for your third or subsequent Shoppe) (Training is also discussed below in this Item 11 under the subheading "Training ") We will pay for the cost of instruction and materials, subject to the terms stated in the Franchise Agreement (Franchise Agreement, Sections 3 2, 6) If you are an existing franchisee of ours that is purchasing a co-branded unit, we may not require you to attend certain portions of our training program

3 At no charge to you, provide you or the approved design firm and/or architect with our prototype plans and specifications for the construction of a Shoppe and for the exterior and interior design and layout, fixtures, equipment, furnishings, and signs You must hire your own architect or employ a design firm and/or architecture firm designated by us to adapt the plans to your site (with our approval as described below under the heading "Construction and Layout of Shoppe"), and you must hire a contractor to build the Shoppe in accordance with those approved plans You must also make sure that the plans comply with all local and other requirements, including zoning, code, and the Americans with Disabilities Act (Franchise Agreement, Sections 3 1, 5 1)

4 We have the right to inspect and approve the Shoppe for opening before the initial opening You may not start operation of your Shoppe until receiving our approval to do so (Franchise Agreement, Section 5 2)

5 Lend you, for the duration of the Franchise Agreement, copies of the Manual (which is more fully described in Item 14 below) (Franchise Agreement, Section 3 3)

6 Plan your Grand Opening Advertising Program with you (which is more fully described in Item 7 of this Disclosure Document and in this Item under "Advertising"), you will pre-pay the cost of this program to us or our designated agent (Franchise Agreement, Sections 3 5, 13 5)

7 Provide you a list of our then-current designated or approved suppliers (Franchise Agreement, Section 3 8)

Multi-Unit Development Agreement Before you open the Shoppe, we will

1 Approve or deny your proposed site for each Shoppe (Section 3 2)

2 Provide you with site selection guidelines, including our minimum standards for store sites, and other site selection counseling and assistance as we deem appropriate (Section 5 1)

3 If we determine that on-site evaluation is appropriate, we will, at no charge to you, provide you with the on-site evaluations that we consider to be advisable for each Shoppe to be developed under the Development Schedule

We are not required by the Franchise Agreement or Multi-Unit Development Agreement to furnish any other service or assistance to you before the opening of your Shoppe

Continuing Obligations

Franchise Agreement During the operation of your Shoppe, we will

1 At our discretion, provide one of our representatives for up to seven days around the opening of your Restaurant (Franchise Agreement, Section 3 2)

2 Conduct, as we deem advisable, periodic inspections of the Shoppe and may provide evaluations of the Products sold and services rendered at the Shoppe (Franchise Agreement, Sections 3 7, 8 7 2)

3 Make available additional training programs, as we deem appropriate (Franchise Agreement, Sections 6 4, 6 7)

4 Give you periodic and continuing advisory assistance as to the operation and promotion of the Shoppe, as we deem advisable (Franchise Agreement, Section 3 6)

5 Maintain a Brand Development Fund (Franchise Agreement, Section 13 2)

The Franchise Agreement does not require us to provide any other assistance or services to you during the operation of the Shoppe As the Multi-Unit Development Agreement relates to the development of Shoppes, the Multi-Unit Development Agreement does not require us to provide any other assistance or services during the operation of the Shoppe

Site Selection

Under the Franchise Agreement

If you do not already possess a location that we find acceptable for a Shoppe when you sign our Deposit Agreement, we will provide you with procedures for locating, evaluating, and obtaining our approval of a site You will be given up to 90 days in which to find a suitable site for your Shoppe within the area that we designate as your deposit area Within this 90 day period after signing the Deposit Agreement, you must submit to us a completed site approval package in a form specified by us, which includes an option contract, with a letter of intent or other evidence satisfactory to us that describes your favorable prospects for obtaining the site, photographs of the site, demographic statistics, and any other information or materials that we may reasonably require (collectively, the "**Site Approval Package**") We will have 30 days after we receive the Site Approval Package from you to approve or disapprove, in our sole discretion, the location for the Shoppe If we do not approve a proposed site by written notice to you within this 30 day period, the site shall be deemed disapproved by us You must, on terms that we deem acceptable, secure a lease or a binding agreement for the purchase of the authorized site (The lease or purchase agreement must be submitted to us for our approval before you acquire the authorized site) If you cannot provide us with the Site Approval Package within 90 days after signing the Deposit Agreement, you may request an extension of time from us If we and you cannot agree on a site within the 90-day period or any extension, the consequences will be to terminate the agreement In most instances, you will sign your own lease and the Conditional Lease Assignment which is an exhibit to your Franchise Agreement, but in certain instances, we have the option of signing the lease directly and then subletting the site back to you, as per Exhibit K of the Franchise Agreement, which is our form of sublease

At our option, you must sign a Sublease Agreement (which is attached as Exhibit K to the Franchise Agreement), or you shall lease the approved site according to a lease that must contain terms and conditions acceptable to us Any lease or sublease for an approved site must be in a form satisfactory to us and must (1) provide for notice to us of, and our right to cure, your default under the lease, (2) provide for your right to assign your interest under the lease to us without the lessor's consent, (3) authorize and require the lessor to disclose to us, upon our request, sales and other information you furnish to the lessor, (4) provide that we shall have the right in our sole discretion to assume the lease if the Franchise Agreement expires or if it is terminated without the grant of a successor franchise, (5) provide lessor's consent to your use of signage according to our specifications, (6) provide that the lease may not be materially modified without our consent, and (7) include a signed copy of the Collateral Assignment of Lease which is attached as Exhibit G to the Franchise Agreement You must deliver a copy of the lease to us for our approval, which will not be unreasonably withheld, at least 15 days before you sign it You may not sign a lease without our prior written approval You must deliver a copy of the signed lease to us within 15 days after it is signed You must further agree not to sign or agree to any modification of the lease which would affect our rights without our prior written approval At our request, if we lease the approved site directly or through an affiliate, you must enter into the Sublease Agreement for the premises from us or from our Affiliate on the same terms as the prime lease

Under any of the above circumstances, you must be opened and operating the earlier of ten months after you sign the Franchise Agreement or seven months following our approval of your site, as described below

Under a Multi-Unit Development Agreement

For each proposed site for a Shoppe to be developed under the Multi-Unit Development Agreement, you must also submit to us a completed Site Approval Package We will have 30 days after we receive the Site Approval Package from you to approve or disapprove, in our sole discretion, the location for the Shoppe You must, on terms that we deem acceptable, secure a lease or a binding agreement for the purchase of the authorized site

Under the Franchise Agreement and Multi-Unit Development Agreement, we will be deemed to have disapproved a proposed location unless we have expressly approved it in writing In approving a location for the Shoppe, we consider the location, neighborhood, traffic patterns, visibility, parking facilities, size, lease, and zoning If you do not locate and secure an acceptable site within the required time frames, you will be in default of your agreement with us for which we may terminate your agreement

Our approval of (or failure to disapprove) a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Shoppe or for any other purpose, or as to any expected level of sales, revenues or profits Approval by us of the site indicates only that the site meets the minimum requirements for a Ritter's Frozen Custard Shoppe site

If there is an area representative for the area in which you are looking for a location for your Shoppe, the area representative will be reviewing and approving proposed sites, if the proposed sites meet our criteria

Construction and Layout of Shoppe

You must develop your Shoppe according to our specifications We will provide our standard plans and specifications for a prototype Ritter's Frozen Custard Shoppe, including interior design and layout, to you or to the design firm or architect that we have designated or approved (as described below) These plans and layouts are not intended, with respect to your particular location, to contain, address or comply with the requirements of any federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act (the "**ADA**") or similar rules governing public accommodations for persons with disabilities We may occasionally change our prototypes and plans (including our specifications for the interior and exterior appearances) of Ritter's Frozen Custard Shoppes, and develop or approve variations on our prototypes and plans to reflect locations with differing sizes, structural elements, visibility and other relevant factors

You must hire a licensed architect to prepare all construction plans and specifications to suit the shape and dimensions of the site We have the right to designate one or more suppliers of design and/or architecture services to perform these services for our system During any period that we have designated a design or architecture firm before you begin to develop your Shoppe, you must employ the designated supplier to prepare all designs and plans for the Shoppe If we have not designated suppliers for design and architecture services for your geographic area, you must locate and employ a qualified design consultant and architect who are licensed in your jurisdiction and who are reputable and experienced in providing design and architecture services You must pay for all design and architecture services

You must make sure that that your plans and specifications comply with the ADA and all other applicable regulations, ordinances, building codes and permit requirements and with lease or sublease requirements and restrictions, if any You must submit final plans and specifications to us for approval before construction of the Shoppe begins Our review is not designed to assess compliance with federal, state or local laws and regulations and is limited to review of the plans to access compliance with our design standards for Ritter's Frozen Custard Shoppes, including items like trade dress, presentation of Proprietary Marks, and the provision to the potential customer of certain products and services that are central to the functioning of Ritter's Frozen Custard Shoppes Additionally, before opening the Shoppe (and before renovating it after the initial opening), you must sign and deliver to us an ADA Certification (in the form that is attached as Exhibit B to the Franchise Agreement) certifying to us that the Shoppe and any proposed renovations comply with the ADA

Computer System

You will need to acquire (either by purchase or lease) the computer hardware and software system (a "**Computer System**") that we may periodically specify (Franchise Agreement, Section 7 1) The term Computer System refers to hardware, software for the management and operation of the Shoppe and for reporting and sharing information with us, cash register systems, and communication systems (including modems, cables, etc) Our specifications may change, as does the price and availability of new computer technology For your Computer System you must maintain a service contract

We currently specify the Square point of sale system The iPad (Cloud) based point of sale system provide the following functions cash control, time and attendance, complete reporting, and inventory control Our approved supplier for the system is Square, which has offices in New York and San Francisco Its primary headquarters is in San Francisco, CA The number of terminals you will need will depend on the size and configuration of your Shoppe You must also use the general ledger or accounting software package we specify on your Computer System which you must use to maintain an auditable set of books and records for the operations of the Franchised Location We may also specify additional software programs that you must have on your Computer System You must have a high-speed internet connection at all times (i e , T1 line, DSL or cable modem) Other than the Computer System, we have not approved any hardware or software in place of these systems and programs, although we reserve the right to do so in the future You must maintain continuing technological support coverage for your Computer System beyond any support that is initially provided by the vendor We estimate that the cost for a maintenance contract will be approximately $360 per year/per terminal

The hardware and software that we currently use is not proprietary to us, but is proprietary property to the vendors described above To purchase a computer hardware and software system the cost will be approximately $1,500 per terminal Depending on the size of your Shoppe, you could have one to two terminals

We reserve the right to change our specifications in the future to take advantage of technological advances or to adapt the system to meet operational needs and changes We may require you to bring any computer hardware and software, related peripheral equipment, communications systems into conformity with our then-current standards for new Shoppes In connection with a proprietary program if we elect to use one, we or our approved vendor may have you to sign a license or maintenance agreement to obtain and use the proprietary program Other than providing you with information regarding our specifications and requirements for the Computer System, we are not required to assist you in obtaining hardware, software or related services We will try to keep these changes infrequent and reasonable in cost, but the Franchise Agreement does not impose a limit as to the number or cost of these changes to the Computer System Neither we nor any affiliate will provide you with any updates, upgrades or maintenance of your Computer System

You must provide us with independent access to your Computer System in the form and manner that we may request We reserve the right to download sales, other data and communications from your Computer System There is no contractual limitation on our right to receive this information We will exclusively own all data provided by you, existing, maintained or stored on your Computer System, downloaded from your Computer System, and otherwise collected from your Computer System We will have the right to use this data in any manner that we deem appropriate without compensation to you

We have established an intranet website which provides private and secure communications between us, our franchisees, and other persons and entities that we determine appropriate, which requires you to have high speed internet access at all times You must establish and maintain access to the intranet in the manner we designate and you must pay our then-current fee for intranet access Additionally, we may periodically prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign (Franchise Agreement, Section 7 5)

Advertising

Recognizing the value of advertising, and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, we reserve the right to require you to spend money on advertising and promotion, or to participate in and contribute for the purpose of advertising and promotion, each year during the term of the Franchise Agreement (the "**Advertising Obligations**")

Brand Development Fund

We will maintain and administer the Brand Development Fund Ritter's Frozen Custard Shoppes owned by us or our affiliates will contribute to the Brand Development Fund on the same percentage basis as our franchisees You must contribute 2% of Gross Sales to the Brand Development Fund We may defer, reduce, or waive the required Brand Development Fees of a franchisee under circumstances we deem appropriate We would consider lowering or waiving a franchisee's Brand Development Fee if they are in a non-traditional location, such as an airport or stadium, where advertising is not needed to generate customers They would both be considered a captive audience

All Brand Development Fees received shall be held in a separate account for the Brand Development Fund and used solely for the purpose of administering our advertising program, advising franchisees regarding advertising and promotion, producing advertising and promotional materials for use by all Ritter's Frozen Custard Shoppes, payment of outside consultants retained by us in connection with the advertising and promotional program, conducting periodic advertising and promotional programs in the media we deem best (such as radio, print, and cable television) for local or regional coverage, developing, implementing, and maintaining a Franchise System Website and/or related strategies, and reimbursement to us of our costs in administering the advertising program, including expenses of salary and office overhead We may use in-house advertising departments and/or a regional advertising agency to develop advertising

The Brand Development Fund is not audited Annual unaudited financial statements are available for your review, upon written request We are not required to spend any particular portion of the Brand Development Fund in your Shoppe's area Any amounts in the Brand Development Fund not spent in a particular year will be carried over to the following year Up to 10% of the Brand Development Fund may be used for advertising that principally is a solicitation for the sale of franchises

Although the Brand Development Fund is intended to be perpetual, we may terminate the Brand Development Fund at any time The Brand Development Fund will not be terminated until all monies in the Brand Development Fund have been spent for advertising or promotional purposes or returned to contributors on a pro rata basis If we terminate the Brand Development Fund, we have the right to reinstate it at any time and you must again contribute to the Brand Development Fund Any reinstated Brand Development Fund will be maintained as described above

During our fiscal year ended December 31, 2016, expenditures from the Brand Development Fund were as follows 41 8% was spent for production, 18 2% was spent for media placement, 32 7% was spent on administration of the Brand Development Fund, and 7 3 % was spent for advertising to solicit franchise sales

Cooperative Advertising Fund

We will have the right, as we see fit, to establish a Cooperative Advertising Fund for your region, or we may approve of a Cooperative Advertising Fund that has been organized by franchisees in a region The purpose of a Cooperative Advertising Fund is to conduct advertising campaigns for the Shoppes located in that region The members of the Cooperative Advertising Fund will determine the amount of your contributions to the Cooperative Advertising Fund Any amounts paid to a Cooperative Advertising Fund will count as part of your local advertising requirement, but if your contribution to a Cooperative Advertising Fund is less than the amount you must spend on local advertising, you must still spend the difference locally As of the date of this Disclosure Document, there is one Cooperative Advertising Fund located in Indiana

If a Cooperative Advertising Fund for your area was established before you began to operate your Shoppe, then when you open your Shoppe, you must immediately join that Cooperative Advertising Fund If a Cooperative Advertising Fund for your area is established after you begin to operate your Shoppe, then you will have 30 days to join the new Cooperative Advertising Fund An individual Ritter's Frozen Custard Shoppe will not need to be a member of more than one Cooperative Advertising Fund If we (or an affiliate) contribute to a Cooperative Advertising Fund, we will have the same voting rights for our Shoppes as do our franchisees with respect to their Shoppes

The following provisions will apply to each Cooperative Advertising Fund (if and when organized)

(a) Cooperative Advertising Funds will be established, organized, and governed in the form and manner that we have approved in advance in writing

(b) Cooperative Advertising Funds will be organized according to written governing documents for the exclusive purpose of administering regional advertising programs and developing (subject to our approval) standardized promotional materials for use by the members in local advertising and promotion

(c) Cooperative Advertising Funds may not use advertising, promotional plans, or materials without our prior written approval, as described below under the heading "Local Advertising and Promotion"

(d) You must submit your contribution to the Cooperative Advertising Fund according to the schedule we designate for the Cooperative Advertising Fund At the same time, you will have to submit the reports that we or the Cooperative Advertising Fund require We may have you to submit this payment by EFT or by check We also may have your payments and reports to the Cooperative Advertising Fund be made to us for distribution to the Cooperative Advertising Fund

(e) We maintain the right to terminate any Cooperative Advertising Fund A Cooperative Advertising Fund will not be terminated, however, until all monies in that Cooperative Advertising Fund have been expended for advertising or promotional purposes, except that if there are no remaining Shoppes in the Cooperative Advertising Fund we will transfer the remaining monies to the Brand Development Fund

Local Advertising and Promotion

You must spend a minimum of 3% of your Shoppe's Gross Sales each month on local advertising and promotion in your local market area, less any amounts contributed to a Cooperative Advertising Fund as described above If the amount you contribute to a Cooperative Advertising Fund is less than the amount you must spend on local advertising, you must still spend the difference locally Certain criteria will apply to any local advertising and promotion that you conduct All of your local advertising and promotion must be in good taste in our sole discretion, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved You, or any Cooperative Advertising Fund, may not use any advertising or promotional plans that we have not approved in writing You must submit to us samples of all proposed plans and materials You must obtain our approval of the prices you intend to charge If we do not give our written disapproval within 10 days, we will have been deemed to have approved the plans or materials At our request, you must include certain language in your local advertising materials, such as "Franchises Available" and our website address and phone number

All copyrights in and to advertising and promotional materials you develop (or that are developed for you) will become our sole property You must sign the documents (and, if necessary, have your independent contractors sign the documents) that we deem necessary to implement this provision (The requirements in this paragraph, as well as in the previous paragraph, will also apply to any Cooperative Advertising Funds)

As discussed in Item 7, in addition to (and not in place of) the Advertising Obligations, you must prepare and conduct a grand opening advertising program (the **"Grand Opening Advertising Program"**), in accordance with our specifications for that program All materials used in the Grand Opening Advertising Program will be subject to our prior written approval, as described above The

Grand Opening Advertising Program is considered "local advertising and promotion" and is therefore subject to the restrictions described in this Item 11 We will work with you to develop your Grand Opening Advertising Program for your market We, our affiliates or approved suppliers may periodically make available to you, for purchase, certain advertising plans and promotional materials for your use in local advertising and promotion

As used in the Franchise Agreement, the term "**local advertising and promotion**" refers to only the costs of purchasing and producing advertising materials (including camera-ready advertising), media (space or time), promotion, and your direct out-of-pocket expenses related to costs of advertising and sales promotion in your local market or area Local advertising and promotion also includes associated advertising agency fees and expenses, postage, shipping, telephone, and photocopying costs "Local advertising and promotion" does not, however, include any of the following salaries and expenses of your employees, charitable, political, or other contributions or donations, and the value of discounts given to customers

Advisory Council

Our Predecessor had an advisory council in place, which we have maintained The advisory council acts in an advisory capacity only and does not have decision making authority The advisory council was formed to provide assistance on advertising and marketing matters We have the authority to form, change, merge and/or dissolve this or any other advisory council at any time
The advisory council is comprised of our representatives and franchisee representatives The franchisee representatives is elected by other franchisees in the System If you participate on an advisory council, you will pay any expenses you incur related to your participation, such as travel and living expenses to attend council meetings

Websites

Websites (as defined below) are considered as "advertising" under the Franchise Agreement are subject (among other things) to our review and prior written approval before they may be used (as described above) As used in the Franchise Agreement, the term "**Website**" means an interactive electronic document, contained in a network of computers linked by communications software, that you operate or authorize others to operate and that refers to the Shoppe, Proprietary Marks, us, or the System The term Website includes Internet and World Wide Web home pages In connection with any Website, the Franchise Agreement provide that you may not establish a Website related to the Proprietary Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Mark, through the Internet without our prior written approval As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website

At our option, we may establish one or more Websites to advertise, market, and promote Ritter's Frozen Custard Shoppes, the products that they offer and sell, and/or the Ritter's Frozen Custard Shoppe franchise opportunity (each a "Franchise System Website") If we establish a Franchise System Website, we will give you a webpage on the Franchise System Website that references your Shoppe You must give us the information necessary to develop, update, and modify your webpage This information must be accurate and not misleading and not infringe any other party's rights We will own all intellectual property and other rights in the Franchise System Website, your webpage, and all information they contain

We will develop, maintain, and update the Franchise System Website (including your webpage) and may use money from the Brand Development Fund You must notify us whenever any information on your webpage changes or is inaccurate At your request, we will update or add information that we approve to your webpage You must pay our then current fee to be on the Franchise System Website or to update or modify your homepage Our standards, specifications, and operating procedures may regulate the Franchise System Website If you are not complying with the Franchise Agreement or any of our standards, specifications, or operating procedures, we may temporarily remove your webpage from the Franchise System Website until you are in full compliance You may not develop, maintain, or authorize any other Website that mentions or describes you or your Shoppe or displays the Proprietary Marks

You (whether you are a Franchisee or Multi-Unit Developer) are strictly prohibited from promoting your business or using the Proprietary Marks in any way on social or networking Websites, such as Facebook, LinkedIn, MySpace and Twitter, without our prior written consent

Training

Before your Shoppe opens, you must complete all of our initial training requirements Unless you are a Multi-Unit Developer and you are opening your third or subsequent Shoppe (the differing requirements for Multi-Unit Developers are described below) you (or, if you are other than an individual, your Designated Principal) and one manager, for a maximum of two people, must attend and successfully complete, to our satisfaction, the initial training program that we offer at a location designated by us (See Item 15 for details regarding our requirements for the management and operation of the Shoppe) We will bear the cost of all training (instruction and required materials) for the initial training program and all other training, except as described below regarding additional training and assistance that we provide at your Shoppe You will bear all other expenses incurred in attending training, including the costs of transportation, lodging, meals, wages, and worker's compensation insurance for all of your trainees

If you are a Multi-Unit Developer, then by the time you are developing your third Shoppe, you must be prepared (by meeting all of our requirements) to train the managerial personnel for your third and subsequent Shoppes This means that you must have management personnel who have completed to our satisfaction our initial training program and who continue to meet our standards and requirements for providing this training to other managers, and that you conduct the training of these additional managers according to the programs and requirements that we specify in the Manuals and other written materials If we determine that you or your managers do not meet these requirements, we may have your additional managers attend and complete the initial training program we provide for new franchisees If we require that additional or replacement managers attend and complete the initial training program, we reserve the right to have you pay our per diem training charges

If you (or the Designated Principal) or any manager is no longer actively employed in the Shoppe, then you must enroll a qualified replacement (who must be reasonably acceptable to us) in our initial training program promptly after employment of the first individual ends, provided that you may train managers in accordance with Section 6 3 of the Franchise Agreement You must maintain a minimum of two certified managers, one of which may be you, for the Shoppe at all times The replacement Designated Principal and any necessary managers shall complete the initial training program as soon as is practicable, but in no event later than any time periods we periodically specify in the Manuals and otherwise in writing Replacement managers must be trained according to our standards and you may be permitted to provide this training directly, provided you meet our then-current standards for qualifying as a training facility We have the right to review any personnel you trained and to have these persons attend and complete, to our satisfaction, our initial training program

We will not provide training for any employees except for managers, as described above You must make sure that all of your employees are trained properly

The subjects covered in the initial training program are described below We currently anticipate that you and your managers will attend two weeks of training which must be completed at least 30 days before the date your Shoppe opens The materials for the training will be provided through our Manuals, handouts and use of other presentation tools We have the right to change the duration and content of our initial training program

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-the-Job Training	Column 4 Location
Orientation	2	0	*
Daily Food Preparation	0	4	*
Menu Item Production	0	14	*
Cake/Pie/Novelty Production	0	8	*
Drive Thru Service/POS	0	8	*
Window/Inline Service/POS	0	16	*
Frozen Custard Machine/Prep	0	6	*
Closing Systems	0	6	*
Human Resources/Labor Mgt	3	0	*
Safety and Sanitation	0	1	*
Maintenance	0	1	*
Management Modules	1	14	*
Training Systems	2	2	*
Cash Management	0	2	*
Inventory/Ordering	0	3	*
Administrative/Marketing/Back Office POS Systems	4	0	*
Testing	2	0	*
Totals	**14**	**81**	

* Our initial training program will be held at a location designated by us The training site is located in Indianapolis, Indiana

It is the nature of the Shoppe business that all aspects of training are integrated, that is, there are no definitive starting and stopping times

Some states and municipalities also may require separate training in sanitation and safety laws before permitting the Shoppe to open You should check you state and local laws

The Shoppe Operations Management Training Program is created for all new members joining the franchise operations team Currently the training is supervised, scheduled and coordinated by Stewart Stolz Mr Stolz's experience in the field that is relevant to the subject taught and our operations is from 3 to 10 years The minimum experience of the instructors in the field that is relevant to the subject taught and our operations is from 1 to 10 years

We may use additional instructors on our training staff to conduct our training programs

Additionally, we may require that you, your Designated Principal and/or your managers attend any refresher courses, seminars, and other training programs as we may periodically designate, provided that refresher and additional training will not exceed (a) four days (per trainee) each year at our headquarters, and (b) three days (per trainee) each year to attend a convention for the franchise system We may offer voluntary training programs If these refresher and additional training programs are conducted in Indianapolis, Indiana, or at our affiliate-owned Ritter's Frozen Custard Shoppes, we will bear the costs associated with providing these training programs However, if you request that we provide any of this training at your Shoppe, and we do so, we may charge you our then-current per diem training fee (per trainer) for the additional training provided, and you will also have to reimburse us for all out of pocket costs and expenses associated with the additional training, including lodging, food and travel arrangement of the trainers

Gift Card Program

We have instituted a program for all franchisees to sell or otherwise issue gift cards or certificates (together "**Gift Cards**") You must participate by offering Gift Cards to your customers and honoring all Gift Cards presented to you as payment for products, regardless of whether the Gift Card was issued by you or another Ritter's Frozen Custard Shoppe

Manuals

You must comply with all of the specifications, procedures, and standards set out in our Manuals The table of contents to our Manuals is contained in Exhibit E Our Manuals include approximately 211 pages

ITEM 12
TERRITORY

Franchise Agreement

Your Franchise Agreement will specify the site that will be the Approved Location for your Shoppe We are not required to grant you a territory If your Shoppe is located at a Non-Traditional Site (described below), you will not receive a territory We will use our best efforts to make sure that no franchisee's Shoppe operations adversely affects another franchisee's Shoppe operations The Franchise Agreement does not grant you any territorial rights beyond whatever geographic radius is listed in an exhibit to the Franchise Agreement

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

If, during the term of the Franchise Agreement, you wish to relocate your Shoppe, or if the Shoppe is damaged or destroyed and cannot be repaired within 60 days, you must submit to us in writing the materials require to consider your request, including information concerning the proposed new location for the Shoppe and payment of our relocation fee You must also meet certain other requirements, including being in compliance with the Franchise Agreement, the location meets our then-current requirements for a Ritter's Frozen Custard Shoppe, the location will not adversely affect another franchisee's operations (in our opinion), and you must sign our then-current form of Franchise Agreement If we permit you to relocate, this will be considered a new term and you will not pay a new initial franchise fee when you sign the new Franchise Agreement

You may sell our Proprietary Products and related products to retail customers and prospective retail customers who live anywhere but who choose to dine at or purchase from your Shoppe You may not engage in any promotional activities or sell the Proprietary Products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media"), through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere, or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere You may not place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located outside of your immediate market area If you are granted a Territory you have a right of first refusal to acquire an additional franchise, as described below You may not sell the Proprietary Products to any business or other customer at wholesale, without our advance written consent

Although we have not done so, we and our affiliates may sell products under the Proprietary Marks anywhere through any method of distribution other than a Ritter's Frozen Custard Shoppe, including sales through channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales (together, "alternative distribution channels") You may not use alternative distribution channels to make sales anywhere except as described in the following paragraph and you will not receive any compensation for our sales through alternative distribution channels except as described in the following paragraph

If we engage in electronic commerce through any Internet, World Wide Web or other computer network site or sell through any other alternative distribution channel, and we receive orders for any Proprietary Products or other products offered by a Shoppe calling for delivery or performance in your immediate area, then we will offer the order to you at the price we establish If you choose not to fulfill the order or are unable to do so, then we, one of our affiliates or a third party we designate (including another franchisee) may fulfill the order, and you will not be entitled to any compensation in connection with this This electronic commerce program has not yet been instituted, but we plan on doing so in the future

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark We describe earlier in this Item 12 what we may do this anywhere and at any time

Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Shoppe which sell the Proprietary Products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent

There are no minimum sales volumes that you must meet to maintain your rights under the Franchise Agreement

If you are purchasing a Scoop Shoppe in addition to a Ritter's Frozen Custard Shoppe, the Scoop Shoppe may not be located in close proximity to another franchisee's Shoppe, as we determine, and it must be within 20 minutes of drive time from your Ritter's Frozen Custard Shoppe

The Franchise Agreement grants you no options or similar rights to acquire additional franchises within the territory or contiguous territories You must be a Multi-Unit Developer to obtain these options or rights

Multi-Unit Development Agreement

If you sign a Multi-Unit Development Agreement, the Multi-Unit Development Agreement will specify the Exclusive Area within which you may locate potential sites for Shoppes, subject to our approval The size and scope of the Exclusive Area will be determined on a case-by-case basis, as we mutually agree upon before signing the Multi-Unit Development Agreement and will be specified in the Multi-Unit Development Agreement Your Exclusive Area does not include the right to develop Restaurants at Non-Traditional Sites, unless we provide our written consent for you to do so The factors that we consider in determining the size of an Exclusive Area include current and projected market demand, demographics and population, traffic patterns, location of other Ritter's Frozen Custard Shoppes, your financial and other capabilities, the number of Shoppes you wish to develop and our development plans During the term of the Multi-Unit Development Agreement, if you comply with the obligations under the Multi-Unit Development Agreement and all of the Franchise Agreements between you (and your affiliates) and us, we will not establish or operate, or license anyone other than you to establish or operate, a Ritter's Frozen Custard Shoppe in the Exclusive Area Except as described below, there are no circumstances under which the Multi-Unit Development Agreement may be altered before expiration or termination of the Multi-Unit Development Agreement Your territorial protection is not dependent upon achievement of a certain sales volume, market penetration, or other factors, other than compliance with the Multi-Unit Development Agreement and Development Schedule

If you do not comply with a deadline under the Development Schedule (a "**Missed Deadline**"), you will be in default under the Multi-Unit Development Agreement For one Missed Deadline, we will provide you with an opportunity to cure your default and we will determine and notify you of a new deadline for that one Missed Deadline (without changing the remainder of the Development Schedule) If you fail to come into compliance by that new deadline, and/or upon the occurrence of a second Missed Deadline, we may terminate your Multi-Unit Development Agreement, or we may elect to take one or more of the following actions (a) stop crediting the Multi-Unit Development Fees paid towards the Franchise Fees for the Shoppes to be developed, (b) eliminate the limited exclusivity or reduce the scope of protections granted to you within the Exclusive Area, (c) reduce the scope of the Exclusive Area, (d) reduce the number of Shoppes for you to develop, or (e) retain all Multi-Unit Development Fees paid to us If we elect to take one or more of these actions, we will provide written notice of the action, and the Multi-Unit Development Agreement will be amended to reflect the changes

The Multi-Unit Development Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises within the territory or contiguous territories except as stated below

Our Reserved Rights under the Franchise Agreement and Multi-Unit Development Agreement

Under both the Franchise Agreement and Multi-Unit Development Agreement, we and our affiliates retain all the rights that we do not specifically grant to you Among the rights that we retain are the following (the following list is only for purposes of illustration and is not meant to limit our rights) All references below to a Territory under the Franchise Agreement are only applicable if a Territory is granted to you If you are not granted a Territory, then we may exercise these rights anywhere

(1) We may own, acquire, establish, and/or operate and license others to establish and operate businesses, including Ritter's Frozen Custard Shoppes operating under the Proprietary Marks and the System selling the Products at any location outside your Territory or Exclusive Area regardless of their proximity to, or potential impact on, your Territory or Exclusive Area or Shoppes

(2) We may own, acquire, establish and/or operate, and license others to establish and operate, non-Shoppe businesses under the Proprietary Marks at any location within or outside the Territory or Exclusive Area

(3) We may own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether these businesses are similar or different from the Shoppe, at any location within or outside the Territory or Exclusive Area, notwithstanding their proximity to the Territory or Exclusive Area or the Approved Location or their actual or threatened impact on sales of the Shoppe

(4) We may own, acquire, establish, and/or operate, and license others to establish and operate, Ritter's Frozen Custard Shoppes under the Proprietary Marks at Non-Traditional Sites at any location within or outside the Territory or Exclusive Area

(5) We may sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products (including the Products) through grocery or convenience stores or through outlets that are primarily retail in nature, or through mail order, toll free numbers, or the Internet, including those products bearing our Proprietary Marks, provided that distribution within the Territory or Exclusive Area shall not be from a Ritter's Frozen Custard Shoppe established under the System that is operated from within the Territory or Exclusive Area (unless the Shoppe is at a Non-Traditional Site)

(6) If a Territory is granted to you, and if a location becomes available within your Territory (under the Franchise Agreement or Multi-Unit Development Agreement) at which we believe a Shoppe can be established, we will offer you a right of first refusal to establish a Shoppe at that location We will provide you with written notice of the opportunity together with our then-current Disclosure Document If you wish to exercise the right of first refusal and develop the Shoppe at that location, you must sign a Franchise Agreement for the location and pay the initial franchise fee not later than 30 days after the notice and Disclosure Document are provided to you If you do not sign the Franchise Agreement and pay the initial franchise fee within this period, then you will no longer have a right to the location and we may develop, or we may grant a franchise to a third party to develop, a Shoppe at the location

ITEM 13
TRADEMARKS

The Franchise Agreement allows you to use the "Ritter's Frozen Custard" Proprietary Marks in connection with the Franchised Business The Proprietary Marks were transferred to us from our Predecessor when we acquired the Ritter's Frozen Custard assets from our Predecessor The following principal marks have been registered on the Principal Register of the United States Patent and Trademark Office ("USPTO")

Mark	Application/Registration No	Registration Date
Ritter's Frozen Custard	1,976,078	May 28, 1996
Ritter's Frozen Custard – Taste the Difference	2,706,642	April 15, 2003
Cubby Paws	2,801,455	December 30, 2003
Ritter's Frozen Custard – Legendary Ice Cream	3,322,584	October 30, 2007
RITTER'S CUSTARD BURGERS GLACIERS (W/DESIGN)	86/252,283	April 15, 2014
R CUSTARD BURGERS GLACIERS(W/DESIGN)	86/252,335	April 15, 2014

We intend to file all affidavits and to renew our registrations for the Marks when they become due

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the Trademark Administrator of this state or any court There is no pending infringement, opposition or cancellation proceeding There is no pending material litigation involving the trademarks which may be relevant to their use in this state or in any other state

We do not know of any infringing uses that could materially affect your use of the Proprietary Marks in this state or elsewhere

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks We will defend you against any third party claim, suit or demand arising out of your use of the Proprietary Marks If we determine that you have used the Proprietary Marks in accordance with your Agreement, we will bear the cost of defense, including the cost of any judgment or settlement If we determine that you have not used the Proprietary Marks in accordance with your Agreement, you must bear the cost of defense, including the cost of any judgment or settlement If there is any litigation due to your use of the Proprietary Marks, you must sign all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action Unless litigation results from your use of the Proprietary Marks in a manner inconsistent with the terms of your Agreement, we will reimburse you for your out-of-pocket costs, except that you will bear the salary costs of your employees

There are no agreements currently in effect which limit our rights to use or license the use of any Proprietary Marks We reserve the right to substitute different proprietary marks for use in identifying the System and businesses operating under it if we, in our sole discretion, determine that substitution of different marks as Proprietary Marks will be beneficial to the System You must promptly implement any substitution of new Proprietary Marks at your expense

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Proprietary Marks and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable period of time after receiving notice We will not have to reimburse you for any cost attributable to or associated with any modified or discontinued Proprietary Marks or for any expenditures you make to promote a modified or substitute trademark or service mark

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Opening of Shoppe

We estimate that the time period between the signing of the Franchise Agreement and the start of operations will be between four and ten months Factors that may affect this time period include whether you are developing your Shoppe in a strip center or at a free-standing location, your ability to obtain financing or building permits, zoning and local ordinances, weather conditions, shortages, or delayed installation of equipment, fixtures and signs Unless we agree in writing otherwise, you must conduct the opening of your Shoppe by the earlier of (i) ten months after signing the Franchise Agreement or (ii) seven months after we approve the site for your Shoppe If your Shoppe is not open for business within the required timeframe, we may terminate your Franchise Agreement You may not open the Shoppe for business until we have approved it for opening

Patents

We do not have an ownership interest in any patents that are material to the operation of your Shoppe

Copyrights

Under federal law, copyright protection covers various materials used in our business and the development and operation of Ritter's Frozen Custard Shoppes, including the Manuals, advertising and promotional materials, and similar materials We have not registered these materials with the United States Registrar of Copyrights, nor are we required to do so

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials No agreement limits our rights to use or allow franchisees to use the copyrighted materials We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials If we require, you must immediately modify or discontinue using the copyrighted materials Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification

All rights, title, and interest in advertising and promotional materials that you develop or prepare (or that are prepared by someone on your behalf) or that bear any Proprietary Marks will belong to us You must sign any documents we reasonably deem necessary to evidence our right, title, and interest in and to any advertising and promotional materials We will have the right to use these materials and to provide them to other franchisees, the Brand Development Fund and other programs of the System, without compensation to you, regardless of how the materials were developed Additionally, we may periodically have you sign a license agreement for the use of proprietary materials that we provide to you in an electronic format

Confidential Information

Except for the purposes of (i) operating the Shoppe under a Franchise Agreement, and/or (ii) developing Shoppes under a Multi-Unit Development Agreement, you may never (during your Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the development and operation of the Shoppe that may be communicated to you or that you may learn by virtue of your operation of a Ritter's Frozen Custard Shoppe You may divulge confidential information only to those of your employees who must have access to it to operate the Shoppe Any information, knowledge, know-how, and techniques that we designate as confidential will be deemed "confidential" for purposes of the Agreements The term "confidential information" includes System standards, market research, advertising and promotional campaigns, approved suppliers, operating results of Shoppes, proprietary software (if any), the terms of your Agreement with us, the Manuals, graphic designs and other intellectual property, interior and exterior trade dress for the Shoppe, and decor items for the Shoppe However, this will not include information that you can show came to your attention before we disclosed it to you, or that at any time became a part of the public domain, through publication or communication by others having the right to do so

In addition, we may have you, your Designated Principal, other owners, managers, and your employees with access to confidential information sign confidentiality and non-competition agreements Each of these covenants must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Shoppe These agreements must be in a form that we find satisfactory, and must include specific identification of our company as a third party beneficiary with the independent right to enforce the covenants Our current forms for this agreement are included in Exhibit F to the Franchise Agreement

Confidential Manuals

To protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business in accordance with the Manuals We will lend you one set of our Manuals for the term of the Franchise Agreement, which you must return to us at the expiration or termination of the Franchise Agreement The Manuals may consist of multiple volumes of printed text, computer disks, other electronic stored data, videotapes, and periodic updates or bulletins that we issue to franchisees and others operating under the System You must treat the Manuals, all supplements and revisions to the Manuals, including bulletins and the information contained in them, as confidential, and must use best efforts to maintain this information (whether in written or electronic format) as secret and confidential You must not reproduce these materials (except for the parts of the Manuals that are meant for you to copy, which we will clearly mark as copyable) or otherwise make them available to any unauthorized person The Manuals will remain our sole property You must keep them in a secure place on the Shoppe premises

We may revise the contents of the Manuals, and you must comply with each new or changed standard We will notify you in writing of revisions to the Manuals You must ensure that the Manuals are kept current at all times If there is a dispute as to the contents of the Manuals, the terms of the master copies that we maintain at our home office will control

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

Under the Franchise Agreement, you (or if you are an entity, your Designated Principal) must be involved in the general oversight and management of the operations of the Shoppe We will have the right to rely upon the Designated Principal to have the responsibility and decision-making authority regarding your business and operations Your Designated Principal must have at least a 10% ownership interest in you You must at all times maintain two certified managers for your Shoppe, one of which may be you If any of your managers fails to satisfactorily complete our initial training program or if your manager is no longer an employee, you must designate a replacement manager within 30 days, who is acceptable to us and who satisfactorily completes our training program We may require you to reimburse our training costs for a replacement manager

Under the Multi-Unit Development Agreement, you (or if you are an entity, your Designated Principal) must be involved in the general oversight and development of the Shoppes, as well as the operations of the Shoppes that are developed under the Multi-Unit Development Agreement We will have the right to rely upon the Designated Principal to have the responsibility and decision-making authority regarding your business and operations

Under both a Franchise Agreement and a Multi-Unit Development Agreement, if you are other than an individual, we may require that only your owners personally sign a guaranty (in the forms included as Exhibit E to the Franchise Agreement and Exhibit D to the Multi-Unit Development Agreement), guarantying the legal entity's obligations under that agreement Additionally, you or your owners and your employees with access to confidential information or who have received training may be required to sign covenants to maintain confidentiality and not compete with businesses under the System (our current forms for this agreement are included in Exhibit F to the Franchise Agreement)

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may sell and provide only products and services that we have approved in writing and which conform to our standards and specifications We have the right, without limit, to change the types of authorized products and services You must carry and sell all Products that we approve and specify to be offered by all Ritter's Frozen Custard Shoppes, unless we otherwise provide our written approval

You may only sell to retail customers at or from the Approved Location All sales must be (1) face-to-face, for customer consumption on the premises of the Shoppe, and (2) face-to-face, for customer carry-out consumption You may not engage in any other type of sale, offer to sell, or distribution of Products, except with our prior written consent For example, you may not sell products by catalog, mailing, toll free numbers, or by use of the Internet

You must not use the Shoppe for any other business or operation or for any other purpose or activity at any time without first obtaining our prior written consent You must keep the Shoppe open and in normal operation for the minimum hours and days as we may specify You must operate the Shoppe in strict conformity with the methods, standards, and specifications as we require in the Manuals or in writing

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision		Section in Franchise Agreement	Summary
(a)	Length of the franchise term	Section 2 1	10 years If you purchase a Scoop Shoppe franchise after you purchase a Ritter's Frozen Custard Shoppe, the franchise agreement for the Scoop Shoppe will expire at the same time as the initial franchise agreement
(b)	Renewal or extension of the term	Section 2 2	One renewal term of 10 years
(c)	Requirements for franchisee to renew or extend	Section 2 2	Notice, satisfaction of monetary obligations, compliance with Franchise Agreement, sign release, sign new Franchise Agreement, pay renewal fee and others You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees
(d)	Termination by franchisee	Not applicable	
(e)	Termination by franchisor without cause	Not applicable	

Provision		Section in Franchise Agreement	Summary
(f)	Termination by franchisor with cause	Section 16	We may terminate your Franchise Agreement if you commit a default and do not cure the default Our agreements contain a cross default provision, which states that a default under one agreement is a default under all agreements If you own a Scoop Shoppe, then if the Franchise Agreement for your Ritter's Frozen Custard Shoppe is terminated, your Scoop Shoppe Franchise Agreement will automatically terminate
(g)	"Cause" defined – curable defaults	Sections 16 3 and 16 4	Failure to pay monies owed to us or our affiliates when due, refuse us to inspect the Shoppe or your books and records, failure to operate the Shoppe for the hours and days we specify, and other defaults which may be cured
(h)	"Cause" defined – non-curable defaults	Sections 16 1 and 16 2	Bankruptcy, abandonment, conviction of felony, and others, see § 16 2 of the Franchise Agreement (Under the U S Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing)
(i)	Franchisee's obligations on termination/non-renewal	Section 17	Stop operating the Shoppe, payment of amounts due, and others, see §§ 17 1 – 17 10 of the Franchise Agreement
(j)	Assignment of contract by franchisor	Section 15 1	There are no limits on our right to assign the Franchise Agreement
(k)	"Transfer" by franchisee – defined	Section 15 2	Includes transfer of any interest

Provision		Section in Franchise Agreement	Summary
(l)	Franchisor approval of transfer by franchisee	Section 15 2	We have the right to approve transfers and can apply standards to determine (for example) whether the proposed transferee meets our requirements for a new franchisee If you purchased a Scoop Shoppe franchise and you want to transfer your Ritter's Frozen Custard Shoppe franchise, the Scoop Shoppe must be transferred at the same time and to the same buyer
(m)	Conditions for franchisor approval of transfer	Sections 15 3 and 15 4	Release, signature of new Franchise Agreement, you pay transfer fee, and others, see §§ 15 3 1 – 15 3 11 and 15 4 of the Franchise Agreement
(n)	Franchisor's right of first refusal to acquire franchisee's business	Section 15 6	We can match any offer
(o)	Franchisor's option to purchase franchisee's business	Not applicable	
(p)	Death or disability of franchisee	Sections 15 7, 15 8, and 19 9	Your estate must transfer your interest in the Shoppe to a third party we have approved, within a year after death or six months after the onset of disability
(q)	Non-competition covenants during the term of the franchise	Sections 18 2 and 18 5	Includes prohibition on engaging in any other business offering the same or substantially similar menu items, and soliciting or diverting customers to other businesses, and others, see § 18 2 of the Franchise Agreement
(r)	Non-competition covenants after the franchise is terminated or expires	Sections 18 3 and 18 5	Includes a two year prohibition similar to "q" (above), within the Territory, or within 25 miles of any Ritter's Frozen Custard Shoppe then-operating under the System anywhere
(s)	Modification of the agreement	Section 25	Must be in writing signed by both parties

Provision		Section in Franchise Agreement	Summary
(t)	Integration/merger clause	Section 25	Only the final written terms of the Franchise Agreement are binding (subject to federal law) Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable
(u)	Dispute resolution by arbitration or mediation	Not Applicable	
(v)	Choice of forum	Section 27 2	Litigation in New York (Subject to applicable state law)
(w)	Choice of law	Section 27 1	State of New York (Subject to applicable state law)

THE MULTI-UNIT DEVELOPER RELATIONSHIP

Provision		Section in Multi-Unit Development Agreement	Summary
(a)	Length of the franchise term	Attachment A	Last date in Development Schedule
(b)	Renewal or extension of the term	Not Applicable	
(c)	Requirements for multi-unit developer to renew or extend	Not Applicable	
(d)	Termination by multi-unit developer	Not Applicable	
(e)	Termination by franchisor without cause	Not Applicable	
(f)	Termination by franchisor with cause	§ 6	We can terminate if you default Our agreements contain a cross default provision, which states that a default under one agreement is a default under all agreements
(g)	"Cause" defined – curable defaults	§§ 6 3 and 6 4	All other defaults not specified in §§ 6 1 and 6 2 of Multi-Unit Development Agreement

Provision		Section in Multi-Unit Development Agreement	Summary
(h)	"Cause" defined – non-curable defaults	§§ 6 1 and 6 2	Bankruptcy, repeated failures to meet requirements, or failure to cure a default under, of Development Schedule, termination of any individual Franchise Agreement for a Shoppe operated by you or a person or entity affiliated with you
(i)	Multi-unit developer's obligations on termination/ non-renewal	§ 6 6	Stop establishing or operating Shoppes under the System for which Franchise Agreements have not been signed at the time of termination and compliance with covenants
(j)	Assignment of contract by franchisor	§ 7 1	There are no limits on our right to assign the Multi-Unit Development Agreement
(k)	"Transfer" by multi-unit developer – defined	§ 7 2	Includes a transfer of an interest in the Multi-Unit Development Agreement, developer entity, or any material asset of your business
(l)	Franchisor approval of transfer by multi-unit developer	§ 7 2	We have the right to approve transfers
(m)	Conditions for franchisor's approval of transfer	§§ 7 2 and 7 3	Any of the conditions for transfer described in the Franchise Agreement attached to the Multi-Unit Development Agreement that we deem applicable, and simultaneous transfer of Franchise Agreements signed pursuant to the Multi-Unit Development Agreement
(n)	Franchisor's right of first refusal to acquire multi-unit developer's business	Not Applicable	
(o)	Franchisor's option to purchase multi-unit developer's business	Not Applicable	
(p)	Death or disability of multi-unit developer	Not Applicable	

Provision		Section in Multi-Unit Development Agreement	Summary
(q)	Non-competition covenants during the term of the franchise	§ 8 2	Includes prohibition on engaging in any other business offering the same or substantially similar menu items, and soliciting or diverting customers to other businesses, and others
(r)	Non-competition covenants after the franchise is terminated or expires	§ 8 3	Includes a two year prohibition similar to "q ' (above), within the Exclusive Area, or within 25 miles of any Shoppe then-operating under the System located anywhere
(s)	Modification of the agreement	§ 15	Must be in writing signed by both parties
(t)	Integration/merger clause	§ 15	Only the terms of the Multi-Unit Development Agreement are binding (subject to federal law) Any representations or promises outside of the Disclosure Document and Multi-Unit Development Agreement may not be enforceable
(u)	Dispute resolution by arbitration or mediation	Not Applicable	
(v)	Choice of forum	§ 16 2	Litigation in New York (Subject to applicable state law)
(w)	Choice of law	§ 16 1	State of New York (Subject to applicable state law)

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise, however we reserve the right to elect to do so at some point in the future

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following chart includes the average sales by the Seven(7) existing Ritter's Frozen Custard franchisees that were open for the full 2016 calendar year with the exception of the Katy, Texas shoppe (see note 4) The remaining twelve (12) franchisees are seasonal and are not open for 7 days a week or 52 weeks a year so their sales are not reported

The reported stores do not offer the same products and services that your store will offer, as these are primarily custard only shoppes and your location will offer a wider variety of menu items These outlets have earned the average amounts shown below Your individual results may differ There is no assurance that you will earn as much

Location	**Average Sales**	**Median Sales**
Northern Shoppes (1)	$704,812	$693,593
Southern Shoppes (2)	$615,593	$ 583,070
COST OF GOODS SOLD SYSTEM WIDE	28 2%	

Notes

1 The Northern Shoppes' results are the average of the four (4) operating Ritter's Frozen Custard Shoppes which are located in Indiana and Ohio Each of these Shoppes offers custard only Two (2) of the four (4) shoppes surpassed the average

2 The Northern Shoppes reported are "Non Seasonal", we define a non seasonal shoppe as one that is open 7 days a week 52 weeks a year

3 The Southern Shoppes results are the average of the 3 operating Ritter's Frozen Custard Shoppes which are located in Florida and Texas Each of these Shoppes offers custard only Two (2) of the three (3) shoppes surpassed the average

4 In the Southern Shoppes, our Katy, Texas Store, closes for six (6) weeks and these sales are included in the average sales for the Southern Shoppes

5 These shoppes that have been reported have been in operation for at least 24 months

6 The average Cost of Goods Sold (COGS) in 2015 is 28 2% This percentage is based upon all the purchases by franchises divided by gross sales

These outlets have earned these average amounts Your individual results may differ There is no assurance that you'll earn as much

We offered substantially the same services to the Shoppes described in this Statement These Shoppes offered substantially the same products and services to the public as you will The Shoppes report gross sales information to us based upon a uniform reporting system

We strongly urge you to consult with your financial advisor or personal accountant concerning the financial analysis that you should make in determining whether or not to purchase a Ritter's Frozen Custard franchise

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request The information presented above has not been audited

Other than the preceding financial performance representation, TRUFOODS, LLC does not make any financial performance representations 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 Stewart Stolz, 666 Fifth Avenue, Suite 27B, New York, New York 10103 and (212) 359-3600, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No 1
Systemwide Outlet Summary
For years 2014, 2015, 2016

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2014	22	20	-2
	2015	20	20	0
	2016	20	20	0
Company-Owned	2014	0	0	0
	2015	0	0	0
	2016	0	0	0
Total Outlets	2014	22	20	2
	2015	20	20	0
	2016	20	20	0

Table No 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2014, 2015, 2016

Column 1 State	Column 2 Year	Column 3 Number of Transfers
NONE	2014	0
	2015	0
	2016	0
Total	2014	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2015	0
	2016	0

Table No 3
Status of Franchised Outlets
For years 2014, 2015, 2016

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Terminations	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
Florida	2014	4	0	0	0	0	0	4
	2015	4	0	0	0	0	2	2
	2016	2	0	0	0	0	0	2
Indiana	2014	12	0	0	0	0	3	9
	2015	9	0	0	0	0	0	9
	2016	9	0	0	0	0	1	8
Michigan	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
Ohio	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Texas	2014	1	1	0	0	0	0	2
	2015	2	2	0	0	0	0	4
	2016	4	1	0	0	0	0	5
Total	2014	22	1	0	0	0	4	20
	2015	20	2	0	0	0	2	20
	2016	20	1	0	0	0	1	20

Table No 4
Status of Company-Owned Outlets
For years 2014, 2015, 2016

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
None	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Total	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0

Table No 5
Projected Openings as of December 31, 2016

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	0	0
Arizona	0	0	0
Colorado	0	0	0
Florida	0	0	0
Georgia	0	1	0
Illinois	0	0	0
Indiana	0	0	0
Kentucky	0	0	0
Michigan	0	0	0
Nevada	0	0	0
New York	0	0	0
Ohio	0	0	0
Pennsylvania	0	0	0
Tennessee	0	0	0
Texas	0	3	0
Total	0	4	0

A list of the names of all franchisees and multi-unit developers and the addresses and telephone numbers of their businesses will be provided in Exhibit F to this Disclosure Document when applicable

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or multi-unit developer who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit G to this Disclosure Document when applicable **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Ritter's Frozen Custard System

There are no trademark-specific organizations formed by our franchisees that are associated with the Ritter's Frozen Custard System

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit H are our audited financial statements for the years ended December 31, 2014, December 31, 2015 and December 31, 2016

Our fiscal year end is December 31st

ITEM 22
CONTRACTS

The following contracts are attached to this Disclosure Document

Franchise Agreement – Exhibit C
Multi-Unit Development Agreement – Exhibit D
Form of General Release – Exhibit I

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document Please return one signed copy to us and retain the other for your records

EXHIBIT A TO THE DISCLOSURE DOCUMENT
STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process We may not yet be registered to sell franchises in any or all of these states

If a state is not listed, TRUFOODS, LLC has not appointed an agent for service of process in that state in connection with the requirements of franchise laws There may be states in addition to those listed below in which TRUFOODS, LLC has appointed an agent for service of process

There may also be additional agents appointed in some of the states listed

CALIFORNIA California Department of Business Oversight Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677 1515 K Street, Suite 200 Sacramento, CA 95814 (916) 445-7205 1350 Front Street San Diego, CA 92101 (619) 525-4233 One Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559	**CONNECTICUT** State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 Agent Banking Commissioner
HAWAII (state administrator) Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 (agent for service of process) Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722	**ILLINOIS** Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465

INDIANA (state administrator) Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681 (agent for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531	**MARYLAND** (state administrator) Office of the Attorney General Securities Division 200 St Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360 (for service of process) Maryland Securities Commissioner 200 St Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN (state administrator) Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W Ottawa Street, 6th Floor Lansing, Michigan 48933 (517) 373-7117 (for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P O Box 30054 Lansing, Michigan 48909	**MINNESOTA** (state administrator) Minnesota Department of Commerce 85 7th Place East, Suite 500 St Paul, Minnesota 55101-2198 (651) 296-6328 (for service of process) Minnesota Commissioner of Commerce
NEW YORK (state administrator) New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23rd Floor New York, New York 10271 (212) 416-8211 (for service of process) Secretary of State of New York 99 Washington Avenue Albany, New York 12231 (518) 474-4750	**NORTH DAKOTA** North Dakota Securities Department State Capitol, Fifth Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712

OREGON Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	**RHODE ISLAND** Securities Division Department of Business Regulation, Bldg 69, First Floor John O Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9500
SOUTH DAKOTA Division of Securities Department of Labor & Regulation 445 East Capitol Avenue Pierre, South Dakota 57501 (605) 773-4823	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 (for service of process) Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON (state administrator) Department of Financial Institutions Securities Division P O Box 9033 Olympia, Washington 98507-9033 (360) 902-8760 (for service of process) Director, Department of Financial Institutions Securities Division 150 Israel Road S W Tumwater, Washington 98501	**WISCONSIN** (state administrator) Division of Securities Department of Financial Institutions 345 W Washington Ave , 4th Floor Madison, Wisconsin 53703 (608) 266-1064 (for service of process) Administrator, Division of Securities Department of Financial Institutions 345 W Washington Ave , 4th Floor Madison, Wisconsin 53703

EXHIBIT B TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDUM

ADDENDUM TO TRUFOODS, LLC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA APPENDIX

1 California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise If the Franchise Agreement or Multi-Unit Development Agreement contains provisions that are inconsistent with the law, the law will control

2 The Franchise Agreement and Multi-Unit Development Agreement provide for termination upon bankruptcy This provision may not be enforceable under Federal Bankruptcy Law (11 U S C A Sec 101 et seq)

3 The Franchise Agreement and Multi-Unit Development Agreement contain covenants not to compete which extend beyond the termination of the agreements These provisions may not be enforceable under California law

4 Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise

5 Neither the franchisor, any person or franchise broker 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 79a et seq , suspending or expelling such persons from membership in such association or exchange

6 The Franchise Agreement and Multi-Unit Development Agreement require application of the laws of New York This provision may not be enforceable under California law

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

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

9 Prospective 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 provisions of a franchise agreement restricting venue to a forum outside the State of California

10 The Franchise Agreement contains a liquidated damages clause Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable

11 OUR WEBSITE, www trufoods com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY

COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www dbo ca gov

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of _____________, 20___

ATTEST

____
Witness

TRUFOODS, LLC

By ______________________________
Name ____________________________
Title ____________________________

FRANCHISEE

____
Witness

____

EXHIBIT B TO THE DISCLOSURE DOCUMENT
ADDENDUM TO THE TRUFOODS, LLC DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT, AND MULTI-UNIT DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS

1 The following item is required to be included within the Disclosure Document and shall be deemed to supersede the language that is in the Disclosure Document itself

> Section 4, Jurisdiction and Venue, of the Illinois Franchise Disclosure Act ("Act") dictates that "any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State" Therefore, the Act supersedes any contrary provisions contained in the Franchise Agreement, and Multi-Unit Development Agreement

2 Illinois law governs the Franchise Agreement, and Multi-Unit Development Agreement

3 Any releases and/or waivers that the Franchisor requests the Franchisee to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act which dictates that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code"

4 Under Illinois law, a franchise agreement may not provide for a choice of law of any state other than Illinois Accordingly, Items 17(v) and (w) are amended to state "none" The Franchise Agreement, and Multi-Unit Development Agreement are amended accordingly

5 Section 27 4 of the Franchise Agreement, and Section 16 of the Multi-Unit Development Agreement are amended to comply with Section 27, Periods of Limitation, of the Act to allow any and all claims and actions arising out of or relating to these Agreements, the relationship of Franchisor and Franchisee, Multi-Unit Developer or Franchisee's operation of the Franchise brought by Franchisee against Franchisor shall be begin within three (3) years from the occurrence of the facts giving rise to such claim or action, within one (1) year after the Franchisee, and/or Multi-Unit Developer becomes aware of the facts or circumstances indicating Franchisee, and/or Multi-Unit Developer may have a claim for relief, or ninety (90) days after delivery to Franchisee, and/or Multi-Unit Developer of a written notice disclosing the violation, or such claim or action will be barred

6 Item 17(g) of the Disclosure Document, Section 16 3 and 16 4 of the Franchise Agreement, Section 6 3 and 6 4 of the Multi-Unit Development Agreement are amended by changing the time frame to cure defaults, excluding defaults for safety or security issues, to 30 days

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of _____________, 20___

ATTEST

TRUFOODS, LLC

____
Witness

By _________________________________
Name _______________________________
Title ________________________________

FRANCHISEE

____
Witness

____

EXHIBIT B TO THE DISCLOSURE DOCUMENT

ADDENDUM TO TRUFOODS, LLC DISCLOSURE DOCUMENT
FOR THE STATE OF INDIANA

1 To be added to Item 3 of the Disclosure Document, is the following statement

There are presently no arbitration proceedings to which the Franchisor is a party

2 Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2 7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory

3 Item 17 is amended to state that this is subject to Indiana Code 23-2-2 7-1 (10)

4 Under Indiana Code 23-2-2 7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests This amends Sections 27 1 and 27 2 of the Franchise Agreement, Sections 16 1 and 16 2 of the Multi-Unit Development Agreement

5 Under Indiana Code 23-2-2 7-1 (10), franchisee may not agree to waive any claims or rights

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of ____________, 20___

ATTEST	TRUFOODS, LLC
______________________ Witness	By ______________________ Name ______________________ Title ______________________
	FRANCHISEE
______________________ Witness	______________________

EXHIBIT B TO THE DISCLOSURE DOCUMENT

ADDENDUM TO TRUFOODS, LLC DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

Item 3, "Litigation" is hereby amended by deleting the first paragraph in that Item and replacing it by the following language

(1) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark has pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a violation of any franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable allegations

(2) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the date of this offering circular, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved a violation of any franchise, anti fraud or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, misappropriation of property or comparable allegations

(3) Neither we, any predecessor any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark is subject to any currently effective injunctive or restrictive order or decree relating to franchises or under any Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent

Item 4, "Bankruptcy" is hereby deleted in its entirety and the following language substituted in lieu thereof

"Neither we, nor any affiliate or predecessor or current officer or general partner have during the 10 year period immediately before the date of this Offering Circular (a) filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the Bankruptcy Code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position with the company or partnership

Item 17, "Renewal, Termination, Transfer and Dispute Resolution" is amended as follows

(a) By adding the following in the "Summary" column opposite category d, "Termination by you"

"To the extent required by the New York General Business Law, you may terminate the Agreement on any grounds available by law"

(b) By adding the following in the "Summary" column opposite category w., "Choice of law"

"The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33"

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of ____________, 20___

ATTEST	TRUFOODS, LLC
______________________	By ______________________
Witness	Name ______________________
	Title ______________________
	FRANCHISEE
______________________	______________________
Witness	

EXHIBIT B TO THE DISCLOSURE DOCUMENT
ADDENDUM TO TRUFOODS, LLC
<u>DISCLOSURE DOCUMENT FOR THE STATE OF MARYLAND</u>

This will serve as the State Addendum for the State of Maryland for TRUFOODS, LLC's Disclosure Document and for its Franchise Agreement, and Multi-Unit Development Agreement This addendum amends the Disclosure Document, Franchise Agreement, and Multi-Unit Development Agreement

1 The provision contained in the termination sections of the Franchise and Area Development or Multi-Unit Operator may not be enforceable under federal bankruptcy law (11 U S C Section 101 et seq)

2 Item 17 of the Franchise Disclosure Document shall be amended to state that the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are hereby amended accordingly

3 The Franchisee Disclosure Acknowledgement Statements are amended to state all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

4 Item 17 of the Franchise Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are hereby amended accordingly

5 Item 17 of the Franchise Disclosure Document and the appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

The undersigned do hereby acknowledge receipt of this addendum

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of _____________, 20___

ATTEST	TRUFOODS, LLC
______________________	By ______________________
Witness	Name ______________________
	Title ______________________
	FRANCHISEE
______________________	______________________
Witness	

EXHIBIT B TO THE DISCLOSURE DOCUMENT
DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU

(a) A prohibition on the right of a franchisee to join an association of franchises

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation This subsection applies only if (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances This section does not require a renewal provision

(f) A provision requiring that arbitration or litigation be conducted outside this state This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise Good cause shall include, but is not limited to

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c)

(i) A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement

Any questions regarding this notice should be directed to

Consumer Protection Division
Attn Marilyn McEwen
525 W Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of _____________, 20___

ATTEST | TRUFOODS LLC

_______________________ | By _______________________
Witness | Name _______________________
 | Title _______________________

FRANCHISEE

_______________________ | _______________________
Witness

EXHIBIT B TO THE DISCLOSURE DOCUMENT
ADDENDUM TO TRUFOODS, LLC DISCLOSURE DOCUMENT
FOR THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for TRUFOODS, LLC for use in the Commonwealth of Virginia shall be amended as follows

Additional Disclosure The following statements are added to Item 17 h

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any grounds for default or termination stated in the franchise agreement and multi-unit development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of ____________, 20___

ATTEST

____
Witness

TRUFOODS, LLC

By ______________________________
Name ____________________________
Title _____________________________

FRANCHISEE

____

____
Witness

//10459937v 1

EXHIBIT C TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

TRUFOODS, LLC

FRANCHISE AGREEMENT

TABLE OF CONTENTS

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into on this _____ day of ____________, 20___ (the "**Effective Date**"), by and between

- TRUFOODS, LLC, a New Jersey limited liability company whose principal place of business is 666 Fifth Avenue, Suite 27B, New York, New York 10103 ("**Franchisor**"), and

- ________________________, a [resident of] [corporation organized in] [limited liability company organized in] *[select one]*, having offices at ______________________________ ____ ____ ______________________________ ("**Franchisee**")

BACKGROUND

A Franchisor owns a format and system (the "**System**") relating to the establishment and operation of retail shops which operate at locations that display Franchisor's interior and exterior trade dress and feature and operate under the Proprietary Marks (as defined below) (each a "**Ritter's Frozen Custard Shoppe**" or "**Franchised Shoppe**") The System also includes a non-manufacturing unit called a "**Scoop Shoppe**" that may be purchased separately, provided, however, that Franchisee may not own a Scoop Shoppe without also owning a Ritter's Frozen Custard Shoppe to produce products for the Scoop Shoppe Ritter's Frozen Custard Shoppes are designed using Franchisor's interior trade dress to be welcoming and comfortable for customers, and offer a wide variety of frozen custard products, hamburgers, hot dogs, fries and beverages on a dine-in and take out basis, under the name and mark "Ritter's Frozen Custard" A Franchised Shoppe operates using Franchisor's proprietary recipes, formulae and techniques ("**Proprietary Products**"), as well as other non-proprietary food, beverage, and other compatible items designated by Franchisor from time to time (collectively, "**Products**")

B The distinguishing characteristics of the System include distinctive exterior and interior design, decor, color schemes, fixtures, and furnishings, recipes, standards and specifications for products, equipment, materials, and supplies, uniform standards, specifications, and procedures for operations, purchasing and sourcing procedures, procedures for inventory and management control, training and assistance, and marketing and promotional programs, all of which may be changed, improved, and further developed by Franchisor from time to time

C The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System including the mark "Ritter's Frozen Custard" and other marks (the "**Proprietary Marks**")

D Franchisee desires to enter into the business of operating a Franchised Shoppe under the System and using the Proprietary Marks, and wishes to enter into this Agreement with Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith

E Franchisee understands and acknowledges the importance of the high standards of Franchisor for quality, cleanliness, appearance, and service and the necessity of operating the business franchised hereunder in conformity with the standards and specifications of Franchisor

NOW, THEREFORE, the parties agree as follows

1. GRANT

1 1 Grant and Acceptance

Franchisor grants to Franchisee the right, and Franchisee hereby undertakes the obligation, upon the terms and conditions set forth in this Agreement to (a) establish and operate a Ritter's Frozen Custard Shoppe (the "**Franchised Shoppe**"), (b) use, only in connection therewith, the Proprietary Marks and the System, as they may be changed, improved, or further developed from time to time by Franchisor, and (c) operate the Franchised Shoppe only at the Approved Location (as defined in Section 1 2 below) in accordance with this Agreement

1 2 Approved Location

Franchisee shall develop and operate the Franchised Shoppe only at the site specified in Exhibit A to this Agreement as the "**Approved Location**" Franchisee shall not relocate the Franchised Shoppe without Franchisor's prior written consent and/or otherwise in writing by Franchisor, as provided in Section 8 19 below

1 3 Limit on Sales

Franchisee's rights hereunder shall be limited to offering and selling Products at the Franchised Shoppe, and only to retail customers of the Franchised Shoppe for (a) customer consumption on the premises of the Franchised Shoppe at the Approved Location (the "**Premises**"), and (b) for customer carry-out consumption of Products sold at the Franchised Shoppe, provided that all such activities shall be conducted only in accordance with the requirements of this Agreement and the procedures set forth in the Manuals (as defined in Section 10 below) and all applicable laws Franchisee shall not, without the prior written approval of Franchisor, engage in any other type of sale of, or offer to sell, or distribution of Products, including, but not limited to selling, distributing or otherwise providing, any Products to third parties at wholesale, or for resale or distribution by any third party, and selling, distributing or otherwise providing any Products through catalogs, mail order, toll free numbers for delivery, or electronic means (e g , the Internet)

1 4 Franchisor's Reserved Rights

Franchisee acknowledges and agrees that Franchisor is not required to grant Franchisee any territorial exclusivity under this Agreement, the grant of which shall be in Franchisor's sole discretion Franchisor retains the rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein

1 4 1 To own, acquire, establish, and/or operate and license others to establish and operate, Ritter's Frozen Custard Shoppes under the System at any location notwithstanding their proximity to the Approved Location or their actual or threatened impact on sales of the Franchised Shoppe,

1 4 2 To own, acquire, establish and/or operate and license others to establish and operate, non-Shoppe businesses under the Proprietary Marks, at any location,

1 4 3 To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses

are similar or different from the Franchised Shoppe, at any location notwithstanding their proximity to the Approved Location or their actual or threatened impact on sales of the Franchised Shoppe,

1 4 4 To own, acquire, establish, and/or operate and license others to establish and operate, Ritter's Frozen Custard Shoppes under the Proprietary Marks at Non-Traditional Sites (as defined below) at any location As used in this Agreement, "**Non-Traditional Sites**" shall mean outlets that serve primarily the customers located within the facility, such as captive audience facilities (examples include, but are not limited to, parks charging admission, stadiums, amusement parks and centers, theaters and art centers), limited purpose facilities (examples include, but are not limited to, airports, transportation centers, department stores, indoor shopping centers, business and industrial complexes, museums, educational facilities, hospitals, art centers, and recreational parks), limited access facilities (examples include, but are not limited to, military complexes, buyer club businesses, educational facilities, business and industrial complexes), and other types of Non-Traditional Sites,

1 4 5 To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products (including the Products) through grocery or convenience stores or through outlets that are primarily retail in nature, or through mail order, toll free numbers, or the Internet, including those products bearing Franchisor's Proprietary Marks

2 TERM AND RENEWAL

2 1 Initial Term.

This Agreement shall be in effect upon its acceptance and execution by Franchisor and, except as otherwise provided herein, this Agreement shall expire ten (10) years from the Effective Date If this Agreement is for a Scoop Shoppe and is being executed subsequent to the Franchise Agreement for a Ritter's Frozen Custard Shoppe, then this Agreement shall expired at the same time as the Franchise Agreement for such Ritter's Frozen Custard Shoppe

2 2 Renewal

Franchisee may apply to operate the Franchised Shoppe for one (1) additional consecutive term of ten (10) years each if the following conditions are met prior to each renewal

2 2 1 Franchisee shall give Franchisor written notice of Franchisee's election to renew at least six (6) months, but not more than twelve (12) months, prior to the end of the term of this Agreement,

2 2 2 Franchisee shall not have any past due monetary obligations or other outstanding obligations to Franchisor and its affiliates, the approved suppliers of the System, or the lessor of the Premises,

2 2 3 Franchisee shall not be in default of any provision of this Agreement, or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates, the approved suppliers of the System, or the lessor of the Premises, and Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms thereof,

2 2 4 Franchisee and Franchisor shall execute a mutual general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, and employees (provided, however, that all rights enjoyed by the Franchisee

and any causes of action arising in his/her favor from the provisions of Article 33 of the New York General Business Law ("GBL") and the regulations issued thereunder shall remain in force, it being the intent of this provision that the non-waiver provisions of GBL Sections 687 4 and 687 5 be satisfied),

2 2 5 Franchisee shall execute the then-current form of franchise agreement offered by Franchisor, which shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including requirements to pay additional and/or higher fees, except that Franchisee shall not be required to pay any initial franchise fee,

2 2 6 Franchisee shall comply with the then-current qualification and training requirements of Franchisor,

2 2 7 Franchisee shall make or provide for, in a manner satisfactory to Franchisor, such renovation and modernization of the Premises as Franchisor may reasonably require, including installation of new equipment and renovation of signs, furnishings, fixtures, and decor to reflect the then-current standards and image of the System,

2 2 8 Franchisee shall present evidence satisfactory to Franchisor that Franchisee has the right to remain in possession of the Premises (or such other location acceptable to Franchisor) for the duration of the renewal term,

2 2 9 Franchisee, at the time of renewal, satisfies Franchisor's standards of financial responsibility and, if requested by Franchisor, Franchisee demonstrates to Franchisor that Franchisee has sufficient financial resources and means to continue to operate the Franchised Shoppe during the renewal term, and

2 2 10 Franchisee shall pay to Franchisor a renewal fee equal to fifty percent (50%) of Franchisor's then-current initial franchise fee

3 DUTIES OF FRANCHISOR

3.1 Franchisor's Prototype Plans

Franchisor shall make available, at no charge to Franchisee, prototype design plans and specifications for the construction of a Ritter's Frozen Custard Shoppe and for the exterior and interior design and layout, fixtures, furnishings, equipment, and signs Franchisee acknowledges that such standard design plans and specifications shall not contain the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the Americans with Disabilities Act (the "**ADA**") or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific Ritter's Frozen Custard Shoppe, compliance with all of which shall be Franchisee's responsibility and at Franchisee's expense Franchisee understands and acknowledges that Franchisor has the right to modify the prototype design plans and specifications, and develop additional prototype design plans and specifications, as Franchisor deems appropriate from time to time (however Franchisor will not modify the prototype plans and specifications for the Franchised Shoppe developed pursuant to this Agreement once those prototype architectural plans and specifications have been given to Franchisee) Franchisee shall adapt the standard plans to the Franchised Shoppe's location, as provided in Section 5 3 hereof, subject to Franchisor's approval

3 2 Initial Training, Opening Assistance

Franchisor shall provide its initial training for operators and managers ("**Initial Training**"), as described in Section 6 of this Agreement, for Franchisee and one (1) manager (unless this Agreement is for the third or subsequent Ritter's Frozen Custard Shoppe being developed pursuant to a Multi-Unit Development Agreement between Franchisor and Franchisee (or an affiliate of Franchisee), in which event the terms set forth in Section 6 1 3 below shall apply with respect to the pre-opening training of Franchisee and the Designated Principal) Franchisor shall also provide such ongoing training as it may, from time to time, deem appropriate

Franchisor may, in its sole discretion, provide one (1) of its representatives for a period of up to seven (7) days around the opening of Franchisee's Shoppe

3 3 Loan of Manuals

Franchisor shall provide Franchisee, on loan, copies of the Franchisor's confidential operations manuals and other manuals, instructional materials, and written policies and correspondence (collectively, the "**Manuals**"), as more fully described in Section 10 hereof

3 4 Advertising Programs and Materials

Franchisor shall review and shall have the right to approve or disapprove all advertising and promotional materials that Franchisee proposes to use, pursuant to Section 13 below Franchisor shall administer the Cooperative Advertising Funds, if such funds exist or are created, in the manner set forth in Section 13 below Franchisor shall administer the Brand Development Fund in the manner set forth in Section 13 below

3 5 Grand Opening Advertising

Franchisor shall, together with Franchisee, plan Franchisee's Grand Opening Advertising Program (as described in Section 13 5 below), which program shall be conducted at Franchisee's expense

3 6 Guidance

Franchisor may provide periodic advice or offer guidance to Franchisee in the marketing, management, and operation of the Franchised Shoppe as Franchisor determines at the time(s) and in the manner determined by Franchisor

3 7 Inspections

Franchisor shall conduct, as it deems advisable, inspections of the operation of the Franchised Shoppe by Franchisee

3 8 List of Suppliers

Franchisor shall, in the Manuals (or otherwise in writing as determined by Franchisor), provide Franchisee with a list of suppliers designated and/or approved by Franchisor to supply Products, equipment, signage, materials and services to franchisees in the System

3.9 Delegation.

Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any distributor, designee, employee, or agent of Franchisor, as Franchisor may direct

3.10 Fulfillment of Obligations.

In fulfilling its obligations pursuant to this Agreement, and in conducting any activities or exercising any rights pursuant to this Agreement, Franchisor (and its affiliates) shall have the right (i) to take into account, as it sees fit, the effect on, and the interests of, other franchised businesses and systems and in which Franchisor has an interest and on Franchisor's (and its affiliates') own activities, (ii) to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which Franchisor (or its affiliates) has an interest, or with Franchisor's affiliates, (iii) to introduce proprietary and non-proprietary items or operational equipment used by the System into other franchised systems in which Franchisor has an interest, and/or (iv) to allocate resources and new developments between and among systems, and/or Franchisor's affiliates, as Franchisor sees fit Franchisee understands and agrees that all of Franchisor's obligations under this Agreement are subject to this Section 3 10, and that nothing in this Section 3 10 shall in any way affect Franchisee's obligations under this Agreement

4. FEES

In the State of Illinois only, we will defer the payment of the initial franchise fee, development fee and any other initial payment until the franchisor or their affiliate has completed its pre-opening obligations under the franchise agreement and franchisee's restaurant is open and operating However, you must execute the Franchise Agreement prior to looking for a site or beginning training This deferral has been imposed by the Illinois Attorney General's Office based on the Franchisor's financial condition

In the state of California, all initial fees and costs, including fees or costs related to any services rendered, any equipment and/or inventory delivered or any other costs related to the franchise, are deferred until the franchisor's pre-opening obligations to the franchisee are complete and the franchisee is open for business.

Based upon our financial condition, the Maryland Securities Commissioner requires that all initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the agreement

4 1 Franchise Fee.

The initial franchise fee shall be the amount specified in Exhibit A (the "**Franchise Fee**"), which is paid as specified in Exhibit A in consideration of the franchise granted herein The Franchise Fee (as reflected in Exhibit A) shall be Twenty Five Thousand Dollars ($25,000), unless Franchisee (or an affiliate of Franchisee) is an existing franchisee under the System and is operating another Ritter's Frozen Custard Shoppe as of the Effective Date

If Franchisee is a qualified United States veteran, in which event the initial franchise fee shall be fifty percent (50%) of the then-current initial franchise fee being charged If Franchisee opens a second or more units the veteran discount will not apply to those units

The Franchise Fee shall be reduced by the deposit heretofore paid by Franchisee pursuant to the terms of a Deposit Agreement between Franchisor and Franchisee, or the development credit, if any, that may be applied from the remaining portion (if any) of the Multi-Unit Development Fees that Franchisee previously paid to Franchisor if Franchisee signed a separate Multi-Unit Development Agreement with Franchisor relating to the Franchised Shoppe The balance of the Franchise Fee due shall be paid by Franchisee in a lump sum upon execution of this Agreement If this Agreement is for a Scoop Shoppe, then the Franchise Fee payable hereunder shall be Ten Thousand Dollars ($10,000)

4 2 Refundability

Payment of the Franchise Fee shall be non-refundable in consideration of administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to franchise others

4 3 Royalty Fees.

For each Week during the term of this Agreement, Franchisee shall (a) pay Franchisor a continuing royalty fee in an amount equal to five percent (5%) of the Gross Sales of the Franchised Shoppe ("**Royalty Fees**"), and (b) report to Franchisor, in the manner specified by Franchisor, its Gross Sales (a "**Sales Report**") As used in this Agreement, the following terms shall apply

4 3 1 The term "**Week**" means the period starting with the commencement of business on Monday and concluding at the close of business on the following Sunday (or, if the Franchised Shoppe is not open on a Sunday, the immediately preceding business day), however, Franchisor shall have the right to designate in writing any other period of not less than seven days to constitute a "Week" under this Agreement

4 3 2 The term "**Gross Sales**" means all revenue from the sale of all Products and all other income of every kind and nature related to, derived from, or originating from the Franchised Shoppe, whether at retail or wholesale (whether such sales are permitted or not), whether for cash, check, or credit, and regardless of collection in the case of check or credit, provided, however, that "Gross Sales" excludes any customer refunds, coupon sales, sales taxes, and/or other taxes collected from customers by Franchisee and actually transmitted to the appropriate taxing authorities

4 3 3 If Franchisee does not report the Shoppe's Gross Sales, Franchisor may debit Franchisee's account for one hundred twenty percent (120%) of the last Royalty Fee and Brand Development Fund contribution that Franchisor debited If the Royalty Fee and Brand Development Fund contribution Franchisor debits are less than the Royalty Fee and Brand Development Fund contribution Franchisee actually owes to Franchisor, once Franchisor has been able to determine the Shoppe's true and correct Gross Sales, Franchisor will debit Franchisee's account for the balance on a day Franchisor specifies If the Royalty Fee and Brand Development Fund contribution Franchisor debits are greater than the Royalty Fee and Brand Development Fund contribution Franchisee actually owes, Franchisor will credit the excess against the amount it otherwise would debit from Franchisee's account during the following week

4 4 Brand Development Fund Contribution.

Franchisee shall pay to Franchisor a weekly Brand Development Fund contribution equal to two percent (2%) of the Gross Sales of the Franchised Shoppe The Brand Development Fund contribution is payable at the same time and in the same manner as the Royalty Fee due hereunder Franchisor reserves the right, in its sole discretion, to increase the Brand Development Fund contribution to three percent (3%) of Gross Sales upon sixty (60) days' advance written notice to Franchisee

4.5 When Payments Due

All payments required by Sections 4 3 and 4 4 above based on the Gross Sales for the preceding Week, and the Sales Report required by Section 4 3 for the Gross Sales for the preceding Week, shall be paid and submitted so as to be received by Franchisor by the third (3^{rd}) business day after the close of each Week Franchisee shall deliver to Franchisor any and all reports, statements and/or other information required under Section 12 2 below at the time and in the format reasonably requested by Franchisor Franchisee shall establish an arrangement for electronic funds transfer or deposit of any payments required under this Section Franchisee shall execute Franchisor's current form of "Authorization Agreement for Prearranged Payments (Direct Debits)," a copy of which is attached to this Agreement as Exhibit D, and Franchisee shall comply with the payment and reporting procedures specified by Franchisor in the Manuals Franchisee expressly acknowledges and agrees that Franchisee's obligations for the full and timely payment of Royalty Fees and Brand Development Fund contributions (and all other amounts provided for in this Agreement) shall be absolute, unconditional, fully earned, and due upon Franchisee's generation and receipt of Gross Sales Franchisee shall not for any reason delay or withhold the payment of all or any part of those or any other payments due hereunder, put the same in escrow or set-off same against any claims or alleged claims Franchisee may allege against Franchisor, the Cooperative Advertising Fund or others Franchisee shall not, on grounds of any alleged non-performance by Franchisor or others, withhold payment of any fee, including without limitation Royalty Fees or Brand Development Fund contributions, nor withhold or delay submission of any reports due hereunder including but not limited to Sales Reports

4.6 Accountants and Fees.

If required by Franchisor, Franchisee shall use a certified public accountant service approved by Franchisor for bookkeeping and financial records management Franchisee shall pay such service provider a fee for these services for each month in such reasonable amount as the service provider may periodically designate

4 7 Additional Payments

Franchisee shall pay to Franchisor, within fifteen (15) days of any written request by Franchisor which is accompanied by reasonable substantiating material, any monies which Franchisor has paid, or has become obligated to pay, on behalf of Franchisee, by consent or otherwise under this Agreement

4 8 Overdue Payments and Reports

Any payment, contribution, statement, or report not actually received by Franchisor on or before such date shall be overdue If any contribution or payment is overdue, Franchisee shall pay Franchisor immediately upon demand, in addition to the overdue amount (i) a late payment fee in an amount equal to five percent (5%) of the overdue amount, plus (ii) interest on the overdue amount from the date it was due until paid, at the rate of one and one-half percent (1 5%) per month or the maximum rate permitted by law, whichever is less Entitlement to such interest shall be in addition to any other remedies Franchisor may have

4 9 Non-Compliance Fee

In the event Franchisee is, at any time during the term of this Agreement, found to not be in compliance with the terms hereof and/or the Current System, Franchisee agrees to pay to Franchisor Seventy-Five Dollars ($75) for each incidence of non-compliance if a notice is issued Franchisee agrees that such fee is in addition to any other rights Franchisor may have under this Agreement or at law

Franchisor reserves the right to grant Franchisee the opportunity to cure the non-compliance prior to imposing the non-compliance fee Franchisor has the right to require any form of verification it requires to determine non-compliance, with or without cause, including but not limited to documentation, photos, video tours, etc and that Franchisee shall be required to furnish such verification within seventy-two (72) hours of Franchisor's request

4 10 No Subordination

Franchisee shall not subordinate to any other obligation its obligation to pay Franchisor the royalties and/or any other fee or charge payable to Franchisor, whether under this Agreement or otherwise

4.11 Security Interest

Franchisee hereby grants to Franchisor a security interest in all of Franchisee's interest in all leasehold improvements, furniture, furnishings, fixtures, equipment, inventory and supplies located at or used in connection with the Franchised Shoppe, now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions and replacements therefor, and all cash and non-cash proceeds derived from insurance or the disposition of such collateral, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, of Franchisee to Franchisor Franchisee agrees to execute and deliver to Franchisor in a timely manner all financial statements and other documents necessary or desirable to evidence, perfect and continue the priority of such security interests under the Uniform Commercial Code For such purposes, the address of Franchisee and Franchisor are stated on the signature page of this Agreement If Franchisee is in good standing, Franchisor agrees, upon request, to execute subordinations of its security interest to suppliers, lenders and/or lessors furnishing equipment or financing for the Franchised Shoppe

5 SITE SELECTION, CONSTRUCTION AND OPENING OF BUSINESS

5 1 Identifying and Securing Sites

Franchisee shall be solely responsible for identifying, submitting for Franchisor's approval, and securing a site for its Franchised Shoppe The following terms and conditions shall apply to Franchisee's Franchised Shoppe

5 1 1 Pursuant to the terms of the Deposit Agreement between Franchisee and Franchisor, Franchisee shall have submitted to Franchisor information concerning the potential location of the Franchised Restaurant, which location has been approved by Franchisor The address of the Approved Location shall be included on Exhibit A hereto

5 1 2 Franchisee shall use its best efforts to secure such site, either through a lease/sublease that is acceptable to Franchisor, as provided in Section 5 2 below, or a binding purchase agreement, and shall do so within sixty (60) days of the date of this Agreement Franchisee shall immediately notify Franchisor of the execution of the approved lease or binding purchase agreement The site approved and secured pursuant to this Agreement shall be specified as the Approved Location

5 1 3 Franchisee hereby acknowledges and agrees that approval by Franchisor of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Shoppe or for any other purpose Approval by Franchisor of the

site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation Both Franchisee and Franchisor acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to approval by Franchisor of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by Franchisor could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond the control of Franchisor Franchisor shall not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria

5.2 Approval of Lease.

5 2 1 Upon Franchisor's approval of a proposed site, Franchisee will attempt to obtain lawful possession of the approved site, at Franchisor's option, either through a sublease from Franchisor or its affiliate or through Franchisee's direct purchase, lease or sublease If Franchisor elects not to execute the lease and sublet the site back to Franchisee, then the lease or sublease for the Approved Location shall be in a form satisfactory to Franchisor and (a) provide for concurrent, written notice to Franchisor of Franchisee's default under said lease or sublease, (b) provide for Franchisor's right, in its sole discretion, to cure Franchisee's default under said lease or sublease, (c) provide for Franchisee's right to assign its interest under said lease or sublease to Franchisor without the lessor's or sublessor's consent, (d) authorize and require the lessor or sublessor to disclose to Franchisor upon its request sales and other information furnished to the lessor or sublessor by Franchisee, (e) provide that Franchisor shall have the right, in its sole discretion, upon termination of this Agreement or expiration of this Agreement, without the grant of a successor franchise, to assume said lease or sublease, (f) provide for the lessor's or sublessor's consent to Franchisee's display of the Proprietary Marks in accordance with Franchisor's specifications therefor, subject only to applicable law, (g) provide that it may not be materially modified without Franchisor's prior written consent and that Franchisor will receive copies of such modifications when proposed and when executed, and (h) include an executed copy of the Collateral Assignment of Lease, which is attached hereto as Exhibit G, or a substantially similar form

5 2 2 Franchisee will deliver to Franchisor for review a copy of the lease, sublease or purchase agreement for the Approved Location Franchisee agrees that if Franchisor does not require Franchisee to enter into a sublease with Franchisor or its affiliate, Franchisee will not execute a lease, sublease or purchase agreement without Franchisor's prior written approval of its terms If Franchisor does not disapprove a proposed lease, sublease or purchase agreement within thirty (30) days after Franchisor receives it, it shall be deemed not approved by Franchisor Franchisee shall deliver a copy of the signed lease, sublease or purchase agreement to Franchisor within fifteen (15) days of its execution Franchisee further agrees that it will not execute or agree to any modification of the lease, sublease or purchase agreement which would affect Franchisor's rights without Franchisor's prior written approval If Franchisor chooses to take the lease for the Approved Location, Franchisee will, at Franchisor's request, sublease the site from Franchisor on the same terms as the prime lease, pursuant to the form of Sublease Agreement attached hereto as Exhibit K

5.3 Preparing a Location.

Before commencing any construction of the Franchised Shoppe, Franchisee, at its expense, shall comply, to Franchisor's satisfaction, with all of the following requirements

5 3 1 Franchisee shall employ a qualified, licensed architect or engineer who has been approved or designated (as described below) by Franchisor to prepare, subject to Franchisor's approval, preliminary plans and specifications for site improvement and/or construction of the Franchised Shoppe

based upon prototype plans and/or specifications furnished by Franchisor, as described in Section 3 1 above Franchisor shall have the right to designate one or more suppliers of design services and/or architecture services to supply such services to the System If Franchisor designates a design firm and/or architecture firm prior to the time Franchisee commences to develop the Franchised Shoppe, Franchisee shall employ such designated supplier(s) to prepare all or a portion of the designs and plans for the Franchised Shoppe, unless Franchisee obtains Franchisor's prior written approval to use an alternative professional If Franchisor has not designated a design firm or architecture firm, Franchisee shall be responsible for locating and employing a qualified design consultant and architect who is/are licensed in the jurisdiction in which the Franchised Shoppe will be located, and who is reputable and experienced in providing design and architecture services Franchisee shall be solely responsible for payments for all design and architecture services Franchisee acknowledges and agrees that Franchisor shall not be liable for the unsatisfactory performance of any contractor retained by Franchisee

5 3 2 Franchisee shall comply with all federal, state and local laws, codes and regulations, including the applicable provisions of the ADA regarding the construction, design and operation of the Franchised Shoppe In the event Franchisee receives any complaint, claim, other notice alleging a failure to comply with the ADA, Franchisee shall provide Franchisor with a copy of such notice within five (5) days after receipt thereof

5 3 3 Franchisee shall be responsible for obtaining all zoning classifications and clearances that may be required by state or local laws, ordinances, or regulations or that may be necessary or advisable owing to any restrictive covenants relating to the Approved Location After having obtained such approvals and clearances, Franchisee shall submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications Franchisor's review and approval of plans shall be limited to review of such plans to assess compliance with Franchisor's design standards for Ritter's Frozen Custard Shoppes, including such items as trade dress, presentation of Proprietary Marks, and the providing to the potential customer of certain products and services that are central to the functioning of Ritter's Frozen Custard Shoppes Such review is not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws is the sole responsibility of Franchisee Once approved by Franchisor, such final plans shall not thereafter be changed or modified without the prior written permission of Franchisor Any such change made without Franchisor's prior written permission shall constitute a default and Franchisor may withhold its authorization to open the Franchised Shoppe until the unauthorized change is rectified (or reversed) to Franchisor's reasonable satisfaction Prior to opening the Franchised Shoppe and prior to renovating the Franchised Shoppe after its initial opening, Franchisee shall execute an ADA Certification in the form attached to this Agreement as Exhibit B that certifies in writing to Franchisor that the Franchised Shoppe and any proposed renovations comply with the ADA

5 3 4 Franchisee shall obtain all permits and certifications required for the lawful construction and operation of the Franchised Shoppe and shall certify in writing to Franchisor that all such permits and certifications have been obtained

5 3 5 Franchisee shall employ a qualified licensed general contractor who is acceptable to Franchisor to construct the Franchised Shoppe and to complete all improvements Franchisee shall obtain and maintain in force during the entire period of construction the insurance required under Section 14 below

5 3 6 Throughout the construction process, Franchisee shall comply with Franchisor's requirements and procedures for periodic inspections of the Premises, and shall fully cooperate with

Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request

5 4 Opening Date.

Unless delayed by the occurrence of events constituting "force majeure" as defined in Section 5 5 below, Franchisee shall construct, furnish, and open the Franchised Shoppe in accordance with this Agreement and shall open the Franchised Shoppe the earlier of ten (10) months following the execution of this Agreement or seven (7) months after the Approved Location is identified Time is of the essence Franchisee shall provide Franchisor with written notice of its specific intended opening date and Franchisee's request for Franchisor's approval to open on such date, by no later than thirty (30) days prior to such intended opening date Additionally, Franchisee shall comply with all other of Franchisor's pre-opening requirements, conditions and procedures (including, without limitation, those regarding pre-opening scheduling and communications) as set forth in this Agreement, the Manuals, and/or elsewhere in writing by Franchisor, and shall obtain Franchisor's written approval prior to opening the Franchised Shoppe

5 5 Force Majeure

As used in this Agreement, **"force majeure"** means an act of God, war, civil disturbance, act of terrorism, government action, fire, flood, accident, hurricane, earthquake, or other calamity, strike or other labor dispute, or any other cause beyond the reasonable control of Franchisee, provided, however, force majeure shall not include Franchisee's lack of adequate financing

6 TRAINING

6 1 Initial Training and Attendees

Before opening the Franchised Shoppe, Franchisee shall have satisfied all initial training obligations required by Franchisor, which are as follows

6 1 1 Franchisee (or, if Franchisee is other than an individual, the Designated Principal (defined in Section 8 3 below)) and one (1) manager (a maximum of two (2) persons total), shall attend and successfully complete, to Franchisor's satisfaction, the initial training program offered by Franchisor at a location designated by Franchisor (unless this Agreement is for the third or subsequent Ritter's Frozen Custard Shoppe being developed pursuant to a Multi-Unit Development Agreement between Franchisor and Franchisee (or an affiliate of Franchisee), in which event the requirements set forth in Section 6 1 3 below shall apply with respect to the pre-opening training of Franchisee, the Designated Principal and any manager) The duration of the initial training will be approximately three (3) weeks at such location as Franchisor designates If any required attendee does not satisfactorily complete such training, Franchisor may require that a replacement person attend and successfully complete, to Franchisor's satisfaction, the initial training program

6 1 2 If Franchisee is other than an individual, Franchisor may require (in addition to the training of the Designated Principal) that any or all owners of beneficial interests in Franchisee (each a **"Principal"**), who are individuals and own at least a ten percent (10%) beneficial interest in Franchisee, attend and successfully complete, to Franchisor's satisfaction, such portions of the initial training program as determined by Franchisor appropriate for Principals not involved in the day-to-day operations of the Franchised Shoppe

6 1 3 If this Agreement is for the third or subsequent Ritter's Frozen Custard Shoppe being developed pursuant to a Multi-Unit Development Agreement between Franchisor and Franchisee (or an affiliate of Franchisee), then Franchisee shall be responsible for conducting the initial training of its Designated Principal and any other managerial personnel in accordance with the requirements and conditions as Franchisor may from time to time establish for such training Franchisor's requirements for initial training by Franchisee shall be set forth in the Manuals or other written materials and shall include, but are not limited to, the requirement that all such training activities be conducted (a) by the Principals or personnel of Franchisee (or an affiliate of Franchisee), who have completed Franchisor's initial training program to the satisfaction of the Franchisor, and who remain acceptable to Franchisor to provide initial training, and (b) following the procedures and conditions established by Franchisor If Franchisor determines that the training provided by Franchisee does not satisfy Franchisor's standards and requirements, or that any newly trained individual is not trained to Franchisor's standards, then Franchisor may require that such newly trained individual(s) attend and complete an initial training program provided by Franchisor prior to the opening of the Franchised Shoppe

6 1 4 Franchisee must satisfy all pre-opening training requirements under this Section 6 1 by no later than thirty (30) days prior to the scheduled opening of the Franchised Shoppe

6 2 New or Replacement Designated Principal and Managers

In the event that Franchisee's Designated Principal or manager ceases active employment in the Franchised Shoppe, Franchisee shall enroll a qualified replacement who is reasonably acceptable to Franchisor in Franchisor's training program reasonably promptly following cessation of employment of said individual, provided that Franchisee may train replacement managers in accordance with Section 6 3 below Franchisee shall bear all costs related to training the new or replacement manager, including Franchisor's training fee, and travel, lodging, meals and wages of the attendee The replacement Designated Principal and any required managers shall complete the initial training program as soon as is practicable and in no event later than any time periods as Franchisor may specify from time to time in the Manuals and otherwise in writing Franchisor reserves the right to review any Franchisee trained personnel and require that such persons attend and complete, to the satisfaction of Franchisor, the initial training program offered by Franchisor at a location designated by Franchisor

Franchisee acknowledges and understands that, except for providing training to Franchisee's managers and replacement managers as described herein, Franchisor shall not be required to provide training to Franchisee's employees, which shall be Franchisee's sole responsibility

6 3 Training by Franchisee of Additional or Replacement Managers

Franchisee shall have the option of training any manager (following the training of the first manager by Franchisor) at the Franchised Shoppe or other Ritter's Frozen Custard Shoppes operated by Franchisee or its affiliates, provided that the training is conducted (a) by the Designated Principal or other personnel who has completed Franchisor's initial training program, to the satisfaction of the Franchisor (and who remains acceptable to Franchisor to provide such training), (b) in accordance with any requirements or standards as Franchisor may from time to time establish in writing for such training, and (c) Franchisee is in compliance with all agreements between Franchisee and Franchisor In the event Franchisee is not certified to provide training or Franchisee loses its training certification, then Franchisor will train the additional or replacement manager Franchisor reserves the right to require Franchisee to pay Franchisor's then-current charges for such training, which charges are in addition to any out-of-pocket expenses to be incurred in relation to such training, such as travel, lodging, food and wages

6 4 Refresher Training

Franchisor may also require that Franchisee or its Designated Principal and managers attend such refresher courses, seminars, and other training programs as Franchisor may reasonably require from time to time, provided that such training shall not exceed four (4) days per person each year, and attendance for up to three (3) days per person each year at conventions, if any, conducted for Franchisor's franchisees

6.5 Training Costs

The cost of all training (instruction and required materials) shall be borne by Franchisor, except as provided in Section 6 7 below All other expenses incurred in connection with training, including without limitation the costs of transportation, lodging, meals, wages, and worker's compensation insurance, shall be borne by Franchisee

6.6 Location of Training

All training programs shall be at such times as may be designated by Franchisor Training programs shall be provided at Franchisor's headquarters and/or such other locations as Franchisor may designate

6.7 Additional On-site Training

If Franchisee requests that Franchisor provide additional on-site training or that any other training programs offered or required by Franchisor be conducted for Franchisee at the Franchised Shoppe, and Franchisor does so, then Franchisee agrees that it shall pay Franchisor's then-current per diem charges and out-of-pocket expenses, which shall be as set forth in the Manuals or otherwise in writing

7 TECHNOLOGY

7 1 Computer Systems and Required Software

The following terms and conditions shall apply with respect to the Computer System and Required Software

7 1 1 Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Ritter's Frozen Custard Shoppes, including without limitation (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Ritter's Frozen Custard Shoppes, between or among Ritter's Frozen Custard Shoppes, and between and among the Franchised Shoppe and Franchisor and/or Franchisee, (b) Cash Register Systems, (c) physical, electronic, and other security systems, (d) printers and other peripheral devices, (e) archival back-up systems, and (f) internet access mode and speed (collectively, the "**Computer System**")

7 1 2 Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate (a) computer software programs and accounting system software that Franchisee must use in connection with the Computer System ("**Required Software**"), which Franchisee shall install, (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install, (c) the tangible media upon which such Franchisee shall record data, and (d) the database file structure of Franchisee's Computer System

7 1 3 Franchisee shall record all sales on computer-based point of sale systems approved by Franchisor or on such other types of cash registers as may be designated by Franchisor in the

Manuals or otherwise in writing ("**Cash Register Systems**"), which shall be deemed part of the Franchisee's Computer System.

7.1.4 Franchisee shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as Franchisor may request in writing (collectively, "**Computer Upgrades**").

7.1.5 Franchisee shall comply with all specifications issued by Franchisor with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. Franchisee shall also afford Franchisor unimpeded access to Franchisee's Computer System and Required Software as Franchisor may request, in the manner, form, and at the times requested by Franchisor.

7.2 Data

Franchisor may, from time-to-time, specify in the Manuals or otherwise in writing the information that Franchisee shall collect and maintain on the Computer System installed at the Franchised Shoppe, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data pertaining to the Franchised Shoppe, and all data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the business (including without limitation data pertaining to or otherwise concerning the Franchised Shoppe's customers) or otherwise provided by Franchisee (including, without limitation, data uploaded to, or downloaded from Franchisee's Computer System) is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee for the term of this Agreement, at no additional cost, solely for Franchisee's use in connection with the business franchised under this Agreement.

7.3 Privacy

Franchisee shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("**Privacy**"), and shall comply with Franchisor's standards and policies pertaining to Privacy. If there is a conflict between Franchisor's standards and policies pertaining to Privacy and applicable law, Franchisee shall (a) comply with the requirements of applicable law, (b) immediately give Franchisor written notice of said conflict, and (c) promptly and fully cooperate with Franchisor and Franchisor's counsel as Franchisor may request to assist Franchisor in its determination regarding the most effective way, if any, to meet Franchisor's standards and policies pertaining to Privacy within the bounds of applicable law.

7.4 Telecommunications

Franchisee shall comply with Franchisor's requirements (as set forth in the Manuals or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Intranet (as defined below), if any, and/or such other computer systems as Franchisor may reasonably require.

7.5 Intranet

Franchisor has established a website providing private and secure communications between Franchisor, Franchisee, franchisees, licensees and other persons and entities as determined by Franchisor, in its sole discretion (an "**Intranet**"). Franchisee shall comply with Franchisor's requirements (as set forth in the Manuals or otherwise in writing) with respect to connecting to the Intranet, and utilizing the

Intranet in connection with the operation of the Franchised Shoppe The Intranet may include, without limitation, the Manuals, training other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct) Franchisee shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet Franchisee agrees to pay to Franchisor its then-current access fee for access to the Intranet

7 6 Websites

As used in this Agreement, the term "**Website**" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software The term Website includes, but is not limited to, Internet and World Wide Web home pages In connection with any Website, Franchisee agrees to the following

7 6 1 Franchisor shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Proprietary Marks, any or all of the Products, Ritter's Frozen Custard Shoppes, the franchising of Ritter's Frozen Custard Shoppes, and/or the System Franchisor shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage, Franchisor shall also have the right to discontinue operation of the Website

7 6 2 Franchisor shall have the right, but not the obligation, to designate one or more web page(s) to describe Franchisee and/or the Franchised Shoppe, with such web page(s) to be located within Franchisor's Website Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance and content of any such web pages, and Franchisor shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page

7 6 3 Franchisee shall not establish a separate Website related to the Proprietary Marks or the System without Franchisor's prior written approval (which Franchisor shall not be obligated to provide) If approved to establish a Website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such Website Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval under Section 13 below

7 6 4 Franchisor shall have the right to modify the provisions of this Section 7 relating to Websites as Franchisor shall solely determine is necessary or appropriate

7 6 5 Franchisee acknowledges and agrees that he may not promote the Franchised Business or use the Proprietary Marks in any manner on any social and/or networking Websites, including, but not limited to, Facebook, LinkedIn, MySpace and Twitter, without Franchisor's prior written consent

7 7 Online Use of Proprietary Marks

Franchisee shall not use the Proprietary Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without Franchisor's prior written consent as to Franchisee's plan for transmitting such advertisements

7.8 No Outsourcing without Prior Written Approval

Franchisee shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without Franchisor's prior written approval therefor Franchisor's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with Franchisor and Franchisee in a form that is reasonably provided by Franchisor

7 9 Changes to Technology

Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System, and Franchisee agrees that it shall abide by those reasonable new standards established by Franchisor as if this Section 7 were periodically revised by Franchisor for that purpose

7 10 Electronic Commerce

7 10 1 Franchisee may sell the Products and related products to retail customers and prospective retail customers who live anywhere but who choose to dine at or from Franchisee's Shoppe Franchisee may not engage in any promotional activities or sell the Products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media"), through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere, or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere Franchisee may not place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located outside of its immediate market area Franchisee has no options, rights of first refusal, or similar rights to acquire additional franchises Franchisee may not sell the Proprietary Products to any business or other customer at wholesale

7 10 2 Franchisor and its affiliates may sell products under the Proprietary Marks anywhere through any method of distribution other than a Ritter's Frozen Custard Shoppe, including sales through such channels of distribution as the Internet, catalog sales, telemarketing or other direct marketing sales (together, "alternative distribution channels") Franchisee may not use alternative distribution channels to make sales anywhere except as described in Section 7 10 3 and Franchisee will not receive any compensation for Franchisor's sales through alternative distribution channels except as described in Section 7 10 3

7 10 3 If Franchisor engages in electronic commerce through any Internet, World Wide Web or other computer network site or sells through any other alternative distribution channel, and Franchisor receives orders for any Products or other products offered by a Ritter's Frozen Custard Shoppe calling for delivery or performance in Franchisee's immediate area, then Franchisor will offer the order to Franchisee at the price established by Franchisor If Franchisee chooses not to fulfill the order or is unable to do so, then Franchisor, one of its affiliates or a third party designated by Franchisor (including another franchisee) may fulfill the order, and Franchisee will not be entitled to any compensation in connection with this

8. OTHER DUTIES OF FRANCHISEE

8.1 Details of Operation

Franchisee understands and acknowledges that every detail of the System and this Agreement is important to Franchisee, Franchisor, and other franchisees in order to develop and maintain high operating, quality and service standards, to increase the demand for the Products sold by all operators, to protect Ritter's Frozen Custard Shoppes operating under the System, and to protect the reputation and goodwill of Franchisor

8 2 Compliance with the Agreement, including the Manuals

Franchisee shall operate the Franchised Shoppe in strict conformity with this Agreement and such standards and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing, and shall refrain from deviating from such standards, specifications, and procedures without the prior written consent of Franchisor

8 3 Management of Business & Designated Principal.

If Franchisee is other than an individual, prior to beginning training, Franchisee shall comply with the following

8 3 1 Franchisee shall designate, subject to Franchisor's reasonable approval, one (1) Principal who is an individual person and who shall be responsible for general oversight and management of the operations of the Franchised Shoppe on behalf of Franchisee (the "**Designated Principal**") In the event the person designated as the Designated Principal dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to supervise the operations of the Franchised Shoppe, Franchisee shall promptly designate a new Designated Principal, subject to Franchisor's reasonable approval The Designated Principal must have at least a ten percent (10%) ownership interest in Franchisee

8 3 2 Franchisee shall inform Franchisor in writing whether Franchisee or, if Franchisee is other than an individual, the Designated Principal, will assume full-time responsibility for the daily supervision and operation of the Franchised Shoppe

8 3 3 Franchisee acknowledges and agrees that Franchisor shall have the right to rely upon either or both the Franchisee or Designated Principal to have been given by Franchisee the responsibility and decision-making authority regarding the Franchised Shoppe's operation and Franchisee's business

8 4 Staffing

Franchisee agrees to maintain a competent, conscientious, staff (who are trained by Franchisee to Franchisor's standards and requirements) in numbers sufficient to promptly service customers and to take such steps as are necessary to ensure that its employees preserve good customer relations, render competent, prompt, courteous, and knowledgeable service, comply with such uniforms and/or dress code as Franchisor may prescribe, and meet such minimum standards as Franchisor may establish from time to time in the Manuals In no way limiting the foregoing, Franchisee shall have on duty at all times a minimum of two (2) certified managers, one of which may be Franchisee, and/or hourly employees trained in management activities who have completed all training and certifications required by Franchisor, as well as all federal, state and local authorities Franchisee shall be solely responsible for all employment decisions and functions of the Franchised Shoppe, including those related to hiring, firing, wage and hour requirements, recordkeeping, supervision, and discipline of employees

8 5 Use of Premises.

Franchisee shall use the Premises solely for the operation of the Franchised Shoppe, shall keep the Franchised Shoppe open and in normal operation for such minimum hours and days as Franchisor may specify, and shall refrain from using or permitting the use of the Premises for any other purpose or activity at any time without first obtaining the written consent of Franchisor

8 6 Conformity to Standards

To insure that the highest degree of quality and service is maintained, Franchisee shall operate the Franchised Shoppe in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing Without limitation, Franchisee agrees as follows

8 6 1 Franchisee shall purchase and install prior to the opening of the Franchised Shoppe, and thereafter maintain, all fixtures, furnishings, equipment, decor, and signs, and maintain in sufficient supply supplies and materials, as Franchisor may prescribe in the Manuals or otherwise in writing Franchisee shall refrain from deviating therefrom by the use of any unapproved item without the prior written consent of Franchisor

8 6 2 Franchisee shall offer and sell only Products that Franchisor specifies from time to time, unless otherwise approved in writing by Franchisor, and Franchisee shall offer and sell all Products as Franchisor may specify from time to time as required offerings at the Franchised Shoppe Franchisee shall offer and sell the Products utilizing the ingredients and employing the preparation standards and techniques as specified by Franchisor Franchisee is prohibited from offering or selling any products or services at or from the Franchised Shoppe that have not previously been authorized by Franchisor, and shall discontinue selling and offering for sale any Products which Franchisor shall have the right to disapprove, in writing, at any time If Franchisee wishes to offer or sell any products or services that have not previously been authorized by Franchisor, Franchisee must first make a written request to Franchisor, requesting authorization to offer or sell such products or services in accordance with Section 8 7 below Franchisor may deny such approval for any reason

8 6 3 Franchisee shall permit Franchisor or its agents, at any reasonable time, to remove samples of Products, without payment therefor, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether said samples meet Franchisor's then-current standards and specifications In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform to Franchisor's specifications

8 6 4 Franchisor may designate an independent evaluation service to conduct a "mystery shopper" quality control and evaluation program with respect to Franchisor or affiliate-owned and/or franchised Ritter's Frozen Custard Shoppes Franchisee agrees that the Franchised Shoppe will participate in such mystery shopper program, as prescribed and required by Franchisor, provided that Franchisor-owned, affiliate-owned, and franchised Ritter's Frozen Custard Shoppes also will participate in such program to the extent Franchisor has the right to require such participation Franchisor shall have the right to require Franchisee to pay the then-current charges imposed by such evaluation service with respect to inspections of the Franchised Shoppe, and Franchisee agrees that it shall promptly pay such

charges, provided, however, that such charges shall not exceed Five Hundred Dollars ($500) during each year of this Agreement

8 6 5 Franchisee shall participate in all customer surveys and satisfaction audits, which may require that Franchisee provide discount or complimentary Products, provided that such discounted or complimentary sales shall not be included in the Gross Sales of the Franchised Shoppe Additionally, Franchisee shall participate in any complaint resolution and other programs as Franchisor may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers

8 7 Purchases and Approved Suppliers.

Franchisee shall purchase all equipment, fixtures, furnishings, signs, decor, supplies, services, and products (including the Products) required for the establishment and operation of the Franchised Shoppe from suppliers designated or approved in writing by Franchisor (as used in this Section 8 7 the term "supplier" shall include manufacturers, distributors and other forms of suppliers) In determining whether it will approve any particular supplier, Franchisor shall consider various factors, including but not limited to whether the supplier can demonstrate, to Franchisor's continuing reasonable satisfaction, the ability to meet Franchisor's then-current standards and specifications for such items, who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably, whose approval would enable the System, in Franchisor's sole opinion, to take advantage of marketplace efficiencies, and who have been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier, and have not thereafter been disapproved Franchisor reserves the right to designate, at any time and for any reason, a single supplier for any equipment, supplies, services, or products (including any Products) and to require Franchisee to purchase exclusively from such designated supplier, which exclusive designated supplier may be Franchisor or an affiliate of Franchisor

8 7 1 Notwithstanding anything to the contrary in this Agreement, Franchisee shall purchase all of its requirements for Proprietary Products from Franchisor's designee(s), as set forth in Section 8 8 below (through such distributor or distributors as Franchisor may designate) Franchisor shall have the right to introduce additional, substitute new, or discontinue Proprietary Products from time to time

8 7 2 If Franchisee desires to purchase any Products (except for Proprietary Products) or other items, equipment, supplies, services from suppliers other than those previously designated or approved by Franchisor, Franchisee must first submit to Franchisor a written request for authorization to purchase such items Franchisee shall not purchase from any supplier until, and unless, such supplier has been approved in writing by Franchisor Franchisor may deny such approval for any reason, including its determination to limit the number of approved suppliers Franchisee must submit to Franchisor such information and samples as Franchisor may reasonably require, and Franchisor shall have the right to require periodically that its representatives be permitted to inspect such items and/or supplier's facilities, and that samples from the proposed supplier, or of the proposed items, be delivered for evaluation and testing either to Franchisor or to an independent testing facility designated by Franchisor Permission for such inspections shall be a condition of the initial and continued approval of such supplier A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by Franchisee Franchisor may also require that the supplier comply with such other requirements as Franchisor may deem appropriate, including payment of reasonable continuing inspection fees and administrative costs, or other payment to Franchisor by the supplier on account of their dealings with Franchisee or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that Franchisor may render to such suppliers

8 7 3 Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria Upon receipt of written notice of such revocation, Franchisee shall cease to sell or use any disapproved item, Products and/or cease to purchase from any disapproved supplier

8 7 4 Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier, nor to require Franchisor to make available to prospective suppliers, standards and specifications for formulas, which Franchisor shall have the right to deem confidential

8 7 5 Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at Franchisor's sole option, Franchisor may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally known suppliers who are willing to supply all or some Ritter's Frozen Custard Shoppes with some or all of the products and/or services that Franchisor requires for use and/or sale in the development and/or operation of Ritter's Frozen Custard Shoppes In this event, Franchisor may limit the number of approved suppliers with whom Franchisee may deal, designate sources that Franchisee must use for some or all Products and other products and services, and/or refuse any of Franchisee's requests if Franchisor believes that this action is in the best interests of the System or the franchised network of Ritter's Frozen Custard Shoppes Franchisor shall have unlimited discretion to approve or disapprove of the suppliers who may be permitted to sell Products to Franchisee

8 7 6 Franchisor and its affiliates may receive payments or other compensation from suppliers on account of such suppliers' dealings with Franchisee and other franchisees, and Franchisor may use all amounts so received for any purpose Franchisor and its affiliates deem appropriate

We reserve the right to direct that any supplier rebates, refunds, advertising allowances or other consideration payable or paid as a result of your purchases of non-proprietary goods, services or equipment be paid to us or any affiliate that we may designate If we do so, then you hereby acknowledge that you will not assert any interest in such monies

8 8 Proprietary Products

Franchisee acknowledges and agrees that the Proprietary Products offered and sold at Ritter's Frozen Custard Shoppes are manufactured in accordance with secret blends, recipes, standards, and specifications of Franchisor and/or Franchisor's affiliates, and are Proprietary Products of Franchisor and/or its affiliates In order to maintain the high standards of quality, taste, and uniformity associated with Proprietary Products sold at all Ritter's Frozen Custard Shoppes in the System, Franchisee agrees to purchase Proprietary Products only from Franchisor or its designee(s), and not to offer or sell any other items not approved by Franchisor at or from the Franchised Shoppe In connection with the handling, storage, transport and delivery of any Proprietary Products purchased from Franchisor, its affiliates or designee(s), Franchisee acknowledges that any action or inaction by any third party (e g , an independent carrier) in connection with the handling, storage, transport and delivery of the Proprietary Products shall not be attributable to nor constitute negligence of Franchisor A request shall not be approved unless and until Franchisee receives written approval from Franchisor

8.9 Inspections.

Franchisee shall permit Franchisor and its agents to enter upon the Premises at any time during normal business hours for the purpose of conducting inspections of the Premises and the operations of

Franchisee Franchisee shall cooperate with representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from Franchisor or its agents, and without limiting other rights of Franchisor under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by Franchisor and to charge Franchisee the actual expenses of Franchisor in so acting, which shall be payable by Franchisee upon demand The foregoing shall be in addition to such other remedies Franchisor may have

8 10 Trademarked Items

Franchisee shall ensure that all advertising and promotional materials, signs, decorations, paper goods (including wrapping and containers for products, napkins, menus and all forms and stationery used in the Franchised Shoppe), Products, and other items specified by Franchisor bear the Proprietary Marks in the form, color, location, and manner prescribed by Franchisor Franchisee shall place and illuminate all signs in accordance with Franchisor's specifications

8 11 Participation in Promotions

Franchisee shall participate in promotional programs developed by Franchisor for the System, in the manner directed by Franchisor in the Manuals or otherwise in writing, to the extent such promotional programs do not directly affect Franchisee's pricing freedom In no way limiting the foregoing, Franchisee agrees that if required by Franchisor

8 11 1 Franchisee shall participate in all programs and services for frequent customers, senior citizens, children, and other categories, which may include providing discount or complimentary Products

8 11 2 Franchisee shall sell or otherwise issue gift cards or certificates (together "**Gift Cards**") that have been prepared utilizing the standard form of Gift Card provided or designated by Franchisor, and only in the manner specified by Franchisor in the Manuals or otherwise in writing Franchisee shall fully honor all Gift Cards that are in the form provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisee or another Ritter's Frozen Custard Shoppe Franchisee shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by Franchisor in the Manuals or otherwise in writing, including those relating to procedures by which Franchisee shall request reimbursement for Gift Cards issued by other Ritter's Frozen Custard Shoppes and for making timely payment to Franchisor, other operators of Ritter's Frozen Custard Shoppes, or a third-party service provider for Gift Cards issued from the Franchised Shoppe that are honored by Franchisor or other Ritter's Frozen Custard Shoppe operators We reserve the right to alter the terms and conditions of any gift card program, including reserving the right to apply changes retroactively to benefits already accrued under such programs

8 12 Health Standards.

Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Shoppe under the Manuals and applicable health ordinances Franchisee shall also comply with the requirements set forth in the Manuals for submitting to Franchisor a copy of a violation or citation relating to Franchisee's failure to maintain any health or safety standards in the operation of the Franchised Shoppe

8.13 Maintenance of Premises

Franchisee shall maintain the Franchised Shoppe and the Premises in a clean, orderly condition and in excellent repair, and, in connection therewith, Franchisee shall, at its expense, make such repairs and replacements thereto (but no others without prior written consent of Franchisor) as may be required for that purpose, including such periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor as Franchisor may reasonably direct In the event that Franchisee fails to make any required repair or replacement to the Franchised Shoppe and the Premises as required herein, whether or not required by the Franchisor, the landlord of the Premises or otherwise, the Franchisor has the right, to be exercised in its sole discretion, to enter upon the Franchised Shoppe and the Premises and to make any required repair or replacement, without being guilty of trespass or any other tort If Franchisor exercises this option, Franchisee agrees to immediately reimburse Franchisor for its costs and expenses related to such repair or replacement

8 14 Ongoing Upgrades and Refurbishments

As set forth in Section 8 6 1, throughout the term of this Agreement, Franchisee shall maintain all fixtures, furnishings, equipment, decor, and signs as Franchisor may prescribe from time to time in the Manuals or otherwise in writing Franchisee shall make such changes, upgrades, refurbishment, and replacements as Franchisor may periodically require, in the time frames specified by Franchisor

8 15 Five-Year Refurbishment and Renovations

At the request of Franchisor, but not more often than once every five (5) years, unless sooner required by Franchisee's lease, Franchisee shall refurbish the Premises, at its expense, to conform to the design, trade dress, color schemes, and presentation of the Proprietary Marks at the Franchised Shoppe in a manner consistent with the then-current image for new Ritter's Frozen Custard Shoppes Such refurbishment may include structural changes, installation of new equipment and signs, remodeling, redecoration, and modifications to existing improvements, and shall be completed pursuant to such standards, specifications and deadlines as Franchisor may specify

8 16 Compliance with Lease

Franchisee shall comply with all terms of its lease or sublease, its financing agreements (if any), and all other agreements affecting the operation of the Franchised Shoppe, shall undertake best efforts to maintain a good and positive working relationship with its landlord and/or lessor, and shall not engage in any activity which may jeopardize Franchisee's right to remain in possession of, or to renew the lease or sublease for, the Premises

8.17 Obligations to Third Parties.

Franchisee must at all times pay its distributors, contractors, suppliers, trade creditors, employees and other creditors promptly as the debts and obligations to such persons become due, and failure to do so shall constitute a breach of this Agreement

8 18 Notice of Legal Actions.

Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any suit to foreclose any lien or mortgage, or any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, including health agencies, which (i) relates to the operation of the Franchised Shoppe, (ii) may adversely affect the operation or financial condition of the Franchised Shoppe, or (iii) may adversely affect Franchisee's financial condition

8.19 No Relocation.

Franchisee shall not relocate the Franchised Shoppe from the Approved Location without the prior written approval of Franchisor If Franchisee desires to relocate the Franchised Shoppe, the following terms and conditions shall apply

8 19 1 Franchisee shall submit such materials and information as Franchisor may request for the evaluation of the requested plan of relocation together with payment of Franchisor's relocation fee in the amount of Seven Thousand Five Hundred Dollars ($7,500) Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval for relocation (i) Franchisee not be in default under any provision of this Agreement, or any other agreement between Franchisee and Franchisor, (ii) the proposed substitute location meets Franchisor's then-current standards for Ritter's Frozen Custard Shoppes and will not adversely affect another franchisee's operations (in Franchisor's discretion), (iii) the lease (if applicable) for the proposed substitute location must comply with Franchisor's then-current lease requirements for Ritter's Frozen Custard Shoppes (which may include the requirement that the lease contain certain terms and conditions, which may be different than, or in addition to, those terms Franchisor required as of the Effective Date with respect to the Approved Location), and Franchisee must obtain Franchisor's approval of the proposed lease, (iv) Franchisee must possess the financial resources to meet the costs associated with relocating, and (v) Franchisee enter into Franchisor's then-current form of Franchise Agreement (which shall replace this Agreement)

8 19 2 If, through no fault of Franchisee, the Premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then Franchisee shall have forty five (45) days after such event in which to apply for Franchisor's approval to relocate and/or reconstruct the Premises, which approval shall not be unreasonably withheld

8 20 Franchisee Advisory Councils

Franchisor may, during the term of this Agreement, form or require the formation of a franchisee advisory council or association (hereinafter "**Advisory Council**") or such successor council to serve as an advisory council to Franchisor with respect to advertising, marketing, and other matters relating to franchised Ritter's Frozen Custard Shoppes If an Advisory Council is formed, the Advisory Council shall act in an advisory capacity only and shall not have any decision making authority

8.21 Changes to the System

Franchisee acknowledges and agrees that from time to time hereafter Franchisor may change or modify the System presently identified by the Proprietary Marks, as Franchisor deems appropriate, including without limitation to reflect the changing market and to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of Ritter's Frozen Custard Shoppes Changes to the System may include, without limitation, the adoption and use of new, modified, or substituted products, services, equipment and furnishings and new techniques and methodologies, and (as described in Section 9 below) additional or substitute trademarks, service marks and copyrighted materials Franchisee shall, upon reasonable notice, accept, implement, use and display in the operation of the Franchised Shoppe any such changes in the System, as if they were part of this Agreement at the time of execution hereof, at Franchisee's sole expense Additionally, Franchisor reserves the right, in its sole discretion, to vary the standards throughout the System, as well as the services and assistance that Franchisor may provide to some franchisees based upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that Franchisor deems to be important to the operation of any Ritter's Frozen Custard Shoppe or the System Franchisee shall have no recourse against Franchisor on account of any variation to any franchisee and shall not be entitled to require Franchisor to provide Franchisee with a like or similar variation hereunder

8 22 Modifications Proposed by Franchisee.

Franchisee shall not implement any change to the System (including the use of any product or supplies not already approved by Franchisor) without Franchisor's prior written consent Franchisee acknowledges and agrees that, with respect to any change, amendment, or improvement in the System or use of additional product or supplies for which Franchisee requests Franchisor's approval (i) Franchisor shall have the right to incorporate the proposed change into the System and shall thereupon obtain all right, title, and interest therein without compensation to Franchisee, (ii) Franchisor shall not be obligated to approve or accept any request to implement change, and (iii) Franchisor may from time to time revoke its approval of particular change or amendment to the System, and upon receipt of written notice of such revocation, Franchisee shall modify its activities in the manner described by Franchisor

9 PROPRIETARY MARKS

9.1 Ownership.

Franchisee acknowledges that the Proprietary Marks are owned by Franchisor, and that Franchisor has the right under said agreement to grant a license to Franchisee to use the Proprietary Marks during the term of this Agreement and in compliance with this Agreement Franchisor will take all steps reasonably necessary to preserve and protect the ownership and validity in and to the Proprietary Marks

9 2 License to Franchisee.

Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of rights of Franchisor

9.3 Terms of Franchisee's Usage

With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees to

9 3 1 Use only the Proprietary Marks designated by Franchisor, and to use them only in the manner authorized and permitted by Franchisor,

9 3 2 Franchisee shall use the Proprietary Marks only for the operation of the business franchised hereunder and only at the location authorized hereunder, or in Franchisor-approved advertising for the business conducted at or from that location,

9 3 3 Operate and advertise the Franchised Shoppe only under the name "Ritter's Frozen Custard," and/or such other names as Franchisor may designate, and use the Proprietary Marks without prefix or suffix, unless otherwise authorized or required by Franchisor,

9 3 4 Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name, or as part of any e-mail address, domain name, or other identification of Franchisee in any electronic medium Franchisee may, as necessary to conduct the business of the Franchised Shoppe and to obtain governmental licenses and permits for the Franchised Shoppe, indicate that Franchisee shall be

operatıng the Franchısed Shoppe under the trade name "Rıtter's Frozen Custard," provıded that Franchısee shall also clearly ıdentıfy ıtself as the owner and operator of the Franchısed Shoppe,

9 3 5 Identıfy ıtself as the owner of the Franchısed Shoppe (ın the manner requıred by Franchısor) ın conjunctıon wıth any use of the Propnetary Marks, ıncludıng on ınvoıces, order forms, receıpts, and busıness statıonery, as well as at such conspıcuous locatıons on the Premıses as Franchısor may desıgnate ın wrıtıng,

9 3 6 Not to use the Propnetary Marks to ıncur any oblıgatıon or ındebtedness on behalf of Franchısor,

9 3 7 Execute any documents deemed necessary by Franchısor or ıts counsel to obtaın protectıon for the Propnetary Marks or to maıntaın theır contınued valıdıty and enforceabılıty, and

9 3 8 Promptly notıfy Franchısor of any suspected unauthonzed use of the Propnetary Marks, any challenge to the valıdıty of the Propnetary Marks, or any challenge to Franchısor's ownershıp of, the nght of Franchısor to use and to lıcense others to use, or Franchısee's nght to use the Propnetary Marks Franchısee acknowledges that Franchısor has the sole nght to dırect and control any admınıstratıve proceedıng or lıtıgatıon ınvolvıng the Propnetary Marks, ıncludıng any settlement thereof Franchısor has the nght, but not the oblıgatıon, to take actıon agaınst uses by others that may constıtute ınfrıngement of the Propnetary Marks Franchısor shall defend Franchısee agaınst any thırd-party claım, suıt, or demand arısıng out of Franchısee's use of the Propnetary Marks If Franchısor, ın ıts sole dıscretıon, determınes that Franchısee has used the Propnetary Marks ın accordance wıth thıs Agreement, the cost of such defense, ıncludıng the cost of any judgment or settlement, shall be borne by Franchısor If Franchısor, ın ıts sole dıscretıon, determınes that Franchısee has not used the Propnetary Marks ın accordance wıth thıs Agreement, the cost of such defense, ıncludıng the cost of any judgment or settlement, shall be borne by Franchısee In the event of any lıtıgatıon relatıng to Franchısee's use of the Propnetary Marks, Franchısee shall execute any and all documents and do such acts as may, ın the opınıon of Franchısor or ıts counsel, be necessary to carry out such defense or prosecutıon, ıncludıng, but not lımıted to, becomıng a nomınal party to any legal actıon Except to the extent that such lıtıgatıon ıs the result of Franchısee's use of the Propnetary Marks ın a manner ınconsıstent wıth the terms of thıs Agreement, Franchısor agrees to reımburse Franchısee for ıts out-of-pocket costs ın doıng such acts

9 4 Franchısee Acknowledgments

Franchısee expressly understands and acknowledges that

9 4 1 Franchısor ıs the owner of the Propnetary Marks, wıth all nght, tıtle, and ınterest ın and to the Propnetary Marks and the goodwıll assocıated wıth and symbolızed by them, and that Franchısor has the sole nght to use, and lıcense others to use, the Propnetary Marks,

9 4 2 Durıng the term of thıs Agreement and after ıts expıratıon or termınatıon, Franchısee shall not dırectly or ındırectly contest the valıdıty of Franchısor's nght to use and to lıcense others to use, the Propnetary Marks,

9 4 3 Franchısee's use of the Propnetary Marks does not gıve Franchısee any ownershıp ınterest or other ınterest ın or to the Propnetary Marks,

9 4 4 Any and all goodwıll arısıng from Franchısee's use of the Propnetary Marks shall ınure solely and exclusıvely to the benefit of Franchısor, and, upon expıratıon or termınatıon of thıs

Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks,

9 4 5 The right and license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others (a) to use the Proprietary Marks itself in connection with selling the Products, (b) to grant other licenses for the Proprietary Marks, and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee, and

9 4 6 Franchisor shall have the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder at the sole discretion of Franchisor Franchisor shall not be obligated to reimburse Franchisee for any costs related to Franchisee's compliance with such substitution or with respect to any change in the Proprietary Marks designated by Franchisor

10 MANUALS

10 1 The Manuals and Furnishings to Franchisee

In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee shall operate the Franchised Shoppe in accordance with the standards, methods, policies, and procedures specified in the Manuals, which Franchisee shall receive on loan from Franchisor, via electronic access or otherwise, for the term of this Agreement upon completion by Franchisee of initial training The Manuals may be set forth in several volumes, computer disks, other electronic stored data, and videotapes, including such amendments thereto, as Franchisor may publish from time to time Additionally, Franchisee acknowledges and agrees that Franchisor may provide a portion or all (including updates and amendments) of the Manuals, and other instructional information and materials in, or via, electronic media, including without limitation, through the use of computer disks or the Internet

10 2 The Manuals are Proprietary and Confidential

Franchisee shall treat the Manuals, any other materials created for or approved for use in the operation of the Franchised Shoppe, and the information contained therein as confidential, and shall use all reasonable efforts to maintain such information (both in electronic and other formats) as proprietary and confidential Franchisee shall not download, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person, except as authorized in advance by the Franchisor

10 3 The Manuals Remain Franchisor's Property

The Manuals shall remain the sole property of Franchisor and shall be accessible only from a secure place on the Premises, and shall be returned to Franchisor, as set forth in Section 17 8 below, upon the termination or expiration of this Agreement

10 4 Revisions to the Manuals.

Franchisor may from time to time revise the contents of the Manuals, and Franchisee expressly agrees to comply with each new or changed standard Franchisee shall ensure that the Manuals are kept current at all times In the event of any dispute as to the contents of the Manuals, the terms of the master copies maintained at the home office of Franchisor shall be controlling

11 CONFIDENTIAL INFORMATION

11 1 Agreement with respect to Confidentiality.

Franchisee acknowledges and agrees that it shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any confidential information, knowledge, or know-how concerning Franchisor, the System, the Products and/or the marketing, management or operations of the Franchised Shoppe that may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Franchised Shoppe Any and all information, knowledge, know-how, and techniques which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by Franchisor, or which, at or after the time of disclosure by Franchisor to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others Notwithstanding the generality of the foregoing, "confidential information" shall include, but not be limited to, System standards, market research, advertising and promotional campaigns, approved suppliers, operating results of Shoppes, proprietary software (if any), the terms of this Agreement, the Manuals, graphic designs and other intellectual property, interior and exterior trade dress for the Shoppe, and décor items for the Shoppe

11.2 Individual Covenants of Confidentiality

At Franchisor's request, Franchisee shall require its manager(s) and any personnel having access to any confidential information of Franchisor to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Franchised Shoppe Such covenants shall be in a form satisfactory to Franchisor (the current forms of which are included in Exhibit F to this Agreement), which shall include specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them

11 3 Remedies for Breach

Franchisee acknowledges that any failure to comply with the requirements of this Section 11 will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorney's fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11

11 4 Grantback.

Franchisee agrees to disclose to Franchisor all ideas, concepts, methods, techniques and products conceived or developed by Franchisee, its affiliates, owners or employees during the term of this Agreement relating to the development and/or operation of the Franchised Shoppe Franchisee hereby grants to Franchisor and agrees to procure from its affiliates, owners or employees a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques in all Shoppe businesses operated by Franchisor or its affiliates, franchisees and designees Franchisor shall have no obligation to make any payments to Franchisee with respect to any such ideas, concepts, methods, techniques or products Franchisee agrees that Franchisee will not use or allow any other person or entity to use any such concept, method, technique or product without obtaining Franchisor's prior written approval

12 ACCOUNTING AND RECORDS

12 1 Books and Records

With respect to the operation and financial condition of the Franchised Shoppe, Franchisor may require that Franchisee adopt, until otherwise specified by Franchisor, a fiscal year that coincides with Franchisor's then-current fiscal year, as specified by Franchisor in the Manuals or otherwise in writing Franchisee shall maintain for a period of not less than seven (7) years during the term of this Agreement, and, for not less than seven (7) years following the termination, expiration, or non-renewal of this Agreement, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing, including but not limited to (i) daily transaction reports, (ii) cash receipts journal and general ledger, (iii) cash disbursements and weekly payroll journal and schedule, (iv) monthly bank statements, deposit slips and cancelled checks, (v) all tax returns, (vi) suppliers' invoices (paid and unpaid), (vii) dated daily and weekly transaction journal, (viii) semi-annual fiscal period balance sheets and fiscal period profit and loss statements, and (ix) such other records as Franchisor may from time to time request

12 2 Franchisee's Reports to Franchisor.

In addition to the Sales Reports required pursuant to Section 4 3 above, Franchisee shall

12 2 1 Prepare by the twentieth (20th) day of each calendar month a balance sheet and profit and loss statement and an activity report for the last preceding calendar month, which shall be in the form prescribed by Franchisor Franchisee shall maintain and submit such statements and reports to Franchisor at the times as Franchisor may designate or otherwise request

12 2 2 Submit to Franchisor on April 15th of the year following the end of each calendar year, unless Franchisor designates in writing a different due date, during the term of this Agreement, a profit and loss statement for such year and a balance sheet as of the last day of such year, prepared on an accrual basis in accordance with U S generally accepted accounting principles ("**GAAP**"), including but not limited to all adjustments necessary for fair presentation of the financial statements Franchisee shall certify such financial statements to be true and correct Additionally, Franchisor reserves the right to require Franchisee to prepare (or cause to be prepared) and provide to Franchisor annual financial statements (that includes a fiscal year-end balance sheet, an income statement of the Franchised Shoppe for such fiscal year reflecting all year-end adjustments, and a statement of changes in cash flow of Franchisee), and to require that such statements be prepared on a review basis by an independent certified public accountant (who Franchisor may require to be retained in accordance with Section 4 6) Franchisee shall provide such additional information, if any, as Franchisor may reasonably require in order for Franchisor to meet its obligations under GAAP

12 2 3 Submit to Franchisor within thirty (30) days of the date Franchisee files them, a copy of any sales tax return filed with the appropriate taxing authority for the Franchised Shoppe

12 2 4 Franchisee shall maintain its books and records, and provide all statements and reports to Franchisor, using the standard statements, templates, categories, and chart of accounts that Franchisor provides to Franchisee

12 2 5 Submit to Franchisor such other periodic reports, forms and records as specified, and in the manner and at the time as specified in the Manuals or as Franchisor shall otherwise require in

writing from time to time (including without limitation the requirement that Franchisee provide or make available to Franchisor certain sales and financial information in electronic format and/or by electronic means)

12 3 Inspection and Audit

Franchisor and its agents shall have the right at all reasonable times to examine and copy, at the expense of Franchisor, the books, records, accounts, and/or business tax returns of Franchisee Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee If an inspection should reveal that any contributions or payments have been understated in any statement or report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less If an inspection discloses an understatement in any statement or report of two percent (2%) or more, Franchisee shall, in addition to repayment of monies owed with interest, reimburse Franchisor for any and all costs and expenses connected with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs) The foregoing remedies shall be in addition to any other remedies Franchisor may have

13. MARKETING AND PROMOTION

13.1 Promotional Programs.

Franchisor may, from time to time, in its sole discretion, develop and administer advertising and sales promotion programs designed to promote all Ritter's Frozen Custard Shoppes operating under the System Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor The standards and specifications established by Franchisor for such programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, shall be final and binding upon Franchisee

13 2 Brand Development Fund

Franchisee shall be required to pay to Franchisor a Brand Development Fee, as set forth in Section 4 4 Franchisor shall use the Brand Development Fees to produce artwork and creative materials to promote the System and Ritter's Frozen Custard Shoppes, and Franchisee acknowledges that up to ten percent (10%) of the Brand Development Fee may be used by Franchisor to prepare and place advertising that is primarily a solicitation of franchise sales

Franchisor has instituted the Brand Development Fee for advertising, marketing, brand building and public relations programs that Franchisor, in its sole discretion, may use to promote and develop Ritter's Frozen Custard Shoppes Franchisor will direct all programs financed by the Brand Development Fee, with sole discretion over the creative concepts, materials, menu development and endorsements it uses, and the geographic, market, and media placement and allocation of it The Brand Development Fee may be used to pay the costs of developing advertising ideas and concepts, developing market research and merchandising programs, preparing advertising campaigns, developing promotional ideas and strategies, preparation of collateral creative materials, preparing advertisements, preparing public relations campaigns, POS development, consulting cost for all items associated with brand and menu development, providing technical and professional advice in connection with any of the above, placing advertising, and administrative costs Franchisee shall participate in all advertising and public relations programs for which the Brand Development Fee will be used The Brand Development Fee will provide Franchisee with samples of certain marketing, advertising and promotional formats and other such materials without charge. All Ritter's Frozen Custard Shoppes owned by Franchisor or its affiliates pay the Brand Development Fee and contribute to the local advertising cooperatives in their respective markets on the same basis as Franchisee.

The Brand Development Fee is intended to maximize recognition of the Marks and patronage of Ritter's Frozen Custard Shoppes generally. Although Franchisor will try to utilize the Brand Development Fee to develop advertising and marketing materials and programs in order to benefit all Ritter's Frozen Custard Shoppes, Franchisor is not obligated to ensure that money spent from the Brand Development Fee in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Development Fee by the Ritter's Frozen Custard Shoppes operating in that geographic area or that any Ritter's Frozen Custard Shoppe will benefit directly or in proportion to its Brand Development Fee from the development of advertising and marketing materials or the placement of advertising. Franchisee's failure to receive any benefit will not serve as a basis for a reduction or elimination of its obligation to pay the Brand Development Fee. Franchisor has no fiduciary obligation to Franchisee or any other Ritter's Frozen Custard Shoppes in connection with the Brand Development Fee or the collection, control or administration of monies paid for the Brand Development Fee. Except as expressly provided in this Agreement, Franchisor assumes no direct or indirect liability or obligation to Franchisee concerning the maintenance, direction, or administration of the Brand Development Fee.

13.3 Cooperative Advertising Fund.

Franchisor shall have the right to designate any geographical area for purposes of establishing a regional or local market advertising fund ("**Cooperative Advertising Fund**"). If a Cooperative Advertising Fund is established for the geographic area in which the Franchised Shoppe is located, Franchisee shall become a member of such Cooperative Advertising Fund within thirty (30) days after the date on which the Cooperative Advertising Fund commences operation, or at the time the Franchisee commences operation hereunder. In no event shall Franchisee be required to be a member of more than one (1) Cooperative Advertising Fund. The following provisions shall apply to each such Cooperative Advertising Fund.

13.3.1 Each Cooperative Advertising Fund shall be organized and governed in a form and manner, and shall commence operations on a date, approved in advance by Franchisor in writing. Unless otherwise specified by Franchisor, the activities carried on by each Cooperative Advertising Fund shall be decided by a majority vote of its members. Any Ritter's Frozen Custard Shoppe that Franchisor operates in the region shall have the same voting rights as those owned by its franchisees. Each Ritter's Frozen Custard Shoppe owner shall be entitled to cast one (1) vote for each Ritter's Frozen Custard Shoppe its owns that belongs to the Cooperative Advertising Fund. Any disputes arising among or between Franchisee, other franchisees in the Cooperative Advertising Fund, and/or the Cooperative Advertising Fund shall be resolved in accordance with the rules and procedures set forth in the Cooperative Advertising Fund's governing documents.

13.3.2 Each Cooperative Advertising Fund shall be organized for the exclusive purpose of administering regional or local advertising programs and developing, subject to Franchisor's approval, standardized promotional materials for use by the members in local advertising and promotion.

13.3.3 Franchisee shall contribute to the Cooperative Advertising Fund in such amounts as the members of the Cooperative Advertising Fund may determine, and any monies that Franchisee contributes to a Cooperative Advertising Fund shall count towards Franchisee's local advertising requirement, as described in Section 13.4 below.

13 3 4 Franchisee shall submit its required contributions to the Cooperative Advertising Fund at the time required by Franchisor, together with such statements or reports as may be required by Franchisor or by the Cooperative Advertising Fund with Franchisor's prior written approval If so requested by Franchisor in writing, Franchisee shall submit its payments and reports to the Cooperative Advertising Fund directly to Franchisor for distribution to the Cooperative Advertising Fund

13 3 5 Franchisor maintains the right to terminate any Cooperative Advertising Fund A Cooperative Advertising Fund shall not be terminated, however, until either (a) all monies in that Cooperative Advertising Fund have been expended for advertising and/or promotional purposes, or (b) Franchisor has transferred the unexpended monies to the Brand Development Fund, in the event there are no longer any Ritter's Frozen Custard Shoppes operating within the geographic area covered by such Cooperative Advertising Fund

13 4 Local Advertising

Franchisee shall conduct advertising in its immediate market area to promote the Franchised Shoppe and, with respect to "local advertising and promotion", Franchisee shall comply with the following

13 4 1 Franchisee shall spend on a monthly basis a minimum of three percent (3%) of the Gross Sales of the Franchised Shoppe Franchisee shall account for such expenditures on a routine basis and shall prepare, in accordance with the schedule and procedures specified by Franchisor from time to time, and provide to Franchisor detailed reports describing the amount of money expended on local advertising and promotion during such previous period Franchisee shall maintain all such statements, reports and records, and shall submit same to Franchisor as Franchisor may specify in the Manuals or otherwise request of Franchisee Additionally, at the request of Franchisor, Franchisee shall submit bills, statements, invoices, or other documentation satisfactory to Franchisor to evidence Franchisee's advertising or marketing activities

13 4 2 As used in this Agreement, the term "**local advertising and promotion**" shall refer to advertising and promotion related directly to the Franchised Shoppe, and shall, unless otherwise specified, consist only of the direct costs of purchasing advertising materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), promotion, direct out-of-pocket expenses related to costs of advertising and sales promotion (including, but not limited to, advertising agency fees and expenses, cash and "in-kind" promotional payments to landlords, postage, shipping, telephone, and photocopying), and such other activities and expenses as Franchisor, in its sole discretion, may specify Franchisor may provide to Franchisee, in the Manuals or otherwise in writing, information specifying the types of advertising and promotional activities and costs which shall not qualify as "local advertising and promotion," including, without limitation, the value of advertising coupons, and the costs of products provided for free or at a reduced charge for charities or other donations

13 4 3 Upon written notice to Franchisee, Franchisor may require Franchisee to participate in mandatory promotions as Franchisor may develop and implement from time to time

13 4 4 Franchisee's requirement to conduct local advertising and promotion as described herein shall be reduced by any contributions that Franchisee makes to a Cooperative Advertising Fund, as described in Section 13 3 However, if the amount Franchisee contributes to a Cooperative Advertising Fund is less than the amount Franchisee must spend on local advertising and promotion, Franchisee shall nevertheless spend the difference locally

13 5 Grand Openıng Advertısıng

In addıtıon to the Advertısıng Oblıgatıon, Franchısee shall pay to Franchısor or ıts desıgnated agent, at Franchısor's dırectıon and not later than nınety (90) days prıor to the openıng of the Shoppe, an amount equal to Ten Thousand Dollars ($10,000) for grand openıng advertısıng and promotıonal programs ın conjunctıon wıth the Franchısed Shoppe's ınıtıal grand openıng (the "**Grand Openıng Advertısıng Program**")

13 6 Standards for Advertısıng

All advertısıng, marketıng and promotıon to be used by Franchısee or any Cooperatıve Advertısıng Fund shall be ın such medıa and of such type and format as Franchısor may approve, shall be conducted ın a dıgnıfied manner, and shall conform to such standards and requırements as Franchısor may specıfy Franchısee shall not use any marketıng or promotıonal plans or materıals that are not provıded by Franchısor unless and untıl Franchısee has submıtted the materıals to Franchısor, pursuant to the procedures and terms set forth ın Sectıon 13 7 hereın

13.7 Franchısor's Approval of Proposed Plans and Materıals

If Franchısee desıres to use marketıng and promotıonal plans and materıals that have not been provıded or prevıously approved by Franchısor, Franchısee shall submıt samples of all such marketıng and promotıonal plans and materıals to Franchısor (as provıded ın Sectıon 24 hereın) for prıor approval (ıncludıng prıces to be charged) If wrıtten notıce of dısapproval ıs not receıved by Franchısee from Franchısor wıthın five (5) busıness days of the date of receıpt by Franchısor of such samples or materıals, Franchısor shall be deemed to have approved them At Franchısor's request, such marketıng and promotıonal plans and materıals shall ınclude certaın language, such as "Franchıses Avaılable" and Franchısor's websıte address and telephone number

13 8 Dırectory Lıstıngs.

Franchısee shall, at ıts expense and ın addıtıon to ıts expendıtures for local advertısıng and promotıon, obtaın lıstıngs ın the whıte and yellow pages of local telephone dırectorıes Franchısee shall comply wıth Franchısor's specıficatıons concernıng such lıstıngs, ıncludıng the form and sıze of such lıstıngs, and the number of dırectorıes ın whıch such lıstıngs shall be placed Addıtıonally, Franchısee shall be requıred to obtaın lıstıngs ın and/or advertıse wıth Franchısor and other franchısees ın the System, on electronıc yellow page dırectorıes and other on-lıne dırectorıes as Franchısor may desıgnate Franchısor reserves the rıght to place such, and subsequently modıfy or remove, on-lıne lıstıngs and advertısements on behalf of Franchısee For any lıstıngs or advertısements posted by or on behalf of Franchısee, Franchısee shall promptly pay, upon demand by Franchısor, ıts pro-rata share of the costs

13 9 Ownershıp of Advertısıng Plans and Materıals

Franchısee acknowledges and agrees that any and all copyrıghts ın and to advertısıng and promotıonal materıals developed by or on behalf of Franchısee whıch bear the Proprıetary Marks shall be the sole property of Franchısor, and Franchısee agrees to execute such documents (and, ıf necessary, requıre ıts ındependent contractors to execute such documents) as may be deemed reasonably necessary by Franchısor to gıve effect to thıs provısıon Any advertısıng, marketıng, promotıonal, publıc relatıons, or sales concepts, plans, programs, actıvıtıes, or materıals proposed or developed by Franchısee for the Franchısed Shoppe or the System and approved by Franchısor may be used by Franchısor and other operators under the System of Franchısor wıthout any compensatıon to Franchısee

14 INSURANCE

14.1 Insurance

Franchisee shall procure at its expense and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting Franchisee and Franchisor, and their officers, directors, partners and employees against any loss, liability, personal injury, death, or property damage or expense whatsoever arising or occurring upon or in connection with Franchisee's operations and the Franchised Shoppe, as Franchisor may reasonably require for their own and Franchisee's protection Franchisor and such of its respective affiliates shall be named as additional insureds in such policy or policies

14 2 Coverages.

Such policy or policies shall be written by an insurance company satisfactory to Franchisor in accordance with standards and specifications set forth in the Manuals or otherwise in writing, provided, however, that Franchisor shall have the right to designate from time to time, one or more insurance companies as the insurance carrier(s) for Ritter's Frozen Custard Shoppes, and if required by Franchisor, Franchisee shall be obtain its insurance coverage from the designated insurance company (or companies) The policy or policies shall include, at a minimum (except as different coverages, umbrella coverages, and policy limits may reasonably be specified for all Franchisees from time to time by Franchisor in the Manuals or otherwise in writing) the following

14 2 1 Builder's risk insurance that satisfies the standards and specifications set forth by Franchisor in the Manuals or otherwise in writing to cover any period(s) of renovation or construction at the Franchised Shoppe

14 2 2 All risks coverage insurance on the Franchised Shoppe and all fixtures, equipment, supplies and other property used in the operation of the Franchised Shoppe, for full repair and replacement value of the equipment, improvements and betterments, without any applicable co-insurance clause, except that an appropriate deductible clause shall be permitted

14 2 3 Worker's compensation and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state in which the Franchised Shoppe is located and operated If Franchisee is permitted to and elects not to have worker's compensation insurance for its owners and officers, Franchisee shall have alternative coverages at all times for work-related injuries

14 2 4 Comprehensive general liability insurance with limits of at least One Million Dollars ($1,000,000) per occurrence, and Two Million Dollars ($2,000,000) general aggregate, including the following coverages personal injury (employee and contractual inclusion deleted), products/ completed operation, and tenant's legal liability, insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise relating to the Franchised Shoppe, provided that the required amounts herein may be modified from time to time by Franchisor to reflect inflation or future experience with claims

14 2 5 Automobile liability insurance, and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least One Million Dollars ($1,000,000) combined single limit

14 2 6 Excess lıabılıty coverage over general lıabılıty, automobıle lıabılıty, and employer's lıabılıty, with at least One Mıllıon Dollars ($1,000,000) per occurrence

14 2 7 Such ınsurance and types of coverage as may be requıred by the terms of any lease for the Premıses, or as may be requıred from tıme to tıme by Franchısor

14 2 8 Busıness ınterruptıon ınsurance for actual losses sustaıned for a perıod of twelve (12) months

Franchısor's then-current ınsurance requırements shall be communıcated to Franchısee ın the Operatıons Manual Franchısee acknowledges and understands that Franchısor may modıfy ıts ınsurance requırements durıng the term of thıs Agreement, and Franchısee agrees to comply wıth any such modıficatıon

14 3 Certıficates of Insurance.

The ınsurance afforded by the polıcy or polıcıes respectıng lıabılıty shall not be lımıted ın any way by reason of any ınsurance whıch may be maıntaıned by Franchısor Prıor to commencıng any renovatıons or constructıon at the Franchısed Shoppe, Franchısee shall provıde Franchısor wıth a Certıficate of Insurance for the buılder's rısk ınsurance requıred under Sectıon 14 2 1 At least thırty (30) days prıor to the openıng of the Franchısed Shoppe, but ın no event later than the date on whıch Franchısee acquıres an ınterest ın the real property on whıch ıt wıll develop and operate the Franchısed Shoppe, and thereafter on an annual basıs, Franchısee shall provıde Franchısor wıth a Certıficate of Insurance showıng complıance wıth the foregoıng requırements (except wıth respect to the buılder's rısk ınsurance, whıch shall have already been ın effect pursuant to Sectıon 14 2 1 above) Such certıficate shall state that saıd polıcy or polıcıes wıll not be canceled or altered wıthout at least thırty (30) days prıor wrıtten notıce to Franchısor and shall reflect proof of payment of premıums Maıntenance of such ınsurance and the performance by Franchısee of the oblıgatıons under thıs Paragraph shall not relıeve Franchısee of lıabılıty under the ındemnıty provısıon set forth ın thıs Agreement Franchısee acknowledges that mınımum lımıts as requıred above may be modıfied by Franchısor ın ıts sole dıscretıon from tıme to tıme, by wrıtten notıce to Franchısee

14 4 Franchısor's Rıght to Procure Insurance for Franchısee

Should Franchısee, for any reason, not procure and maıntaın such ınsurance coverage as requıred by thıs Agreement, Franchısor shall have the rıght and authorıty (wıthout, however, any oblıgatıon to do so) ımmedıately to procure such ınsurance coverage and to charge same to Franchısee, whıch charges, together wıth a reasonable fee for expenses ıncurred by Franchısor ın connectıon wıth such procurement, shall be payable by Franchısee ımmedıately upon notıce

15 TRANSFER OF INTEREST

15 1 Franchısor's Rıghts to Transfer.

Franchısor shall have the rıght to assıgn thıs Agreement and all of ıts attendant rıghts and prıvıleges to any person, firm, corporatıon or other entıty provıded that, wıth respect to any assıgnment resultıng ın the subsequent performance by the assıgnee of Franchısor's functıons (ı) the assıgnee shall, at the tıme of such assıgnment, be financıally responsıble and economıcally capable of performıng Franchısor's oblıgatıons, and (ıı) the assıgnee shall expressly assume and agree to perform such oblıgatıons

Franchisee expressly affirms and agrees that Franchisor may sell its assets, its rights to the Proprietary Marks or to the System outright to a third party, may go public, may engage in a private placement of some or all of its securities, may merge, acquire other corporations, or be acquired by another corporation, may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring, and, with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of "TRUFOODS LLC" as Franchisor Nothing contained in this Agreement shall require Franchisor to remain in the frozen dessert business or to offer the same products and services, whether or not bearing the Proprietary Marks, in the event that Franchisor exercises its right to assign its rights in this Agreement

15 2 No Transfers Without Franchisor's Approval

Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee or the Principals of Franchisee, if Franchisee is not an individual, and that Franchisor has granted this franchise in reliance on Franchisee's or Franchisee's Principals' business skill, financial capacity, and personal character Accordingly

15 2 1 Franchisee shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber (a) the rights and/or obligations of Franchisee under this Agreement, or (b) any material asset of Franchisee or the Franchised Shoppe

15 2 2 If Franchisee is a corporation or limited liability company, Franchisee shall not, without the prior written consent of Franchisor, issue any voting securities or securities convertible into voting securities, including membership interests, and the recipient of any such securities shall become a Principal under this Agreement, if so designated by Franchisor

15 2 3 If Franchisee is a partnership or limited partnership, the partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner Each general partner shall automatically be deemed a Principal of Franchisee

15 2 4 A Principal shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber any interest of the Principal in Franchisee, as such is identified in Exhibit C

15 3 Conditions on Transfer

Franchisor shall not unreasonably withhold any consent required by Section 15 2 above, provided, that if the proposed transfer alone or together with other previous, simultaneous, or proposed transfers would have the effect of changing control of Franchisee, results in the assignment of the rights and obligations of Franchisee under this Agreement, or transfers the ownership interest in all or substantially all of the assets of the Franchised Shoppe or the business franchised hereunder, Franchisor shall have the right to require any or all of the following as conditions of its approval

15 3 1 All of Franchisee's monetary obligations and all other outstanding obligations to Franchisor, its affiliates, and the approved suppliers of the System have been satisfied in full,

15 3 2 Franchisee shall not be in default under any provision of this Agreement, any other agreement between Franchisee and Franchisor or its affiliate, the approved suppliers of the System, or the lessor (or sublessor) for the Premises,

15 3 3 Each transferor (and, if the transferor is other than an individual, the transferor and such owners of beneficial interest in the transferor as Franchisor may request) shall have executed a general release in a form satisfactory to Franchisor of any and all claims against Franchisor and its affiliates and their respective officers, directors, agents, and employees (provided, however, that all rights enjoyed by the Franchisee and any causes of action arising in his/her favor from the provisions of Article 33 of the New York General Business Law ("GBL") and the regulations issued thereunder shall remain in force, it being the intent of this provision that the non-waiver provisions of GBL Sections 687 4 and 687 5 be satisfied),

15 3 4 The transferee of a Principal shall be designated as a Principal and each transferee who is designated a Principal shall enter into a written agreement, in a form satisfactory to Franchisor, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in Franchisee Additionally, the transferee and/or such owners of the transferee as Franchisor may request shall guarantee the performance of the transferee's obligations in writing in a form satisfactory to Franchisor,

15 3 5 The transferee shall demonstrate to Franchisor's satisfaction that the terms of the proposed transfer do not place an unreasonable financial or operational burden on the transferee, and that the transferee (or, if the transferee is other than an individual, such owners of beneficial interest in the transferee as Franchisor may request) meets Franchisor's then-current application qualifications (which may include educational, managerial, socially responsible, and business standards, good moral character, business reputation, and credit rating), has the aptitude and ability to operate the Franchised Shoppe and absence of conflicting interests, and has adequate financial resources and capital to operate the Franchised Shoppe,

15 3 6 At Franchisor's option, Franchisee shall execute the form of franchise agreement then being offered to new System franchisees, and such other ancillary agreements required by Franchisor for the business franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, higher and/or additional fees,

15 3 7 If so requested by Franchisor, Franchisee, at its expense, shall upgrade the Franchised Shoppe, and other equipment to conform to the then-current standards and specifications of new Ritter's Frozen Custard Shoppes then being established in the System, and shall complete the upgrading and other requirements within the time specified by Franchisor,

15 3 8 The transferor shall remain liable for all of the obligations to Franchisor in connection with the Franchised Shoppe that arose prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability,

15 3 9 The transferee (and, if the transferee is not an individual, such Principals of the transferee as Franchisor may request) and the transferee's manager (if applicable) shall, at the transferee's expense, successfully attend and successfully complete any training programs then in effect for operators and managers upon such terms and conditions as Franchisor may reasonably require,

15 3 10 Franchisee shall pay to Franchisor a transfer fee in the amount of Ten Thousand Dollars ($10,000) to compensate Franchisor for its expenses incurred in connection with the transfer,

15 3 11 The transferor(s), at the request of Franchisor, shall agree in writing to comply with the covenants set forth in Section 18 below

If this Agreement is for a Scoop Shoppe, then such Scoop Shoppe must be transferred at the same time and to the same transferee as for the original Franchised Shoppe being operated by Franchisee All other provisions of this Section 15 3 shall apply to such transfer, except that the transfer fee for the Scoop Shoppe shall be Four Thousand Dollars ($4,000)

15 4 Additional Terms.

For any transfer not covered by Section 15 3, each transferee shall, in addition to the requirement of obtaining Franchisor's consent as provided in Section 15 2 , be subject to the requirements of Sections 15 3 3 and 15 3 4 above (with respect to execution of releases and personal guarantees)

15.5 Security Interests

Neither Franchisee nor any Principal shall grant a security interest in, or otherwise encumber, any of the assets or securities of Franchisee, including the Franchised Shoppe, unless Franchisee satisfies the requirements of Franchisor, which include, without limitation, execution of an agreement by the secured party in which it acknowledges the creditor's obligations under this Section 15, and agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event Franchisor exercises such option, any acceleration of indebtedness due to Franchisee's default shall be void

15 6 Right of First Refusal.

If Franchisee or any Principal desires to accept any *bona fide* offer from a third party to purchase Franchisee, any material asset of Franchisee, or any direct or indirect interest in Franchisee, Franchisee or such Principal shall promptly notify Franchisor, and shall provide such information and documentation relating to the offer as Franchisor may require Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of the written transfer request and the required information and documentation related to the offer (including any information that Franchisor may reasonably request to supplement or clarify information provided to Franchisor with the written transfer request), to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party, provided, however, a spouse, domestic partner, parent or child of the seller shall not be considered a third party for purposes of this Section 15 6 If Franchisor elects to purchase the seller's interest, closing on such purchase shall occur within forty-five (45) days from the date of notice to the seller of the election to purchase by Franchisor, or, if longer, on the same timetable as contained in the *bona fide* offer

15 6 1 Any material change thereafter in the terms of the offer from the third party or by Franchisee, or a change in the identity of the third party shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer Failure of Franchisor to exercise the option afforded by this Section 15 6 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 15, with respect to a proposed transfer

15 6 2 If the consideration, terms, and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, Franchisor shall designate an independent appraiser to make a binding determination The cost of any such appraisal shall be shared equally by Franchisor and Franchisee If Franchisor elects to exercise its right under this Section 15 6, Franchisor shall have the right to set off all amounts due from Franchisee, and one-half (½) of the cost of the appraisal, if any, against any payment to the seller

15 7 Death of a Principal

Upon the death of a Principal, the deceased's executor, administrator, or other personal representative shall transfer the deceased's interest to a third party approved by Franchisor within six (6) months after the death If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the deceased's estate, then the distributee of such interest must be approved by Franchisor If the distributee is not approved by Franchisor, then the distributee shall transfer the deceased's interest to a third party approved by Franchisor within twelve (12) months after the deceased's death

15.8 Permanent Disability of Controlling Principal

Upon the permanent disability of any Principal with a controlling interest in Franchisee, Franchisor shall have the right to require such interest to be transferred to a third party in accordance with the conditions described in this Section 15 within six (6) months after notice to Franchisee "**Permanent Disability**" shall mean any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least six (6) consecutive months and from which condition recovery within six (6) consecutive months from the date of determination of disability is unlikely Permanent disability shall be determined by a licensed practicing physician selected by Franchisor upon examination of such person or, if such person refuses to be examined, then such person shall automatically be deemed permanently disabled for the purposes of this Section 15 8 as of the date of refusal Franchisor shall pay the cost of the required examination

15 9 Operation in the Event of Absence or Disability.

In order to prevent any interruption of the Franchised Shoppe operations which would cause harm to the Franchised Shoppe, thereby depreciating the value thereof, Franchisee authorizes Franchisor, who may, at its option, in the event that Franchisee is absent for any reason or is incapacitated by reason of illness and is unable, in the sole and reasonable judgment of Franchisor, to operate the Franchised Shoppe, operate the Franchised Shoppe for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement All monies from the operation of the Franchised Shoppe during such period of operation by Franchisor shall be kept in a separate account and the expenses of the Franchised Shoppe, including reasonable compensation and expenses for Franchisor's representative, shall be charged to said account If, as herein provided, Franchisor temporarily operates the Franchised Shoppe franchised herein for Franchisee, Franchisee agrees to indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all acts which Franchisor may perform, as regards the interests of Franchisee or third parties

15 10 Notice to Franchisor of Death or Permanent Disability.

Upon the death or permanent disability of any Principal of Franchisee, such person or his representative shall promptly notify Franchisor of such death or claim of permanent disability Any transfer upon death or permanent disability shall be subject to the same terms and conditions as any *inter vivos* transfer

15.11 Limited Exceptions

Notwithstanding anything to the contrary in this Section 15

15 11 1 Franchisee shall not be required to pay the transfer fee due under Section 15 3 10 above, if the transferee (a) is a spouse, domestic partner, parent, or direct lineal descendant or sibling of Franchisee or of a Principal of Franchisee (or more than one of such persons), provided that the transferee has been involved in, and is knowledgeable regarding, the operations of the Franchised Shoppe, (b) is a Principal of Franchisee, or (c), is a transferee under Sections 15 7 or 15 8 above

15 11 2 If Franchisee is an individual and seeks to transfer this Agreement to a corporation, partnership, or limited liability company formed for the convenience of ownership, the conditions of Sections 15 3 6 (signing a new franchise agreement), 15 3 7 (upgrading the Franchised Shoppe), and 15 3 10 (transfer fee) shall not apply, and Franchisee may undertake such transfer, provided that Franchisee owns one hundred percent (100%) of the equity interest in the transferee entity, and the Franchisee personally guarantees, in a written guaranty satisfactory to Franchisor, the performance of the obligations of the Franchisee under the Franchise Agreement

15 12 No Waiver.

The consent of Franchisor to any transfer pursuant to this Section 15 shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be a waiver of the right of Franchisor to demand exact compliance with any of the terms of this Agreement by the transferor or transferee

15 13 Bankruptcy

If Franchisee or any person holding any interest (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U S Bankruptcy Code or any similar law in the U S or elsewhere, it is the parties' understanding and agreement that any transfer of the ownership of Franchisee, Franchisee's obligations and/or rights hereunder and/or any material assets of Franchisee, shall be subject to all of the terms of this Section 15

15 14 No Transfers in Violation of Law.

Notwithstanding anything to the contrary in this Agreement, no transfer shall be made if the transferee, any of its affiliates, or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business

15 15 Step-In Rights – Cause for Step-In

If Franchisor determines in its sole judgment that the operation of Franchisee's Shoppe is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Shoppe which would cause harm to the System and thereby lessen its value, Franchisee authorizes Franchisor to operate its Shoppe for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies which Franchisor may have under this Agreement In the sole judgment of Franchisor, Franchisor may deem Franchisee incapable of operating the Shoppe if, without limitation, Franchisee is absent or incapacitated by reason of illness or death, Franchisee has failed to pay when due or has failed to remove any and all liens or encumbrances of every kind placed upon or against Franchisee's Shoppe, or Franchisor determines that operational problems require that Franchisor operate Franchisee's Shoppe for a period of time that Franchisor determines, in its sole discretion, to be necessary to maintain the operation of the Shoppe as a going concern

15 16 Step-In Rights – Duties of Parties

Franchisor shall keep in a separate account all monies generated by the operation of Franchisee's Shoppe, less the expenses of the business, including reasonable compensation and expenses for Franchisor's representatives In the event of the exercise of the Step-In Rights by Franchisor, Franchisee agrees to hold harmless Franchisor and its representatives for all actions occurring during the course of such temporary operation Franchisee agrees to pay all of Franchisor's reasonable attorneys' fees and costs incurred as a consequence of Franchisor's exercise of its Step-In Rights Nothing contained herein shall prevent Franchisor from exercising any other right which it may have under this Agreement, including, without limitation, termination

16. DEFAULT AND TERMINATION

16.1 Automatic Termination

Franchisee shall be in default under this Agreement, and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee, if Franchisee, or any of Franchisee's partners, if Franchisee is a partnership, or any of its officers, directors, shareholders, or members, if Franchisee is a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors, if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee, if Franchisee is adjudicated a bankrupt or insolvent, if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee, if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction, if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee, if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed), if Franchisee is dissolved, if execution is levied against Franchisee's business or property, if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days, or if the real or personal property of the Franchised Shoppe shall be sold after levy thereupon by any sheriff, marshal, or constable

16 2 Termination Upon Notice.

Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon the provision of notice to Franchisee (in the manner provided under Section 24 hereof), upon the occurrence of any of the following events of default

16 2 1 If Franchisee fails to complete all pre-opening obligations and to open the Franchised Shoppe within the time limits as provided in Section 5 4 above,

16 2 2 If Franchisee or any of its Principals is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the Products, the goodwill associated therewith, or the interest of Franchisor therein,

16 2 3 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Shoppe,

16 2 4 If Franchisee's action or inaction, at any time, may result in the loss of the right to possession of the Premises, or forfeiture of the right to do or transact business in the jurisdiction where the Franchised Shoppe is located,

16 2 5 If Franchisee or any Principal purports to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 15 hereof,

16 2 6 If Franchisee knowingly maintains false books or records, or knowingly submits any false statements or reports to Franchisor,

16 2 7 If, contrary to the terms of Sections 9 or 10 hereof, Franchisee discloses or divulges the contents of the Manuals or other confidential information provided to Franchisee by Franchisor,

16 2 8 If Franchisee fails to comply with the covenants in Section 18 2 below or fails to timely obtain execution of the covenants required under Section 18 5 below,

16 2 9 If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or if Franchisee otherwise operates the Franchised Shoppe in a manner that materially impairs the reputation or goodwill associated with the System, Proprietary Marks, Products, or the rights of Franchisor therein,

16 2 10 If Franchisee, after curing a default pursuant to Sections 16 3 or 16 4 hereof, commits the same default again, whether or not cured after notice,

16 2 11 If Franchisee commits three (3) or more defaults under this Agreement in any twelve (12) month period, whether or not each such default has been cured after notice (this provision in no way limits Section 16 2 10 above),

16 2 12 If Franchisee at any time ceases to operate or otherwise abandons the Franchised Shoppe for a period of three (3) consecutive days unless such closure is approved in writing by Franchisor, or excused by *force majeure*,

16 2 13 If Franchisee breaches any material provision of this Agreement which breach is not susceptible to cure,

16 2 14 If Franchisee fails to comply with all applicable laws and ordinances relating to the Franchised Shoppe, including Anti-Terrorism Laws, or if Franchisee's or any of his/her owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of his/her owners otherwise violate any such law, ordinance, or regulation

16 3 Notice and Opportunity to Cure - 7 Days

Upon the occurrence of any of the following events of default, Franchisor may, at its option, terminate this Agreement by giving written notice of termination (in the manner set forth under

Section 24 hereof) stating the nature of the default to Franchisee at least seven (7) days prior to the effective date of termination, provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the satisfaction of Franchisor, and by promptly providing proof thereof to Franchisor within the seven (7) day period If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the seven (7) day period or such longer period as applicable law may require

16 3 1 If Franchisee fails, refuses, or neglects promptly to pay any monies owing to Franchisor or its affiliates when due,

16 3 2 If Franchisee refuses to permit Franchisor to inspect the Premises, or the books, records, or accounts of Franchisee upon demand, or

16 3 3 If Franchisee fails to operate the Franchisor during such days and hours specified in the Manuals (this provision in no way limits Section 16 2 12

16.4 Notice and Opportunity to Cure - 30 Days.

Except as otherwise provided in Sections 16 1, 16 2 and 16 3 of this Agreement, upon any other default by Franchisee, Franchisor may terminate this Agreement by giving written notice of termination (in the manner set forth under Section 24 hereof) stating the nature of the default to Franchisee at least thirty (30) days prior to the effective date of termination, provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the satisfaction of Franchisor, and by promptly providing proof thereof to Franchisor within the thirty (30) day period If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require

16.5 Cross-Default

Any default by Franchisee (or any person/company affiliated with Franchisee) under this Agreement may be regarded as a default under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee) Any default by Franchisee (or any person/company affiliated with Franchisee) under any other agreement, including, but not limited to, a multi-unit development agreement, any lease and/or sublease, between Franchisor (or any affiliate of Franchisor) and Franchisee (or any person/company affiliated with Franchisee), and any default by Franchisee (or any person/company affiliated with Franchisee) under any obligation to Franchisor (or any affiliate of Franchisor) may be regarded as a default under this Agreement Any default by Franchisee (or any person/company affiliated with Franchisee) under any lease, sublease, loan agreement, security interest or otherwise, whether with Franchisor, any affiliate of Franchisor and/or any third party may be regarded as a default under this Agreement and/or any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee)

In each of the foregoing cases, Franchisor (and any affiliate of Franchisor) will have all remedies allowed at law, including termination of Franchisee's rights (and/or those of any person/company affiliated with Franchisee) and Franchisor's (and/or Franchisor's affiliates') obligations No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available

16 6 Right of Franchisor to Discontinue Services to Franchisee

If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination pursuant to this Section 16, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for which Franchisor is an Approved Supplier to Franchisee and/or suspension of Franchisee's webpage on Franchisor's Website, until such time as Franchisee corrects the breach

16 7 Termination of Scoop Shoppe Franchise Agreement

If this Agreement is for a Scoop Shoppe, then either (a) upon termination of the Franchise Agreement for Franchisee's original Franchised Shoppe, or (b) upon expiration of the Franchise Agreement for Franchisee's original Franchised Shoppe without renewal, this Agreement shall automatically terminate at the same time as the first Franchise Agreement

17. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall terminate, and

17 1 Stop Operating

Franchisee shall immediately cease to operate the Franchised Shoppe, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former operator of Franchisor in connection with the promotion or operation of any other business

17.2 Stop Using the System

Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System, the Proprietary Mark "Ritter's Frozen Custard" and all other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System In particular, Franchisee shall cease to use all signs, marketing materials, displays, stationery, forms, products, and any other articles which display the Proprietary Marks

17 3 Cancel Assumed Names

Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark "Ritter's Frozen Custard" or any other Proprietary Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement

17.4 The Premises

Franchisee shall, at the option of Franchisor, assign to Franchisor or its designee any interest which Franchisee has in any lease or sublease for the Premises In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the Premises, Franchisee shall make such modifications or alterations to the Premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Premises from that of Ritter's Frozen Custard Shoppes under the System, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose In the event Franchisee fails or refuses to comply with the requirements of this Section 17 4, Franchisor shall have the right to enter upon the Premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand Additionally, if Franchisor does not elect to exercise the option to acquire the lease/sublease, Franchisee shall comply with Section 18 3 below regarding a Competitive Business (as defined in Section 18 2 3 below)

17.5 Phone Numbers and Directory Listings

In addition, Franchisee shall cease use of all telephone numbers and any domain names, websites, e-mail addresses, and any other identifiers, whether or not authorized by Franchisor, used by Franchisee while operating the Franchised Shoppe, and shall promptly execute such documents or take such steps necessary to remove reference to the Franchised Shoppe from all trade or business telephone directories, including "yellow" and "white" pages, or at Franchisor's request transfer same to Franchisor Franchisee hereby authorizes Franchisor to instruct issuers of any telephone and internet domain name services, and other providers to transfer any such telephone numbers, domain names, websites, addresses, and any other identifiers to Franchisor upon termination of this Agreement, without need for any further approval from Franchisee Without limiting the foregoing, if requested by Franchisor, Franchisee shall provide, during the term or upon termination of this Agreement, written confirmation of Franchisor's rights under this Section 17 5 Franchisee agrees that it shall sign such documents and do such things (without cost to Franchisee) that may be reasonably requested by Franchisor in order to implement this Section 17 5

17.6 No Use of Proprietary Marks or Trade Dress in other Businesses

Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in the sole discretion of Franchisor, is likely to cause confusion, mistake, or deception, or which, in the sole discretion of Franchisor, is likely to dilute the rights of Franchisor in and to the Proprietary Marks Franchisee further agrees not to utilize any designation of origin, description, or representation (including but not limited to reference to Franchisor, the System, or the Proprietary Marks) which, in the sole discretion of Franchisor, suggests or represents a present or former association or connection with Franchisor, the System, or the Proprietary Marks

17 7 Pay Franchisor All Amounts Due

Franchisee shall promptly pay all sums owing to Franchisor and its affiliates In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default and termination, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the Premises at the time of default

17 8 Return of Manuals and Confidential Information

Franchisee shall, at its own expense, immediately deliver to Franchisor the Manuals and all other records, computer disks, correspondence, and instructions containing confidential information relating to the operation of the Franchised Shoppe (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor

17 9 Franchisor's Option to Purchase Certain Assets

Franchisor shall have the option, to be exercised within thirty (30) days after termination, to purchase from Franchisee any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of the Franchised Shoppe, at the lesser of Franchisee's cost or fair market value The cost for such items shall be determined based upon a five (5) year straight-line depreciation of original costs For equipment that is five (5) or more years old, the parties agree that fair market value shall be deemed to be ten percent (10%) of the equipment's original cost If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee

17.10 Comply with Covenants

Franchisee and its Principals shall comply with the covenants contained in Section 18 3 of this Agreement

17 11 Liquidated Damages

If Franchisor terminates this Agreement with cause, Franchisee must pay Franchisor liquidated damages equal to the average Royalty Fees Franchisee paid or owed to Franchisor during the twelve (12) months of operation before the termination multiplied by (a) twenty-four (24), being the number of months in two (2) full years, or (b) the number of months remaining during the term of this Agreement, whichever is higher

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages

The liquidated damages provision only covers Franchisor's damages from the loss of cash flow from the Royalty Fees It does not cover any other damages, including damages to Franchisor's reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section Franchisee and each of its owners agree that the liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section

18. COVENANTS

18 1 Full Time and Best Efforts.

Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or, if Franchisee is not an individual, the Designated Principal) shall devote best efforts to the management and operation of the Franchised Shoppe

18 2 During the Agreement Term

Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training and confidential information, including information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by

Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity

18 2 1 Divert or attempt to divert any present or prospective business or customer of any Ritter's Frozen Custard Shoppe to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System,

18 2 2 Employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee of Franchisor, or otherwise encourage such person to leave his or her employment, or

18 2 3 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a one percent (1%) interest in (as owner or otherwise) any Competitive Business (as defined below) A "**Competitive Business**" shall be considered to be a food service business that offers the same or substantially similar menu offerings as a Franchised Shoppe Furthermore, Franchisee acknowledges and agrees that Franchisee shall be considered in default under this Agreement and that this Agreement will be subject to termination as provided in Section 16 2 8 herein, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Franchisee (or, if Franchisee is other than an individual, each Principal that is subject to these covenants) engages in a Competitive Business that would violate this Section 18 2 3 if such person was subject to the covenants of this Section 18 2 3

18 3 After the Agreement and After a Transfer.

Franchisee covenants that, except as otherwise approved in writing by Franchisor, for a continuous uninterrupted period of two (2) years commencing upon the date of (a) a transfer permitted under Section 15 of this Agreement, (b) expiration of this Agreement, (c) termination of this Agreement (regardless of the cause for termination), (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 18 3, or (e) any or all of the foregoing

18 3 1 Franchisee shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located at the Approved Location or within a radius of twenty-five (25) miles of any other Ritter's Frozen Custard Shoppe located anywhere, provided, however, that this provision shall not apply to the operation by Franchisee of any business under the System under a franchise agreement with Franchisor, or

18 3 2 Franchisee shall not sublease, assign, or sell Franchisee's interest in any lease, sublease, or ownership of the Premises or assets of the Franchised Shoppe to a third party for the operation of a Competitive Business, or otherwise arrange or assist in arranging for the operation by a third party of a Competitive Business

18.4 Exception for Ownership in Public Entities.

Sections 18 2 3 and 18 3 shall not apply to ownership by Franchisee of a less than five percent (5%) beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934

18 5 Personal Covenants

At the request of Franchisor, Franchisee shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Section 18 (including covenants applicable upon the termination of a person's relationship with Franchisee) and the provisions of Sections 10 and 15 of this Agreement (as modified to apply to an individual) from any or all of the following persons (a) the Designated Principal, (b) all managers and other personnel employed by Franchisee who have received or will receive training and/or other confidential information, (c) all officers, directors, and Principals who have or will receive training or access to confidential information, or who are or may be involved in the management and operation of the Franchised Shoppe Every covenant required by this Section 18 5 shall be in a form approved by Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them

18.6 Covenants as Independent Clauses

The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement If all or any portion of a covenant in this Section 18 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 18

18 7 Franchisor's Right to Reduce Scope of the Covenants

Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section 18, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 25 hereof

18 8 Covenants Survive Claims

Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 18, provided, however, any claims Franchisee may have against Franchisor may be brought in a separate proceeding Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 18

19 CORPORATE, LIMITED LIABILITY COMPANY, OR PARTNERSHIP FRANCHISEE

19 1 List of Principals.

If Franchisee is a corporation, limited liability company, or partnership, each Principal of Franchisee, and the interest of each Principal in Franchisee, shall be identified in Exhibit C hereto Franchisee shall maintain a list of all Principals and immediately furnish Franchisor with an update to the information contained in Exhibit C upon any change, which shall be made only in compliance with Section 15 above

19.2 Guarantıes.

Such Prıncıpals as Franchısor may request shall execute a guaranty, ındemnıficatıon, and acknowledgment of Franchısee's oblıgatıons under thıs Agreement ın the form attached hereto as Exhıbıt E As set forth ın Sectıon 8 3, the Desıgnated Prıncıpal shall at all tımes have at least a ten percent (10%) ınterest ın Franchısee

19 3 Corporatıons and Lımıted Lıabılıty Companıes

If Franchısee ıs a corporatıon or lımıted lıabılıty company, Franchısee shall comply wıth the followıng requırements

19 3 1 Franchısee shall be newly organızed and ıts governıng documents shall at all tımes provıde that ıts actıvıtıes are confined exclusıvely to operatıng the Franchısed Shoppe

19 3 2 Franchısee shall, upon request of Franchısor, promptly furnısh to Franchısor copıes of Franchısee's artıcles of ıncorporatıon, bylaws, artıcles of organızatıon, operatıng agreement and/or other governıng documents, and any amendments thereto, ıncludıng the resolutıon of the Board of Dırectors or members authorızıng entry ınto thıs Agreement

19 3 3 Franchısee shall maıntaın stop-transfer ınstructıons agaınst the transfer on ıts records of any equıty securıtıes, and each stock certıficate or ıssued securıtıes of Franchısee shall conspıcuously endorse upon ıts face a statement, ın a form satısfactory to Franchısor, whıch references the transfer restrıctıons ımposed by thıs Agreement, provıded, however, that the requırements of thıs Sectıon 18 2 3 shall not apply to a publıcly held corporatıon

19 4 Partnershıps and Lımıted Lıabılıty Partnershıps

If Franchısee or any successor to or assıgnee of Franchısee ıs a partnershıp or lımıted lıabılıty partnershıp, Franchısee shall comply wıth the followıng requırements

19 4 1 Franchısee shall be newly organızed and ıts partnershıp agreement shall at all tımes provıde that ıts actıvıtıes are confined exclusıvely to operatıng the Franchısed Shoppe

19 4 2 Franchıse shall furnısh Franchısor wıth a copy of ıts partnershıp agreement as well as such other documents as Franchısor may reasonably request, and any amendments thereto

19 4 3 The partners of the partnershıp shall not, wıthout the prıor wrıtten consent of Franchısor, admıt addıtıonal general partners, remove a general partner, or otherwıse materıally alter the powers of any general partner

20 TAXES, PERMITS, AND INDEBTEDNESS

20.1 Taxes

Franchısee shall promptly pay when due all taxes levıed or assessed, ıncludıng unemployment and sales taxes, and all accounts and other ındebtedness of every kınd ıncurred by Franchısee ın the operatıon of the Franchısed Shoppe Franchısee shall pay to Franchısor an amount equal to any sales tax, gross receıpts tax, or sımılar tax (other than ıncome tax) ımposed on Franchısor wıth respect to any payments to Franchısor requıred under thıs Agreement, unless the tax ıs credıted agaınst ıncome tax otherwıse payable by Franchısor

20 2 Dispute About Taxes.

In the event of any *bona fide* dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event shall Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Premises of the Franchised Shoppe, or any improvements thereon

20 3 Compliance with Laws

Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Shoppe, including licenses to do business, fictitious name registrations, sales tax permits, and fire clearances

Franchisee and its owners agree to comply, and to assist Franchisor to the fullest extent possible in its efforts to comply, with Anti-Terrorism Laws (defined below) In connection with that compliance, Franchisee and its owners certify, represent, and warrant that none of Franchisee's property or interests is subject to being blocked under, and that Franchisee and its owners otherwise are not in violation of, any of the Anti-Terrorism Laws "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee's or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement

21 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

21 1 No Fiduciary Relationship

Franchisee is an independent contractor Franchisor and Franchisee are completely separate entities and are not fiduciaries, partners, joint venturers, or agents of the other in any sense and neither shall have the power to bind the other No act or assistance given by either party to the other pursuant to this Agreement shall be construed to alter the relationship Franchisee shall be solely responsible for compliance with all federal, state, and local laws, rules and regulations, and for Franchisee's policies, practices, and decisions relating to the operation of the Franchised Shoppe

21 2 Public Notice

During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Shoppe pursuant to a franchise agreement from Franchisor Franchisee agrees to take such action as may be necessary to do so, including exhibiting a notice of that fact in a conspicuous place at the Premises, the content of which Franchisor reserves the right to specify

21 3 No Assumption of Liability

Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on the behalf of Franchisor, or to incur any debt or other obligation in the name of Franchisor, and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor shall Franchisor be liable by reason of any act or omission of Franchisee in its operation of the Franchised Shoppe or for any claim or judgment arising therefrom against Franchisee or Franchisor

21 4 Indemnification

Franchisee shall indemnify and hold Franchisor, its owners and affiliates, and its officers, directors, and employees (the "**Indemnitees**") harmless against any and all causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses (including, but not limited to, settlement costs and attorneys' fees) arising directly or indirectly from, as a result of, or in connection with the operation of the Franchised Shoppe and/or Franchisee's conduct under this Agreement (notwithstanding any claims that the Indemnitees are or were negligent) Franchisee agrees that with respect to any threatened or actual litigation, proceeding or dispute which could directly or indirectly affect any of the Indemnitees, the Indemnitees shall have the right, but not the obligation, to (i) choose counsel, (ii) direct, manage and/or control the handling of the matter, and/or (iii) settle on behalf of the Indemnitees, and/or Franchisee, any claim against the Indemnitees All vouchers, canceled checks, receipts, receipted bills or other evidence of payments for any such losses, liabilities, costs, damages, charges or expenses of whatsoever nature incurred by any Indemnitee shall be taken as prima facie evidence of Franchisee's obligation hereunder

22. APPROVALS AND WAIVERS

22 1 Approval Requests

Whenever this Agreement requires the prior authorization, approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing

22 2 Non-waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature, nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement

23 WARRANTIES OF FRANCHISEE

23.1 Reliance by Franchisor

Franchisor entered into this Agreement in reliance upon the statements and information submitted to Franchisor by Franchisee in connection with this Agreement Franchisee represents and warrants that all such statements and information submitted by Franchisee in connection with this Agreement are true, correct and complete in all material respects Franchisee agrees to promptly advise Franchisor of any material changes in the information or statements submitted

23 2 Compliance with Laws

Franchisee represents and warrants to Franchisor that neither Franchisee (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business

24 NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery The Non-Compliance Fee described in Section 4 9 of Franchise Agreement shall apply to this Section even if Franchisee fails to accept notices transmitted in any of the above means

25 ENTIRE AGREEMENT

This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Franchisee to execute this Agreement, provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by Franchisor in the Disclosure Document that was furnished to Franchisee by Franchisor Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing

26 SEVERABILITY AND CONSTRUCTION

26 1 Severable Parts

Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement

26 2 Terms Surviving this Agreement.

Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), or assignment shall survive such expiration, termination

26.3 No Rights on Third Parties.

Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, officers, directors, shareholders, agents, and employees of Franchisor, and such successors and assigns of Franchisor as may be contemplated by Section 15 hereof, any rights or remedies under or by reason of this Agreement

26 4 Full Scope of Terms

Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order

26 5 Franchisor's Application of its Rights

Franchisor shall have the right to operate, develop and change the System in any manner that is not specifically precluded by this Agreement Whenever Franchisor has reserved in this Agreement a right to take or withhold an action, or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or omit an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make its decision or exercise its rights, on the basis of the information readily available to Franchisor, and its judgment of what is in its best interests and/or in the best interests of the Franchisor's franchise network, at the time its decision is made, without regard to whether (i) other reasonable or even arguably preferable alternative decisions could have been made by Franchisor, (ii) the decision or action of Franchisor will promote its financial or other individual interest, (iii) Franchisor's decision or the action it take applies differently to Franchisee and one or more other franchisees or Franchisor's company-owed operations, or (iv) Franchisor's decision or the exercise of its right or discretion is adverse to Franchisee's interests In the absence of an applicable statute, Franchisor will have no liability to Franchisee for any such decision or action Franchisor and Franchisee intend that the exercise of Franchisor right or discretion will not be subject to limitation or review If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder

26 6 Captions Only for Convenience.

All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof

27. APPLICABLE LAW AND DISPUTE RESOLUTION

27 1 Governing Law

This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed under the laws of the State of New York In the event of any conflict of law, the laws of New York shall prevail, without regard to, and without giving effect to, the application of

New York conflict of law rules Nothing in this Section 27 1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of New York or of any other state to which it would not otherwise be subject

27 2 Dispute Resolution

IN THE EVENT ANY PARTY IS REQUIRED TO EMPLOY LEGAL COUNSEL OR TO INCUR OTHER REASONABLE EXPENSES TO ENFORCE ANY OBLIGATION OF ANOTHER PARTY HEREUNDER, OR TO DEFEND AGAINST ANY CLAIM, DEMAND, ACTION, OR PROCEEDING BY REASON OF ANOTHER PARTY'S FAILURE TO PERFORM ANY OBLIGATION IMPOSED UPON SUCH PARTY BY THIS AGREEMENT, AND PROVIDED THAT LEGAL ACTION IS FILED BY OR AGAINST THE FIRST PARTY AND SUCH ACTION OR THE SETTLEMENT THEREOF ESTABLISHES THE OTHER PARTY'S DEFAULT HEREUNDER, THEN THE PREVAILING PARTY SHALL BE ENTITLED TO RECOVER FROM THE OTHER PARTY THE AMOUNT OF ALL REASONABLE ATTORNEYS' FEES OF SUCH COUNSEL AND ALL OTHER EXPENSES REASONABLY INCURRED IN ENFORCING SUCH OBLIGATION OR IN DEFENDING AGAINST SUCH CLAIM, DEMAND, ACTION, OR PROCEEDING, WHETHER INCURRED PRIOR TO OR IN PREPARATION FOR OR CONTEMPLATION OF THE FILING OF SUCH ACTION OR THEREAFTER

EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN THIS AGREEMENT, THE PARTIES AGREE THAT ALL DISPUTES THAT CANNOT BE AMICABLY SETTLED SHALL BE DETERMINED SOLELY AND EXCLUSIVELY BY A COURT OF COMPETENT JURISDICTION IN THE STATE OF NEW YORK

NOTHING HEREIN CONTAINED SHALL BAR THE RIGHT OF EITHER PARTY TO SEEK AND OBTAIN TEMPORARY AND PERMANENT INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION IN ACCORDANCE WITH APPLICABLE LAW AGAINST THREATENED CONDUCT THAT WILL IN ALL PROBABILITY CAUSE LOSS OR DAMAGE TO FRANCHISEE OR FRANCHISOR

FRANCHISEE SHALL NOT ASSERT ANY CLAIM OR CAUSE OF ACTION AGAINST FRANCHISOR, ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES OR AFFILIATES AFTER ONE (1) YEAR FOLLOWING THE EVENT GIVING RISE TO SUCH CLAIM OR CAUSE OF ACTION

27.3 No Rights Exclusive of Other Rights.

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy provided herein or permitted by law or equity, but each shall be cumulative of every other right or remedy

27.4 Waiver of Jury Trial.

Franchisor and Franchisee irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee's operation of the Franchised Shoppe, brought by either party hereto against the other, whether in mediation, or a legal action, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred

27.5 Waiver of Punitive Damages.

Franchisor and Franchisee hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other

27 6 Injunctive Relief.

Nothing herein contained shall bar the right of Franchisor to obtain injunctive relief against threatened conduct that will cause it loss or damages, including violations of the terms of Sections 9, 10, 11, 15, and 18 under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions

28 ACKNOWLEDGMENTS

28 1 Franchisee's Investigation of the Business Possibilities

Franchisee acknowledges that it has conducted an independent investigation of the business of operating a Ritter's Frozen Custard Shoppe, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, the ability of its principals) as (an) independent businessperson(s) Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement

28.2 Receipt of Disclosure Document

Franchisee acknowledges that it received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" at least fourteen (14) calendar days prior to the date on which this Agreement was executed or any payment by Franchisee for the franchise rights granted under this Agreement

28 3 Franchisee Read the Agreement and Consulted.

Franchisee acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement

28.4 Franchisee's Responsibility for Operation of Business

Although Franchisor retains the right to establish and periodically modify System standards, which Franchisee has agreed to maintain in the operation of the Franchised Shoppe, Franchisee retains the right and sole responsibility for the day-to-day management and operation of the Franchised Shoppe and the implementation and maintenance of System standards at the Franchised Shoppe

28 5 No Conflicting Obligations.

Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from (a) negotiating and entering into this Agreement, (b) exercising its rights under this Agreement, and/or (c) fulfilling its responsibilities under this Agreement

28 6 Different Franchise Offerings to Others

Franchisee acknowledges and agrees that Franchisor may modify the offer of its franchises to other franchisees in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement

28 7 Success Depends on Franchisee

Franchisee acknowledges that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon Franchisee's ability as an independent businessperson, his/her active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors Franchisor does not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby

28 8 No Guarantees.

Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received nor relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement

29 SECURITY INTEREST

29.1 Collateral

Franchisee grants to Franchisor a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage, and realty (including Franchisee's interests under all real property and personal property leases) of the Shoppe, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Shoppe All items in which a security interest is granted are referred to as the "Collateral"

29 2 Indebtedness Secured

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

29 2 1 All amounts due under this Agreement or otherwise by Franchisee,

29 2 2 All sums which Franchisor may, at its option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance prēmiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness,

29 2 3 All expenses, including reasonable attorneys' fees, which Franchisor incurs in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting its rights under the Security Interest and this Agreement, and

29 2 4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of Franchisee to Franchisor or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not Franchisee executes any extension agreement or renewal instruments

29 3 Additional Documents

Franchisee will from time to time as required by Franchisor join with Franchisor in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to Franchisor

29 4 Possession of Collateral

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

29 5 Franchisor's Remedies in Event of Default

Franchisee agrees that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at Franchisor's option and without notice, become due and payable immediately, and Franchisor shall then have the rights, options, duties, and remedies of a secured party under, and Franchisee shall have the rights and duties of a debtor under, the Uniform Commercial Code of New York (or other applicable law), including, without limitation, Franchisor's right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found Any sale of the Collateral may be conducted by Franchisor in a commercially reasonable manner Reasonable notification of the time and place of any sale shall be satisfied by mailing to Franchisee pursuant to the notice provisions set forth above

29 6 Special Filing as Financing Statement

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement in duplicate on the date first above written

FRANCHISOR·
TRUFOODS, LLC

By ______________________________
Name ____________________________
Title _____________________________

Address for Notices

666 Fifth Avenue, Suite 27B
New York, New York 10103
Attn Department of Franchising
Telephone (212) 359-3600
Fax (212) 359-3601

With copy to

Harold L Kestenbaum, Esq
Gordon & Rees LLP
90 Merrick Avenue, Suite 601
East Meadow, NY 11554
Telephone (516) 880-0200
Fax (516) 745-0293

FRANCHISEE·
____

By ______________________________
Name ____________________________
Title _____________________________

Address for Notices

____
____
____
Telephone ________________________
Fax ______________________________
Attn _____________________________

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT A
DATA SHEET

1 The Approved Location for the Franchised Shoppe shall be ________________________ ____ (See Section 1 2)

2 If Franchisee is granted a protected territory by Franchisor, which decision shall be solely in Franchisor's discretion and made on a case-by-case basis, the territory shall be __________________ ____ Franchisee acknowledges and understands that in the event there is any Non-Traditional Site (as defined in Section 1 4) within the boundaries of such territory, if granted, the premises of this Non-Traditional Site will not be included in the territory and Franchisee will have no rights to this Non-Traditional Site

3 Franchise Fee The initial franchise fee shall be $__________ (See Section 4 1) The initial franchise fee is determined and payable as follows *(check the appropriate set of boxes)*

☐ This Agreement is for a single unit Franchised Restaurant and is not being executed pursuant to a Multi-Unit Development Agreement, and

☐ Franchisee was **not** an existing franchisee under the System prior to executing this Agreement and has, pursuant to the terms of a Deposit Agreement, paid $12,500 as a deposit to be applied toward the initial franchise fee, and the balance of the initial franchise fee, or $12,500, was paid upon the execution of this Agreement, or

☐ Franchisee was an existing franchisee under the System prior to executing this Agreement and has, pursuant to the terms of a Deposit Agreement, paid $10,000 as a deposit to be applied toward the initial franchise fee, and the balance of the initial franchise fee, or $10,000, was paid upon the execution of this Agreement

---

☐ This Agreement is executed pursuant to a Multi-Unit Development Agreement, and is

☐ For Franchisee's first Ritter's Frozen Custard Shoppe, then $25,000 was paid upon execution of the Multi-Unit Development Agreement as part of a multi-unit development fee and such amount is credited as full payment of initial franchise fee

☐ For Franchisee's second or later Ritter's Frozen Custard Shoppe, then $10,000 was paid as part of a multi-unit development fee and such amount is credited towards the initial franchise fee this Agreement, and $10,000 was paid upon the execution of this Agreement

Initial ___________ Date _________
Franchisee

Initial ___________ Date _________
TRUFOODS, LLC

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT B
ADA CERTIFICATION

TRUFOODS, LLC ("**Franchisor**") and ____________________ ("**Franchisee**") are parties to a franchise agreement dated ____________________ for the operation of a Ritter's Frozen Custard Shoppe at __________________________ (the "**Franchised Shoppe**") In accordance with Section 5 3 of the Franchise Agreement, Franchisee certifies to Franchisor that, to the best of Franchisee's knowledge, the Franchised Shoppe and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Franchisee does not constitute ownership, control, leasing or operation of the Franchised Shoppe Franchisee acknowledges that Franchisor has relied on the information contained in this certification Furthermore, Franchisee acknowledge its obligation under this Franchise Agreement to indemnify Franchisor and the officers, directors, and employees of Franchisor in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee's compliance with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same

FRANCHISEE

By ______________________________
Name ____________________________
Title ____________________________

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT C
LIST OF PRINCIPALS AND DESIGNATED PRINCIPAL

The following identifies all of Franchisee's Principals (as defined in Section 6 1 of the Franchise Agreement)

Name of Principal	**Address**	**Interest (%) with description**
		Total. 100%

FRANCHISEE'S DESIGNATED PRINCIPAL

The following identifies Franchisee's Designated Principal (as defined in Section 8 3 of the Franchise Agreement)

Name and Title	**Address, telephone number, and e-mail address**	**Interest (%) (with description) if any**

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT D
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS

ACH DEBIT AUTHORIZATION

TRUFOODS, LLC, a New Jersey limited-liability company is hereby requested, and authorized, subject to its approval, to draw checks, drafts or money orders, whether by electronic or paper means, to be charged against the account of

NAME OF BANK DEPOSITOR ____
(Print name as shown on Bank Records)

____

____
Depositor's Checking Account Number TRANSIT NUMBER/ROUTING SYMBOL

With ____,
Name of Bank and Branch

____
ADDRESS OF BANK OR BRANCH WHERE ACCOUNT IS MAINTAINED

FOR THE PURPOSE OF

1 ______ Collecting Franchise Royalty and/or Advertising Payments

2 ______ Collecting Monthly Note Payments

IT IS UNDERSTOOD THAT Either or both of the above arrangements may be terminated by the franchisee or by the franchisor upon written notice Should the payments cease to be paid by ACH, the Franchisor will accept manual payments

Signature Of Bank Depositor ____

Date ______________________ Year__________

AUTHORIZATION TO HONOR CHECKS, DRAFTS OR ORDERS DRAWN BY TRUFOODS, LLC

Name of Bank Depositor ______________________________________
Print Name as Shown on Bank Records

______________________ ______________________
Checking Account Number Routing Number

TO ____
Name of Bank and Branch

____
Address of Bank and Branch where Account is maintained

As a convenience to me, I hereby request and authorize you to pay and charge to my account checks, drafts or orders, whether by electronic or paper means, drawn on my account by TRUFOODS, LLC to its own order This authorization will remain in effect until revoked by me in writing, and until you actually receive such notice I agree that you shall be fully protected in honoring any such order

I agree that your treatment of each such item, and your rights in respect to it, shall be the same as it were signed personally by me I further agree that if any such check, draft or order be dishonored, whether with or without cause, you shall be under no liability whatsoever even though such dishonor results in the forfeiture of my franchise agreement. The bank shall be under no obligation to furnish me with any advice or notice in writing or otherwise of the payment and charge of such checks, drafts or orders to my account TRUFOODS, LLC is instructed to forward this authorization to you

______________________ (Date)

______________________ (Signature of Bank Depositor – as shown on Bank Records For the account to which this Authorization is applicable)

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT E-1
GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to TRUFOODS, LLC ("**Franchisor**") to enter the Ritter's Frozen Custard Franchise Agreement between Franchisor and ______________________________ ______ ("**Franchisee**"), dated __________, 20___ (the "**Agreement**"), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and Franchisor's successors and assigns that all of Franchisee's monetary obligations under the Agreement will be punctually paid and performed and that all monetary obligations will be punctually paid and performed

Upon demand by Franchisor, the undersigned each hereby jointly and severally agree to immediately make each payment required of Franchisee under the Agreement and waive any right to require Franchisor to (a) proceed against Franchisee for any payment required under the Agreement, (b) proceed against or exhaust any security from Franchisee, (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee, or (d) give notice of demand for payment by Franchisee Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement

The undersigned each hereby jointly and severally agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein

The undersigned each hereby jointly and severally acknowledge and expressly agree to be individually bound by all of the covenants contained in Sections 11, 15, 17, and 18 of the Agreement, and acknowledge and agree that this Guarantee does not grant the undersigned any right to use the "Ritter's Frozen Custard" marks or system licensed to Franchisee under the Agreement

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death, and the obligations of the other guarantors will continue in full force and effect

Guarantor represents and warrants to Franchisor that neither Guarantor (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business

Any and all notices required or permitted under this guarantee provision shall be in writing and shall be personally delivered, in the manner provided under Section 24 of this Agreement

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 27 of the Agreement This Guarantee shall be interpreted and construed under the laws of the State of New York In the event of any conflict of law, the laws of the State of New York shall prevail (without regard to, and without giving effect to, the application of New York conflict of law rules)

IN WITNESS WHEREOF, the undersigned has signed this guarantee provision as of the date of this Agreement

GUARANTOR(S)

____

____

____

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT E-2
OWNERS

1 **Owners** List the full name and mailing address of each person or entity who directly or indirectly owns an equity or voting interest in the Franchisee, and describe the nature of the interest

Name ____________________ Number of Ownership Interests Owned __________
Address ____________________ % of Total Ownership Interests __________
____________________ Number of Ownership Interests Owner is
____________________ Entitled to Vote __________
____________________ Other Interest (Describe) __________
____

Name ____________________ Number of Ownership Interests Owned __________
Address ____________________ % of Total Ownership Interests __________
____________________ Number of Ownership Interests Owner is
____________________ Entitled to Vote __________
____________________ Other Interest (Describe) __________
____

Name ____________________ Number of Ownership Interests Owned __________
Address ____________________ % of Total Ownership Interests __________
____________________ Number of Ownership Interests Owner is
____________________ Entitled to Vote __________
____________________ Other Interest (Describe) __________
____

Name ____________________ Number of Ownership Interests Owned __________
Address ____________________ % of Total Ownership Interests __________
____________________ Number of Ownership Interests Owner is
____________________ Entitled to Vote __________
____________________ Other Interest (Describe) __________
____

Name ____________________ Number of Ownership Interests Owned __________
Address ____________________ % of Total Ownership Interests __________
____________________ Number of Ownership Interests Owner is
____________________ Entitled to Vote __________
____________________ Other Interest (Describe) __________
____

2 **Designated Principal Owners** The following individuals named in Paragraph 1 are designated as Principal Owners, although they do not hold ten percent (10%) or more of the equity ownership interests in Franchisee

Name ____________________ Name ____________________

Name ____________________ Name ____________________

Name ______________________ Name ______________________

Name ______________________ Name ______________________

3 **Management** As required pursuant to this Agreement, the following Principal Owners shall have supervisory responsibilities in connection with the operation of the Shoppe

Name ______________________

Name ______________________

Name ______________________

4 **Ownership Structure and Initial Capitalization** Franchisee and its Owners represent and warrant that the ownership structure and initial capitalization of Franchisee is as follows

OWNERSHIP STRUCTURE

Owner	**Number of Ownership Interests**	**Percentage Ownership**
________	________	________
________	________	________
________	________	________
________	________	________
________	________	________

As of the date hereof there are ______________ (________) Ownership Interests authorized and there are ____________ (________) Ownership Interests which are issued and outstanding There are no other authorized classes of shares

INITIAL CAPITALIZATION

____

____

____

FRANCHISOR

TRUFOODS, LLC
a New Jersey limited liability company

By ______________________
Print Name ______________________
Title ______________________

FRANCHISEE

CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP

____
[Name]

By ______________________
Print Name ______________________
Title ______________________

INDIVIDUALS

____

____
[Print Name]

____

____
[Print Name]

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT F - 1
CONFIDENTIALITY AND NON-COMPETE AGREEMENT
FOR FRANCHISEE'S PRINCIPALS AND EXECUTIVES

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT ("Agreement") is made this _____ day of _________, 20___, by and between _________________________ (**"us" "we" "our"** or the "**Franchisee**"), and _________________________, who is a Principal, member, partner, or officer of Franchisee ("**you**" or the "**Member**")

Introduction

TRUFOODS, LLC (the "**Franchisor**") and its affiliates developed and own a format and system (the "**System**") for establishing, operating, and licensing shops that specialize in Franchisor's proprietary products and recipes, including a wide variety of frozen custard products and beverages These businesses use Franchisor's trade dress, System, and operate under the name "Ritter's Frozen Custard" and marks (each is referred to as a "**Ritter's Frozen Custard Shoppe**")

Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a Ritter's Frozen Custard Shoppe (the "**Franchised Shoppe**") under the terms and conditions of the Franchise Agreement

In connection with your ownership and position with Franchisee, you will be will be trained by us and/or you will learn of Franchisor's confidential information and know-how concerning the methods of operation of a Ritter's Frozen Custard Shoppe and the System

Now, therefore, it is agreed that as a consideration your relationship with Franchisee and the rights granted to Franchisee under the Franchise Agreement, you acknowledge and agree that you will comply with all of the following obligations

1 **Confidential Information** You agree that you will not, at any time (whether during or after the term of the Franchise Agreement or the time of your relationship with Franchisee), communicate or divulge Confidential Information to any Person, and that you will not use Confidential Information for your own benefit or for the benefit of any other Person

2 **Definitions** As used in this Agreement, the following terms are agreed to have the following meanings

a The term "**Confidential Information**" means any information, knowledge, or know-how concerning the methods of operation of the Franchised Shoppe and the System that may you may learn of or that otherwise becomes known to you during the term of the Franchise Agreement or the time of your relationship with Franchisee (whether or not Franchisor or we have specifically designated that information as "confidential") Confidential Information may include, among other things, operational, sales, promotional, marketing, and administrative methods, procedures, and techniques However, Confidential Information does not include information that you can show came to your attention before it was disclosed to you by us or Franchisor, and Confidential Information also does not include information that, at or after the time when we or Franchisor disclosed it to you, is a part of the public domain through no act on your part or through publication or communication by other Persons who are lawfully entitled to publish or communicate that information

b The term **"Person"** means any person, persons, partnership, entity, association, or corporation (other than the Franchisor or Franchisee)

c The term **"Post-Term Period"** means a continuous uninterrupted period of two (2) years from the date of (a) a transfer permitted under Section 15 of the Franchise Agreement, (b) expiration or termination of the Franchise Agreement (regardless of the cause for termination), (c) termination of your relationship with Franchisee for any reason, and/or (d) a final order of a court of competent jurisdiction enforcing of this Agreement

3. Covenants Not to Compete

a You understand and acknowledge that due to your relationship with us, you will receive valuable specialized training and access to Confidential Information

b You covenant and agree that during the term of the Franchise Agreement, unless Franchisor gives you prior written approval, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person

i Divert or attempt to divert any current or potential business account or customer of the Franchised Shoppe (or of any Ritter's Frozen Custard Shoppe) to any Person, whether by direct or indirect suggestion, referral, inducement, or otherwise,

ii Do or perform, directly or indirectly, any act that might injure or be harmful to the goodwill associated with Franchisor and the System,

iii Employ or seek to employ any individual who is then employed by us, Franchisor, or employed by any of Franchisor's franchisees, licensees, developers, or to otherwise directly or indirectly induce any such individual to leave his or her employment, and/or

iv Directly or indirectly for yourself or on behalf of, or in conjunction with any Person, own, maintain, operate, engage in, or have any interest in any food service business offering the same or substantially similar menu items as the Franchised Shoppe (a **"Competitive Business"**)

c You covenant and agree that during the term Post-Term Period, unless Franchisor gives you its prior written approval, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person

i Own, maintain, operate, engage in, or have any interest in any Competitive Business that is located (or is intended to be located) within a radius of twenty-five (25) miles of any Ritter's Frozen Custard Shoppe located anywhere, and/or

ii Employ or seek to employ any individual who is then employed by us, Franchisor, or employed by any of Franchisor's franchisees, licensees, developers, or to otherwise directly or indirectly induce any such individual to leave his or her employment

4 **Legal and Equitable Remedies** You understand, acknowledge, and agree that if you do not comply with the requirements of this Agreement, you will cause irreparable injury to Franchisor, and that

a We will have the right to enforce this Agreement and any of its provisions by going to a court and obtaining an injunction, specific performance, or other equitable relief, without prejudice to any other rights and remedies that we may have for breach of this Agreement,

b You will not raise wrongful termination or other defenses to the enforcement of this Agreement (although you will have the right to raise those issues in a separate legal action), and

c You must reimburse Franchisor for any court costs and reasonable attorney's fees that Franchisor incurs as a result of your violation of this Agreement and having to go to court to seek enforcement

5. **Severability** Each of the provisions of this Agreement may be considered severable from the others If a court should find that we or Franchisor may not enforce a clause in this Agreement as written, but the court would allow us or Franchisor to enforce that clause in a way that is less burdensome to you, then you agree that you will comply with the court's less-restrictive interpretation of that clause

6 **Delay** No delay or failure by us or Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that right or any other right set out in this Agreement No waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement

7 **Third-Party Beneficiary** You acknowledge and agree that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee

IN WITNESS WHEREOF, Member has read and understands the terms of this Agreement, and voluntarily signed this Agreement on this ___ day of ___________, 20___

MEMBER

Signature ______________________________

Printed Name ___________________________

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT F - 2
CONFIDENTIALITY AND NON-COMPETE
FOR FRANCHISEE'S EMPLOYEES

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT ("Agreement") is made this _____ day of ________, 20___, by and between ___________ ("**us**" "**we**" "**our**" or the "**Franchisee**"), and ________________________, an employee of Franchisee ("**you**" or the "**Employee**")

Introduction

TRUFOODS, LLC (the "**Franchisor**") and its affiliates developed and own a format and system (the "**System**") for establishing, operating, and licensing Shoppes that specialize in Franchisor's proprietary products and recipes, including a wide variety of frozen custard products and beverages These businesses use Franchisor's trade dress, System, and operate under the name "Ritter's Frozen Custard" and marks (each is referred to as a "**Ritter's Frozen Custard Shoppe**")

Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a Ritter's Frozen Custard Shoppe (the "**Franchised Shoppe**") under the terms and conditions of the Franchise Agreement

In connection with starting or continuing your employment with Franchisee, you will be will be trained by us and you will learn of Franchisor's confidential information and know-how concerning the methods of operation of a Ritter's Frozen Custard Shoppe and the System.

Now, therefore, it is agreed that as a consideration of starting or continuing your employment, as a condition to your employment and the compensation that we have paid to you (and/or will pay you after today), you acknowledge and agree that you will comply with all of the following obligations

1. **Confidential Information** You agree that you will not, at any time (whether during or after your time of employment with us), communicate or divulge Confidential Information to any Person, and that you will not use Confidential Information for your own benefit or for the benefit of any other Person

2 **Definitions** As used in this Agreement, the following terms are agreed to have the following meanings

a The term "**Confidential Information**" means any information, knowledge, or know-how concerning the methods of operation of the Franchised Shoppe and the System that may you may learn of or that otherwise becomes known to you during the time of your employment with us (whether or not the Franchisor or we have specifically designated that information as "confidential") Confidential Information may include, among other things, operational, sales, promotional, marketing, and administrative methods, procedures, and techniques However, Confidential Information does not include information that you can show came to your attention before it was disclosed to you by us or Franchisor, and Confidential Information also does not include information that, at or after the time when we disclosed it to you, is a part of the public domain through no act on your part or through publication or communication by other Persons who are lawfully entitled to publish or communicate that information

b The term **"Person"** means any person, persons, partnership, entity, association, or corporation (other than the Company or Franchisor)

c The term **"Post-Term Period"** means a continuous uninterrupted period of (check as applicable) one (1) year if you are a manager or perform managerial responsibilities, or six (6) months a non-managerial employee from the date of (a) termination of your employment with us for any reason, and/or (b) a final order of a court of competent jurisdiction enforcing of this Agreement

3 **<u>Covenants Not to Compete</u>**

a You understand and acknowledge that due to your employment with us, you will receive valuable specialized training and access to Confidential Information

b You covenant and agree that during the term of your employment, unless Franchisor gives you its prior written approval, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person

i Divert or attempt to divert any current or potential business account or customer of the Franchised Shoppe (or of any Ritter's Frozen Custard Shoppe) to any Person, whether by direct or indirect suggestion, referral, inducement, or otherwise,

ii Do or perform, directly or indirectly, any act that might injure or be harmful to the goodwill associated with Franchisor and the System,

iii Employ or seek to employ any individual who is then employed by us, or employed by Franchisor or any of Franchisor's franchisees, licensees, developers, or to otherwise directly or indirectly induce any such individual to leave his or her employment, and/or

iv Directly or indirectly for yourself or on behalf of, or in conjunction with any Person, own, maintain, operate, engage in, or have any interest in any food service business offering the same or substantially similar menu items as the Franchised Shoppe (a **"Competitive Business"**)

c You covenant and agree that during the term Post-Term Period, unless Franchisor gives you its prior written approval, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person

i Own, maintain, operate, engage in, or have any interest in any Competitive Business that is located (or is intended to be located) within a radius of twenty-five (25) miles of any Ritter's Frozen Custard Shoppe located anywhere at that time, and/or ii Employ or seek to employ any individual who is then employed by us, Franchisor, or by any of Franchisor's franchisees, licensees, developers, or to otherwise directly or indirectly induce any such individual to leave his or her employment

4. **Legal and Equitable Remedies** You understand, acknowledge, and agree that if you do not comply with the requirements of this Agreement, you will cause irreparable injury to Franchisor, and that

a We will have the right to enforce this Agreement and any of its provisions by going to a court and obtaining an injunction, specific performance, or other equitable relief, without prejudice to any other rights and remedies that we may have for breach of this Agreement,

b You will not raise wrongful termination or other defenses to the enforcement of this Agreement (although you will have the right to raise those issues in a separate legal action), and

c You must reimburse Franchisor for any court costs and reasonable attorney's fees that Franchisor incurs as a result of your violation of this Agreement and having to go to court to seek enforcement

5. **Severability** Each of the provisions of this Agreement may be considered severable from the others If a court should find that we or Franchisor may not enforce a clause in this Agreement as written, but the court would allow us or Franchisor to enforce that clause in a way that is less burdensome to you, then you agree that you will comply with the court's less-restrictive interpretation of that clause

6 **Delay** No delay or failure by us or Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that right or any other right set out in this Agreement No waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement

7. **Third-Party Beneficiary** You acknowledge and agree that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with us

IN WITNESS WHEREOF, Employee has read and understands the terms of this Agreement, and voluntarily signed this Agreement on this ___day of ___________, 20__

EMPLOYEE

Signature ______________________________

Printed Name ___________________________

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT G
COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns, transfers and sets over to TRUFOODS, LLC, a New Jersey limited liability company ("Assignee"), all of Assignor's right and title to and interest in that certain "Lease", a copy of which is attached as Exhibit A, respecting premises commonly known as ______________________________ This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises

Upon Assignor's default under the Lease or under the "Franchise Agreement" for a Ritter's Frozen Custard Shoppe between Assignee and Assignor, or in the event Assignor defaults under any document or instrument securing the Franchise Agreement, Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent Throughout the term of the Franchise Agreement, Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as required, Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal

ASSIGNOR

Dated ______________________

CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP OR PROPRIETORSHIP

____
[Name]

By ______________________________
Name ______________________________
Title ______________________________

INDIVIDUALS

____

____
[Print Name]

____

____
[Print Name]

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease

(a) Agrees to notify Assignee in writing of and upon Assignee's failure to cure any default by Assignor under the Lease,

(b) Agrees that Assignee will have the right but not the obligation to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above,

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease, and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a Ritter's Frozen Custard Shoppe

DATED ______________________________

____

______________________________, Lessor

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT H
TRANSFER OF FRANCHISE TO A
<u>CORPORATION OR LIMITED LIABILITY COMPANY</u>

This Transfer Agreement hereby amends that certain Franchise Agreement dated ___________, 20___ between TRUFOODS, LLC ("Franchisor") and ____________________ ("Franchisee")

The undersigned, an Officer, Director and Owner of a majority of the issued and outstanding voting stock of the corporation set forth below, or Members of the issued and outstanding Interests of the Limited Liability Company set forth below and the Franchisee of the Ritter's Frozen Custard Shoppe under a Franchise Agreement executed on the date set forth below, between himself or herself and Franchisor, granting him/her a franchise to operate at the location set forth below, and the other undersigned Directors, Officers and Shareholders of the Corporation, or the Members of the Limited Liability Company, who together with Franchisee constitute all of the Shareholders of the Corporation, or the Members of the Limited Liability Company, in order to induce Franchisor to consent to the assignment of the Franchise Agreement to the Corporation, or Limited Liability Company in accordance with the provisions of Section 15 11 of the Franchise Agreement, agree as follows

1 The undersigned Franchisee shall remain personally liable in all respects under the Franchise Agreement and all the other undersigned Officers, Directors and Shareholders of the Corporation, or the Members of the Limited Liability Company, intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Franchise Agreement including the restrictive covenants contained in Article 18 thereof, to the same extent as if each of them were the Franchisee set forth in the Franchise Agreement and they jointly and severally personally guarantee all of the Franchisee's obligations set forth in said Agreement

2 The undersigned agree not to transfer any stock in the Corporation, or any interest in the Limited Liability Company without the prior written approval of the Franchisor and agree that all stock certificates representing shares in the Corporation, or all certificates representing interests in the Limited Liability Company shall bear the following legend

> "The shares of stock represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated ___________, 20__ between ______________________________ and TRUFOODS, LLC"
>
> or
>
> "The ownership interests represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated ___________, 20__ between ______________________________ and TRUFOODS, LLC"

3 ___________________ or his designee shall devote his best efforts to the day-to-day operation and development of the Franchised Shoppe

4 __________________ hereby agrees to become a party to and to be bound by all of the provisions of the Franchise Agreement executed on the date set forth below between Franchisee and TRUFOODS, LLC, to the same extent as if it were named as the Franchisee therein

Date of Franchise Agreement ________________________________

Location of Franchised Shoppe ____________________________________

WITNESS

____

____

As to Paragraph 3

____
[Name]

As to Paragraph 4

____
[Name]

ATTEST

____

____
Name of Corp or Limited Liability Company

By ____________________ (SEAL)
Title __________________________

In consideration of the execution of the above Agreement, TRUFOODS, LLC hereby consents to the above referred to assignment on this _____ day of ____________, 20__

TRUFOODS, LLC

By ________________________________
Title ______________________________

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT I
LISTING ASSIGNMENT AGREEMENT

In accordance with the terms of the Ritter's Frozen Custard Franchise Agreement ("Franchise Agreement") between TRUFOODS, LLC ("we", "us" or "our") and ____________________ ("you" or "your"), executed concurrently with this Agreement, under which we granted you the right to own and operate a franchised Ritter's Frozen Custard Shoppe ("Franchised Business"), you, for value received, hereby assign to us all of your right, title and interest in and to those certain telephone numbers, facsimile numbers, regular, classified, or other telephone directory listings, URLs, domain names and e-mail addresses and accounts (collectively, the "Listings") associated with our trade and service marks and used from time to time in connection with the operation of the Franchised Business

This assignment is for collateral purposes only and, except as specified in this Agreement, we will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless we notify the telephone company, domain name registries and internet service providers and all listing agencies (collectively, the "Listing Agencies") pursuant to the terms of this Agreement to effectuate the assignment

Upon termination or expiration of the Franchise Agreement (without renewal or extension), we will have the right and are hereby empowered to effectuate the assignment of the Listings, and, in such event, you will have no further right, title or interest in the Listings and will remain liable to the Listing Agencies for all past due fees owing to the Listing Agencies on or before the effective date of the assignment

You agree and acknowledge that as between us and you, upon termination or expiration of the Franchise Agreement, we will have the sole right to and interest in the Listings, and you appoint us as your true and lawful attorney-in-fact to direct the Listing Agencies to assign the same to us, and execute such documents and take such actions as may be necessary to effectuate the assignment Upon such event, you will immediately notify the Listing Agencies to assign the Listings to us, you also agree not to utilize any call forwarding messages referring to another number If you fail to promptly direct the Listing Agencies to assign the Listings to us, we will direct the Listing Agencies to effectuate the assignment contemplated under this Agreement, to us

The parties agree that the Listing Agencies may accept written direction from us, or this Assignment, as conclusive proof of our exclusive rights in and to the Listings upon such termination or expiration

The parties further agree that if a Listing Agency requires that the parties execute the Listing Agency's assignment forms or other documentation at the time of expiration or termination, our execution of such forms or documentation will effectuate your consent and agreement to the assignment The parties agree that at any time after the date of this Agreement, they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described in this Agreement upon termination or expiration of the Franchise Agreement

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below

ATTEST	FRANCHISOR TRUFOODS, LLC
______________________________ Witness	By ______________________________ Name ______________________________ Title ______________________________
	FRANCHISEE
______________________________ Witness	By ______________________________ Name ______________________________ Title ______________________________

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT J
POWER OF ATTORNEY (TAXES)

<u>Taxes</u>

IRREVOCABLE POWER OF ATTORNEY

STATE OF ______________)
)
COUNTY OF _____________)

KNOW ALL MEN BY THESE PRESENTS

That _______________, a ___________________ ("Franchisee"), does hereby irrevocably constitute and appoint TRUFOODS, LLC, a New Jersey limited liability company ("Franchisor"), true and lawful attorney-in-fact and agent for Franchisee and in Franchisee's name, place and stead to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of Franchisor, shall be necessary or advisable for the sole purpose of obtaining any and all returns, records, reports and other documentation relating to the payment of taxes filed by Franchisee with any state and/or federal taxing authority, including, but not limited to, the State Comptroller of the State of ________, hereby granting unto Franchisor full power and authority to do and perform any and all acts and things which, in the sole discretion of Franchisor, are necessary or advisable to be done as fully to all intents and purposes as Franchisee might or could itself do, hereby ratifying and confirming all that Franchisor may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted

During the term of this Power of Attorney, and regardless of whether Franchisee has designated any other person to act as its attorney-in-fact and agent, no governmental agency, person, firm or corporation dealing with Franchisor, if acting in good faith, shall be required to ascertain the authority of Franchisor, nor to see to the performance of the agency, nor be responsible in any way for the proper application of documents delivered or funds or property paid or delivered to Franchisor Any governmental agency, person, firm or corporation dealing with Franchisor shall be fully protected in acting and relying on a certificate of Franchisor that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and Franchisee shall not take any action against any person, firm, corporation or agency acting in reliance on such a certificate or a copy of this Power of Attorney Any instrument or document executed on behalf of Franchisee by Franchisor shall be deemed to include such a certificate on the part of Franchisor, whether or not expressed This paragraph shall survive any termination of this Power of Attorney

This Power of Attorney shall terminate two (2) years following the expiration or termination of that certain Franchise Agreement dated as of ______________, 20___ by and between Franchisor and Franchisee Such termination, however, shall not affect the validity of any act or deed that Franchisor may have effected prior to such date pursuant to the powers herein granted

This instrument is to be construed and interpreted as an irrevocable power of attorney coupled with an interest It is executed and delivered in the State of _______ and the laws of the State of

________ shall govern all questions as to the validity of this Power of Attorney and the construction of its provisions

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the ____ day of ______________, 20___

FRANCHISEE

____

By ___________________________
Name _________________________
Title __________________________

STATE OF ______________)
)
COUNTY OF _____________)

BEFORE ME, the undersigned authority, on this day personally appeared _______________, ______________ of ____________________, known to me to be the person whose name is subscribed to the foregoing instrument, who acknowledged to me that s/he executed the same for the purposes and consideration therein expressed and in the capacity therein stated

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of ____________, 20__

(SEAL)

____
Notary Public in and for
The State of ______________

My commission expires

____

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT K
SUBLEASE AGREEMENT

THIS SUBLEASE made as of this ___day of __________, 20____ ("Sublease") by and between TRUFOODS, LLC, a New Jersey limited liability company, whose principal office is at 666 Fifth Avenue, Suite 27B, New York, New York 10103 (hereinafter "We" or "Us"), and ______________, having his principal residence at ____________________________________ (hereinafter "You")

1 Sublease

(a) This Sublease is subject to and subordinate in all respects to that certain lease (hereinafter "Head Lease") to be entered into between Us herein as the Lessee and ______________________ as the Lessor, a copy of which Head Lease in substantial form is attached hereto as Exhibit "A" and by this reference made a part hereof as if fully set forth herein

(b) You agree that nothing herein contained shall be deemed to grant You any rights which would conflict with any of the covenants and conditions of said Exhibit "A" and You agree that You will do nothing in, on or about the demised Premises or fail to do anything which would result in Our breach of Our undertakings and obligations under the Head Lease

(c) Nothing contained herein shall be construed as a guarantee by Us of any of the obligations, covenants, warranties, agreements, or undertakings of Lessor in the Head Lease nor as an absolute or unconditional undertaking by Us to perform the obligations of Lessor on the same terms as are contained in the Head Lease

2 Premises

(a) We hereby sublease to You, and You hire from Us, the premises known as ___________________________________ and the building located thereon (hereinafter "Premises") to be used by You only as a franchisee of Us for the sole purpose of operating a "Ritter's Frozen Custard Shoppe" (the "Shoppe") subject to the terms of a certain Franchise Agreement entered into by and between Us and You dated _____________, 20__ ("Franchise Agreement")

(b) You acknowledge that the Premises is not presently suitable for use as a Shoppe and agree to complete those leasehold improvements at Your sole cost and expense in conformity with all of the terms of the Head Lease and in general conformity with the prototype plans and designs for the Shoppe

(c) You shall promptly execute and comply with all statutes, ordinances, rules, orders, regulations and requirements of federal, state and local governments and of any and all their departments and bureaus applicable to said Premises

(d) Before commencing any work or installing any equipment in connection with repair or alteration of the Premises, You shall

(i) Obtain the necessary consents, authorizations and licenses from the federal, state and/or municipal authorities asserting jurisdiction over the work to be done, and no work shall be started or equipment installed unless and until all such necessary consents, authorizations and licenses shall first have been duly obtained by the You and/or Your contractor or other persons doing the work or installing the equipment on Your behalf The foregoing shall not apply if We assume responsibility for obtaining the foregoing,

(ii) Enter into proper contracts with contractors, subcontractors and material men, which contracts will provide, among other things, that said work shall be done and equipment installed in good workmanlike manner and in accordance with the plans and specifications previously approved, and consents, authorizations and licenses previously obtained, and which contracts shall provide that the contractor or other persons referred to above will look solely to You for payment and will hold Us and the Premises free from all liens and claims of any persons furnishing labor or furnishing materials therefor, or both, and will also provide similar waivers or rights to file liens obtained from any and all of said contractors, subcontractors and material men, copies of said contracts together with duly executed waivers of the right to file liens executed by the contractors or other persons referred to above shall be furnished to Us,

(iii) You shall also indemnify Us and save Us harmless against any and all bills for labor performed and equipment, fixtures and material furnished to You in connection with said work as aforesaid, and against any and all liens, bills or claims therefor or against the Premises, and within twenty (20) days bond or discharge any such liens, the failure to do so shall be deemed a material breach of this Sublease, and

(iv) You, at Your own cost and expense, with respect to any repairs or alterations made by You, shall promptly comply with all laws, ordinances, orders, rules and regulations of each and every department and bureau of the city and state and the United States and any other lawful authority asserting jurisdiction over the Premises, and shall reimburse Us for any expenses incurred on account of Your failure to comply with any such requirements, and any expenses so incurred by Us as aforesaid shall be deemed "additional rent" under this Sublease and due and payable by You to Us on the first day of the month following the payment of same by Us You, or any contractors employed by You, or any other persons who will do the work or install the equipment as aforesaid, shall be fully covered by Worker's Compensation Insurance and liability insurance in the minimum amount of $1,000,000/$2,000,000, and certificates thereof shall be furnished to Us before commencement of any work by any such contractor or persons as aforesaid

(e) If You request Us to guarantee an obligation to the architect or contractor commissioned by You for the improvements, and We agree to do so in a separate instrument, You agree that any default in payment by You to the architect or contractor shall constitute a material breach hereof and shall be treated as though You have defaulted in the payment of rent hereunder You acknowledge that any such guarantee will be given by Us merely as an accommodation to You and You agree to hold Us harmless thereunder This provision shall not be construed to be an agreement by Us to make such a guarantee, which can only be made in a separate instrument

3 <u>Term</u>

(a) This Sublease shall commence on the date hereof and shall end one (1) day prior to the end of the Head Lease

(b) You shall have such options to renew this Sublease as are provided to Us in the Head Lease to renew same, if any, which options shall be conditioned upon Our exercising in each instance the option in the Head Lease to which Your option relates and shall be conditioned upon the Franchise Agreement being in full force and effect and Your being in full compliance therewith

(c) Each option period, if any, shall run for one (1) day less than the period available to Us under the Head Lease and shall therefore expire one (1) day prior to the end of the then-current term

4 Rental

(a) The fixed minimum rental payable by You shall be ______________ Dollars ($__________)

The above rental is the net minimum rental and shall be absolutely net to Us without any right of offset, claim or withholding

(b) In the event the Head Lease contains a provision which may result in the rental payable by Us under the Head Lease being adjusted on the basis of percentage rent charges or being adjusted during the term hereof or in any renewal term because of cost of living index changes or other incremental increases, and in the event such an adjustment is in fact made under the Head Lease, the fixed minimum rental payable hereunder shall be adjusted by the same percentage as the rent under the Head Lease is adjusted

(c) The fixed monthly rental installments and additional rents and charges shall be paid directly to Lessor in accordance with the terms of the Head Lease, unless otherwise directed by Us

(d) Any monies due to Us from You or other payments to be made by You pursuant to the Franchise Agreement shall be deemed additional rent hereunder

5 Your Franchise from Franchisor

(a) Simultaneously with, or prior to, execution of this Sublease, You have also entered into the Franchise Agreement solely for the operation of the Shoppe at the Premises You agree that if the aforesaid Franchise Agreement shall be terminated either by You or by Us for any reason, We shall, in either event, then have the unqualified and absolute right to terminate this Sublease upon five (5) days' written notice, and at the end of said five (5) day notice period, We may re-enter or may institute summary or holdover proceedings to evict You and all those in possession of the Premises by reason of the termination of this Sublease as herein provided

(b) Any uncured default under the Franchise Agreement by You shall constitute a material default hereunder and shall entitle Us to re-enter the Premises, without being liable for trespass, or institute summary or holdover proceedings to evict You and all those in possession in the event such default remains uncured And, wherever the default under the Franchise Agreement shall pertain to the payment of money by You, such default thereunder shall constitute a default in the payment of rent hereunder and We shall have all remedies available to Us hereunder as though the same were a default in the payment of the fixed minimum rental

6 Head Lease Inclusions and Exclusions

(a) The parties hereby agree that all of the other covenants and agreements by the Franchisor or Us, including all extra charges and obligations, if any, which are contained in the aforesaid

Head Lease, including all riders and addenda hereto (being Exhibit "A" hereto), are hereby assumed by You and by this reference are made a part hereof and included in this Sublease as if herein fully written and as if the words "Sublessor"/"We" and "Sublessee"/"You" were originally wherever the words "Lessor" and "Lessee" appear therein

(b) With reference to the included paragraphs of said Head Lease pertaining to Our insurance obligations, which along with all others are hereby taken over from Us and assumed by You, it is agreed that the insured parties under all of said insurance policies shall be as their interest may appear (in addition to You)

7 Tax Deposit

When and if requested, You agree to pay to Us in advance, on each monthly rental payment date, an additional amount equal to one twelfth (1/12) of the annual taxes and assessments levied against the Premises for the period for which collected We shall use such monies for payment of such taxes or assessments as they become due and payable In the event such monies are insufficient for such purpose, You shall immediately, upon notice, pay the difference to Us In remitting such taxes or assessments, We shall not be responsible for their validity, accuracy or reasonableness and shall not be required to make advances thereof We shall not be required to pay any interest on any payments made hereunder by You and You hereby expressly waive any right, statutory or otherwise, to have Us pay interest on said payment

8 Assignment and Subletting

You shall not assign or sublet the Premises or any part thereof We shall be under no obligation whatsoever to consent to, approve or submit to any assignment or subletting and may withhold such consent or approval for any reason or no reason

9 Notices

All notices to be given to Us or You may be given in writing personally or by certified mail, return receipt requested, postage prepaid, sent to You at the Premises and to Us at 666 Fifth Avenue, Suite 27B, New York, New York 10103 Delivery thereof shall be conclusively presumed as having been made within three (3) days from the date of mailing

10 Default and Remedies

(a) Any monetary obligation of You, including rental payments which are not paid when due, shall bear interest from the due date at a rate per annum of two (2) percentage points above the prime lending rate of Citibank, N A in effect on the first day of each month for the period during which any such amount is outstanding This provision does not limit any other remedies as provided hereunder

(b) If any voluntary or involuntary petition in bankruptcy shall be filed by or against You, or any voluntary or involuntary proceedings in any court or tribunal shall be instituted to declare You insolvent or unable to pay Your debts, then upon such occurrence, but with or without entry or other action by Us, this Sublease and the Franchise Agreement shall immediately terminate, and, notwithstanding any other provisions of this Sublease, We shall forthwith upon such termination be entitled to recover damages in an amount equal to the rental herein provided for the residue of the term hereof

(c) If You default in the payment of rent, or if You default in the prompt and full performance of any other provision of this Sublease and such other default continues for ten (10) days after Our written notice thereof to You, or if You make an assignment for the benefit of creditors, or if a receiver be appointed for Your property, or if You abandon or vacate the Premises, then, and in any such event, We may, if We so elect, but not otherwise, and with or without notice of such election and with or without any demand whatsoever, either forthwith terminate this Sublease and Your right to possession of the Premises, or without terminating this Sublease, terminate Your rights to possession of the Premises and terminate the Franchise Agreement

(d) In addition to Our remedies specified in the aforesaid paragraphs, the parties hereto agree that the only notices necessary to terminate this Sublease and the Franchise Agreement are those enumerated herein, with all other notices and demands required by statute or law being hereby waived by You, and further that this Sublease and the Franchise Agreement may also be terminated at Our election without further notice or demand in the following event

(i) If You establish a pattern of repeated defaults in that You fail to make any payment of money under this Sublease when due or defaults in the performance of any covenants, undertakings, or obligations, other than for the payment of money required by this Sublease to be performed by You, in three (3) consecutive calendar months or in any four (4) months during the same calendar year (whether the same or different failures or defaults are involved), then notwithstanding that You have cured within the times prescribed for any such failures and defaults occurring in the first two (2) consecutive months or in any three (3) months in the same calendar year, it is nevertheless agreed that the occurrence of such failure or default for the third consecutive calendar month or for the fourth month in the same calendar year shall be conclusively deemed to be an immediate material breach of this Sublease permitting termination without further demand or notice of any kind and without any right on Your part to cure, and

(ii) If You willfully falsify any statement or report required to be submitted to Us under the terms of this Sublease

(e) If You attempt to or actually do pledge, hypothecate or mortgage this Sublease to any third party, this Sublease shall immediately terminate

(f) In addition to all other remedies available to Us hereunder, and not by way of limitation, if You shall default in the observance or performance of any term or covenant on Your part to be performed or observed under or by virtue of any of the terms or provisions in any article of this Sublease, We, without being under any obligation to do so and without thereby waiving such default, may remedy such default for the account and at Your expense Such sums paid or obligations incurred with interest and costs shall be deemed to be additional rent hereunder and shall be paid to Us by You

11 <u>Right of Entry and/or Possession</u>

If, for any reason, You should be in default of Your obligations hereunder or in Your obligations under the Franchise Agreement, or any stipulation signed by You, We shall have the right to enter upon the Premises at any hour, not just Your business hours, to take possession of the Shoppe and You agree that We shall not be required to obtain prior permission to enter upon the Premises and operate the Shoppe, You hereby grant Us the limited power of attorney to obtain an order and judgment on Your behalf in any court of competent jurisdiction to order and authorize Our entry on the Premises and the operation of the Shoppe You further agree that if We are forced to resort to this procedure by any interference with Our rights hereunder or for any other reason, You shall pay all attorneys' fees and other costs associated with Our obtaining such order and judgment on Your behalf

12 Abandoned Property

Any of Your personal property or equipment which is removable by You pursuant to the Head Lease, if not removed within ten (10) days of Your vacating the demised Premises for any reason, shall, at Our option, be deemed to have been abandoned and in such event shall, in consideration of the making of this Sublease, thereupon become Our property

13 Guaranty By Your Principal

In consideration of the making of this Sublease by Us, the undersigned principal of You does hereby guarantee to Us the payment of all rent, additional rent, impositions and charges of any kind required herein to be paid by You and the performance by You of all of the terms and conditions of this Sublease Said principal hereby waives any notices hereunder or acceptance hereof and consents to any extension of time, indulgence or waivers granted by Us to You or any other action or modification of the Sublease terms regardless of whether they affect the extent or nature of Your obligations and said principal agrees to pay all of Our expense, including attorneys' fees incurred by Us in enforcing this Guaranty or Your obligations herein

14 Miscellaneous

(a) The words "Sublessor"/"We" and "Sublessee"/"You" shall mean respectively all parties of Us or You, regardless of number, and the word "he" shall be synonymous with "she", "it" and "their"

(b) All remedies of the parties hereto are cumulative

(c) No waiver by Us of any provision or undertaking hereunder shall be valid unless in writing signed by Our authorized officer No waiver by either party hereto of any provision or defaults hereunder, whether in a single instance or repeatedly, shall be deemed a future waiver of such provision or default Receipt or acceptance of rent by Us shall not be deemed a waiver of any default under the covenants, agreements, terms, provisions and conditions of this Sublease, or of any right which We may be entitled to exercise under this Sublease

IN WITNESS WHEREOF, the parties have executed this instrument the day and year first above written

WITNESS	SUBLESSOR
	TRUFOODS, LLC
______________________________	By ______________________________
	Name ______________________________
	Title ______________________________
WITNESS	SUBLESSEE
	______________________________
______________________________	By ______________________________
	Name ______________________________
	Title ______________________________

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT L
STATE SPECIFIC ADDENDUM

EXHIBIT L
ADDENDUM TO THE TRUFOODS, LLC DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT
<u>REQUIRED BY THE STATE CALIFORNIA</u>

CALIFORNIA APPENDIX

1 California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise If the Franchise Agreement or Multi-Unit Development Agreement contains provisions that are inconsistent with the law, the law will control

2 The Franchise Agreement and Multi-Unit Development Agreement provide for termination upon bankruptcy This provision may not be enforceable under Federal Bankruptcy Law (11 U S C A Sec 101 <u>et seq</u>)

3 The Franchise Agreement and Multi-Unit Development Agreement contain covenants not to compete which extend beyond the termination of the agreements These provisions may not be enforceable under California law

4 Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise

5 Neither the franchisor, any person or franchise broker 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 79a et seq , suspending or expelling such persons from membership in such association or exchange

6 The Franchise Agreement and Multi-Unit Development Agreement require application of the laws of New York This provision may not be enforceable under California law

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

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

9 Prospective 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 provisions of a franchise agreement restricting venue to a forum outside the State of California

10 The Franchise Agreement contains a liquidated damages clause Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of _____________, 20___

ATTEST	**TRUFOODS, LLC**
______________________	By ______________________
Witness	Name ______________________
	Title ______________________
	FRANCHISEE
______________________	______________________
Witness	

EXHIBIT L

ADDENDUM TO THE TRUFOODS, LLC DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT
<u>REQUIRED BY THE STATE OF ILLINOIS</u>

1 The following item is required to be included within the Disclosure Document and shall be deemed to supersede the language that is in the Disclosure Document itself

> Section 4, Jurisdiction and Venue, of the Illinois Franchise Disclosure Act ("Act") dictates that "any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State" Therefore, the Act supersedes any contrary provisions contained in the Franchise Agreement, Multi-Unit Development Agreement

2 Illinois law governs the Franchise Agreement, Multi-Unit Development Agreement

3 Any releases and/or waivers that the Franchisor requests the Franchisee to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act which dictates that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code"

4 Under Illinois law, a franchise agreement may not provide for a choice of law of any state other than Illinois Accordingly, Items 17(v) and (w) are amended to state "none" The Franchise Agreement, Multi-Unit Development Agreement are amended accordingly

5 Section 27 4 of the Franchise Agreement, Section 16 of the Multi-Unit Development Agreement are amended to comply with Section 27, Periods of Limitation, of the Act to allow any and all claims and actions arising out of or relating to these Agreements, the relationship of Franchisor and Franchisee, Multi-Unit Developer and/ or Franchisee's operation of the Franchise brought by Franchisee against Franchisor shall be begin within three (3) years from the occurrence of the facts giving rise to such claim or action, within one (1) year after the Franchisee, Multi-Unit Developer becomes aware of the facts or circumstances indicating Franchisee, Multi-Unit Developer may have a claim for relief, or ninety (90) days after delivery to Franchisee, Multi-Unit Developer of a written notice disclosing the violation, or such claim or action will be barred

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of ______________, 20___

ATTEST	TRUFOODS, LLC
___________________________	By ______________________________
Witness	Name ____________________________
	Title _____________________________
	FRANCHISEE
___________________________	________________________________
Witness	

EXHIBIT L

ADDENDUM TO TRUFOODS, LLC DISCLOSURE DOCUMENT FOR THE STATE OF INDIANA

1 To be added to Item 3 of the Disclosure Document, is the following statement

There are presently no arbitration proceedings to which the Franchisor is a party

2 Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2 7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory

3 Item 17 is amended to state that this is subject to Indiana Code 23-2-2 7-1 (10)

4 Under Indiana Code 23-2-2 7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests This amends Sections 27 1 and 27 2 of the Franchise Agreement, Sections 16 1 and 16 2 of the Multi-Unit Development Agreement

5 Under Indiana Code 23-2-2 7-1 (10), franchisee may not agree to waive any claims or rights

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of _____________, 20___

ATTEST

____

Witness

TRUFOODS, LLC

By ______________________

Name ______________________

Title ______________________

FRANCHISEE

____

____

Witness

EXHIBIT L TO THE FRANCHISE AGREEMENT
DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU

(a) A prohibition on the right of a franchisee to join an association of franchises

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation This subsection applies only if (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances This section does not require a renewal provision

(f) A provision requiring that arbitration or litigation be conducted outside this state This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise Good cause shall include, but is not limited to

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c)

(i) A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement

Any questions regarding this notice should be directed to

Consumer Protection Division
Attn Marilyn McEwen
525 W Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of ______________, 20___

ATTEST	TRUFOODS LLC
___________________________	By ______________________________
Witness	Name ____________________________
	Title _____________________________
	FRANCHISEE
___________________________	______________________________
Witness	

EXHIBIT L

ADDENDUM TO TRUFOODS, LLC DISCLOSURE DOCUMENT
<u>FOR THE STATE OF NEW YORK</u>

Item 3, "Litigation" is hereby amended by deleting the first paragraph in that Item and replacing it by the following language

(1) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark has pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a violation of any franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable allegations

(2) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded <u>nolo</u> <u>contendere</u> to a felony charge or, within the ten-year period immediately preceding the date of this offering circular, has been convicted of a misdemeanor or pleaded <u>nolo</u> <u>contendere</u> to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved a violation of any franchise, anti fraud or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, misappropriation of property or comparable allegations

(3) Neither we, any predecessor any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark is subject to any currently effective injunctive or restrictive order or decree relating to franchises or under any Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent, except as follows

TRUFOODS, LLC vs Michael Rigdon, Catherine Hendryx, Premeir Food Services, LLC and Coney Island Custard & Dogs, LLC (US District Court for the Southern District of Indiana, Indianapolis Division, under Cause No 1 11-CV-00446) ("Lawsuit") In the Lawsuit, which was first brought in April of 2011, TRUFOODS asserted claims for trademark infringement, common law trademark and trade dress infringement, and unfair competition against all defendants and claims for breach of contract and enforcement of guarantees against defendant Michael Rigdon ("Rigdon"), Catherine Hendryx ("Hendryx") and Premeir Food Services, LLC ("Premeir") Premeir, Hendryx and Rigdon asserted counterclaims against TRUFOODS, purporting to allege claims for fraudulent inducement, violation of the Indiana Franchise Disclosures Act, and violations of the Indiana Deceptive Franchise Practices Act As of February 24, 2012, the status of the Lawsuit is as follows A preliminary injunction has been entered in favor of TRUFOODS and against the defendants A default on TRUFOODS' claims has been entered against Premeir and Coney Island Custard & Dogs, LLC ("Coney Island") The counterclaims of Premeir have been dismissed TRUFOODS has filed a motion seeking entry of default against Hendryx and Rigdon of default on TRUFOODS' claims and dismissal of Hendryx and Rigdon's counterclaims against TRUFOODS The motion remains pending On January 5, 2012, the District Judge referred the pending motion to the Magistrate Judge to issue a report and recommendation as to how the motion should be ruled upon On February 2, 2012, the Magistrate Judge issued his Report and Recommendation in which he recommended that the District Judge grant TRUFOODS' motion as to Hendryx and enter default in favor of TRUFOODS and against Hendryx on TRUFOODS' claims, and dismiss Hendryx's counterclaims against TRUFOODS As to Rigdon, the Magistrate Judge's recommendation was to not at this time enter default against Rigdon in favor of TRUFOODS and not at this time dismiss Rigdon's counterclaims against TRUFOODS Instead, the Magistrate Judge recommended that Rigdon be ordered to produce documents within 21 days Additionally, the Magistrate Judge recommended that TRUFOODS be awarded its attorney fees and costs associated with the motion The deadline for objections to the Magistrate Judge's Report and Recommendation has passed However, at this time, the District Judge has not yet issued its ruling on the motion TRUFOODS intends to vigorously pursue its claims and vigorously defend against the counterclaims

Item 4, "Bankruptcy" is hereby deleted in its entirety and the following language substituted in lieu thereof

"Neither we, nor any affiliate or predecessor or current officer or general partner have during the 10 year period immediately before the date of this Offering Circular (a) filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the Bankruptcy Code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position with the company or partnership

Item 17, "Renewal, Termination, Transfer and Dispute Resolution" is amended as follows

(a) By adding the following in the "Summary" column opposite category d , "Termination by you"

"To the extent required by the New York General Business Law, you may terminate the Agreement on any grounds available by law "

(b) By adding the following in the "Summary" column opposite category w , "Choice of law"

"The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33 "

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of _____________, 20___

ATTEST	TRUFOODS, LLC
______________________	By ______________________
Witness	Name ______________________
	Title ______________________
	FRANCHISEE
______________________	______________________
Witness	

EXHIBIT L
ADDENDUM TO TRUFOODS, LLC
DISCLOSURE DOCUMENT FOR THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for TRUFOODS, LLC's Disclosure Document and for its Franchise Agreement, Multi-Unit Development Agreement This addendum amends the Disclosure Document, Franchise Agreement, Multi-Unit Development Agreement

1 The provisions contained in Item 17 of the Disclosure Document, Article XVII of the Franchise Agreement, Section 6 of the Multi-Unit Development Agreement regarding termination may not be enforceable under federal bankruptcy law (11 U S C Section 101 et seq)

2 According to Item 17 of the Disclosure Document shall be amended at the sections dealing with the issuance of general releases to the effect that the general release required as a condition of renewal and/or assignment/transfer are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law The appropriate sections of the Franchise Agreement, Multi-Unit Development Agreement are deemed to be amended accordingly

3 Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise Any disclaimer regarding the occurrence and/or acknowledgment of the non-occurrence of acts that would constitute a violation of the Franchise Law in order to purchase the franchise are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law This amends Exhibit J to the Franchise Agreement, the Franchisee Disclosure Acknowledgment Statement The appropriate sections of the Franchise Agreement, Multi-Unit Development Agreement are also amended accordingly

4 Item 17 of the Disclosure Document, Article XXVII of the Franchise Agreement, Section 16 of the Multi-Unit Development Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

5 Item 17 of the Disclosure Document is amended to state that the Franchise Agreement, Multi-Unit Development Agreement require litigation, the site of which is in the State of New York and the costs of which are borne by the parties equally However, according to Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, a franchisee, multi-unit developer is permitted to enter into litigation with the Franchisor in the State of Maryland, notwithstanding the language in the Franchise Agreement, Multi-Unit Development Agreement The appropriate sections of the Franchise Agreement, Multi-Unit Development Agreement are amended accordingly

6 The Franchise Agreement, Multi-Unit Development Agreement are hereby amended to state that any representations which require a prospective franchisee to assent to any general release, estoppel or waiver of liability as a condition of purchasing a franchise are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

7 The registered agent authorized to receive process in Maryland is the Maryland Securities Commissioner, 200 St Paul Place, Baltimore, Maryland 21202-2020

The undersigned do hereby acknowledge receipt of this addendum

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of ______________, 20___

ATTEST	TRUFOODS, LLC
______________________	By ______________________
Witness	Name ______________________
	Title ______________________
	FRANCHISEE
______________________	______________________
Witness	

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT M
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, TRUFOODS, LLC (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a Ritter's Frozen Custard Shoppe The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("Broker") that have not been authorized, or that were not disclosed in the Franchise Disclosure Document or that may be untrue, inaccurate or misleading The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor

In the event that you are intending to purchase an existing Ritter's Frozen Custard Shoppe from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor The questions below do not apply to any communications that you had with the transferring Franchisee Please review each of the following questions and statements carefully and provide honest and complete responses to each

1 Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Ritter's Frozen Custard Shoppe from an existing Franchisee?

Yes _____ No _____

2 I had my first face-to-face meeting with a Franchisor representative on _______________, 20___

3 Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

4 Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary)

____
____
____
____

____

____

5 Have you received and personally reviewed the Franchisor's Franchise Disclosure Document ("Disclosure Document") that was provided to you?

Yes _____ No _____

6 Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

7 Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary)

____

____

____

____

____

____

8 Have you discussed the benefits and risks of establishing and operating a Ritter's Frozen Custard Shoppe with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9 Do you understand that the success or failure of your Ritter's Frozen Custard Shoppe will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Ritter's Frozen Custard Shoppe operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Ritter's Frozen Custard Shoppe will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Ritter's Frozen Custard Shoppe that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

14 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Ritter's Frozen Custard Shoppe?

Yes _____ No _____

15 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes _____ No _____

16 Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise before today?

Yes _____ No _____

17 Have you paid any money to the Franchisor concerning the purchase of this franchise before today?

Yes _____ No _____

18 Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? ____

____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank

____

____

____

____

I signed the Franchise Agreement and Addendum (if any) on _____________, 20___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor

Please understand that your responses to these questions are important to us and that we will rely on them By signing this Questionnaire, you are representing that you have responded truthfully to the above questions In addition, by signing this Questionnaire, you also acknowledge that

A You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace You hereby acknowledge your awareness of and willingness to undertake these business risks

B You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None"

____

____

____

C You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures") The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is

(i) a person or entity listed in the Annex to the Executive Order,

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism,

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or

(iv) owned or controlled by terrorists or sponsors of terrorism

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure

Acknowledged this _____ day of _______________, 20____

FRANCHISEE APPLICANT

____
Signed

____
Dated

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT N
SBA ADDENDUM

RELATING TO A RITTER'S FRANCHISE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into as of ____________, 20___, by TRUFOODS, LLC, a New Jersey limited liability company whose principal place of business is 666 Fifth Avenue, Suite 27B, New York, New York 10103 ("Franchisor"), and _______________, located at ___________________ ("Franchisee")

WHEREAS, Franchisor and Franchisee entered into a Franchise (or License) Agreement on ____________, 20___, ("Franchise Agreement") The Franchisee agreed, among other things, to operate and maintain a franchise located at _________________ designated by Franchisor as Unit #_________ (Unit) Franchisee has obtained from a lender a loan ("Loan") in which funding is provided with the assistance of the United States Small Business Administration ("SBA") SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the other, the receipt and sufficiency of which all of the parties acknowledge, the parties agree as follows

1 The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof

2 If the Franchise Agreement is terminated and the Franchised Site or its contents are to be sold under Section 17 9 of the Franchise Agreement and the parties are unable to agree as to a purchase price and terms, the fair market value of such premises and property shall be determined by three Appraisers chosen in the following manner Franchisee shall select one and Franchisor shall select one, and the two appraisers so chosen shall select a third appraiser The decision of the majority of the appraisers so chosen shall be conclusive The cost of the third appraiser shall be shared equally by the parties

3 This Agreement automatically terminates on the earliest to occur of the following (i) a Termination occurs under the Franchise Agreement, (ii) the Loan is paid, or (iii) SBA no longer has any interest in the Loan

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Agreement as of the day and year first above written

TRUFOODS, LLC.	**FRANCHISEE.**
By ____________________	By ____________________
Name __________________	Name __________________
Title __________________	Title __________________

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT O-1
ADDENDUM TO FRANCHISE AGREEMENT FOR CO-BRANDING
EXISTING TRUFOODS, LLC FRANCHISEE

THIS ADDENDUM TO THE FRANCHISE AGREEMENT ("Franchise Agreement"), entered into this _____ day of _________, 20__, by and between TRUFOODS, LLC, a New Jersey limited liability company having its principal place of business at 666 Fifth Avenue, Suite 27B, New York, New York 10103 (hereinafter "we", "us" or "our") and ____________________ residing at ____________________________________ (hereinafter "you" or "your")

The following amends and shall be incorporated into the Franchise Agreement In the event of any conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control All capitalized terms not defined in this Addendum have the respective meanings set forth in the Franchise Agreement We and you hereby agree as follows

1 You are currently a franchisee of ours (an "Existing Franchisee") or you have, contemporaneously with the execution of this Addendum, executed a Franchise Agreement for the purchase of a TRUFOODS, LLC brand franchise ("New Franchisee") The type of franchise you currently own or are purchasing contemporaneously herewith is (check one)

- ☐ Pudgie's Naked Chicken Co
- ☐ Wall Street Deli

2 Section 2 1 titled Initial Term shall be amended to reflect that the Initial Term shall be coterminous with your existing Franchise Agreement

3 Section 4 1 titled Franchise Fee shall be amended to reflect that the Franchise Fee payable upon execution of this Addendum shall be Seven Thousand Five Hundred Dollars ($7,500), which sum is payable in a lump sum and is not refundable The Franchise Fee payable pursuant to this Paragraph 3 is in addition to the Franchise Fee you are paying or have previously paid for your other TRUFOODS, LLC brand

4 If you are an Existing Franchisee, then Section 5 1 titled Identifying and Securing Sites and Section 5 2 titled Approval of Lease shall be deleted in their entirety and shall be replaced with the words "Intentionally Omitted "

5 Section 8 5 titled Use of Premises shall be amended to reflect that the Premises may be used for a co-branded Shoppe

6 Section 13 5 titled Grand Opening Advertising shall be amended to reflect that the amount payable to us is Two Thousand Five Hundred Dollars ($2,500)

7 If you are an Existing Franchisee, then Article 14 titled Insurance shall be deleted in its entirety and shall be replaced with the words "Intentionally Omitted "

8 Section 18 2 titled During the Agreement Term shall be amended to reflect that the term "Competitive Business" shall not include your existing franchise

9 If you are an Existing Franchisee, Exhibit A titled Data Sheet, then Section 2 shall be deleted in its entirety

10 If you are an Existing Franchisee, Exhibit G titled Collateral Assignment of Lease is deleted in its entirety and replaced with the words "Intentionally Omitted"

11 If you are an Existing Franchisee, Exhibit K titled Sublease is deleted in its entirety and replaced with the words "Intentionally Omitted"

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum

TRUFOODS, LLC:	**FRANCHISEE:**
By ____________________	By ____________________
Name ____________________	Name ____________________
Title ____________________	Title ____________________

TRUFOODS, LLC
FRANCHISE AGREEMENT
EXHIBIT O-2
ADDENDUM TO FRANCHISE AGREEMENT FOR CO-BRANDING

THIS ADDENDUM TO THE FRANCHISE AGREEMENT ("Franchise Agreement"), entered into this _____ day of _________, 20__, by and between TRUFOODS, LLC, a New Jersey limited liability company having its principal place of business at 666 Fifth Avenue, Suite 27B, New York, New York 10103 (hereinafter "we", "us" or "our") and ____________________ residing at ________________________________ (hereinafter "you" or "your")

The following amends and shall be incorporated into the Franchise Agreement In the event of any conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control All capitalized terms not defined in this Addendum have the respective meanings set forth in the Franchise Agreement We and you hereby agree as follows

1 You are currently an independent business person ("Independent Business Person") or a franchisee in another system ("Other System Franchisee") and you have, contemporaneously with the execution of this Addendum, executed a Franchise Agreement for the purchase of a "Ritter's Frozen Custard" franchise

2 Your current business is complementary to and not in competition with a "Ritter's Frozen Custard" franchise

3 Section 4 1 titled Franchise Fee shall be amended to indicate that the Franchise Fee is Twenty-Five Thousand Dollars ($25,000)

4 Section 5 1 titled Identifying and Securing Sites and Section 5 2 titled Approval of Lease shall be deleted in their entirety and shall be replaced with the words "Intentionally Omitted "

5 Section 8 5 titled Use of Premises shall be amended to reflect that the Premises are currently being used for an existing business

6 Section 13 5 titled Grand Opening Advertising shall be amended to reflect that the amount payable to us is Two Thousand Five Hundred Dollars ($2,500)

7 Article 14 titled Insurance shall be deleted in its entirety and shall be replaced with the words "Intentionally Omitted "

8 Section 18 2 titled During the Agreement Term shall be amended to reflect that the term "Competitive Business" shall not include your existing business

9 Exhibit A titled Data Sheet, Section 3 shall be deleted in its entirety

10 Exhibit G titled Collateral Assignment of Lease is deleted in its entirety and replaced with the words "Intentionally Omitted "

11 Exhibit K titled Sublease is deleted in its entirety and replaced with the words "Intentionally Omitted "

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum

TRUFOODS, LLC:	**FRANCHISEE**
By ______________________________	By ______________________________
Name ____________________________	Name ____________________________
Title ______________________________	Title ____________________________

EXHIBIT D TO THE DISCLOSURE DOCUMENT

MULTI-UNIT DEVELOPMENT AGREEMENT

TRUFOODS, LLC

MULTI-UNIT DEVELOPMENT AGREEMENT

____

Multi-Unit Developer Name

____

Exclusive Area

____

Date

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Section Page

EXHIBITS

MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (the "**Agreement**") is made and entered into on this ______day of ________________, 20___ (the "**Effective Date**"), by and between

- TRUFOODS, LLC, a New Jersey limited liability company whose principal place of business is 666 Fifth Avenue, Suite 27B, New York, New York 10103 ("**Franchisor**"), and

- ____a [resident of] [corporation organized in] [limited liability company organized in] *[select on]*, having offices at ____ ____ ____ ____ ("**Multi-Unit Developer**")

BACKGROUND

A Franchisor owns a format and system (the "**System**") relating to the establishment and operation of retail shops which operate at locations that display Franchisor's interior and exterior trade dress and feature and operate under the Proprietary Marks (as defined below) (each a "**Ritter's Frozen Custard Shoppe**" or "**Franchised Shoppe**") Ritter's Frozen Custard Shoppes are designed using Franchisor's interior trade dress to be welcoming and comfortable for customers, and offer a wide variety of frozen custard products, hamburgers, hot dogs, fries and beverages on a dine-in and take out basis, under the name and mark "Ritter's Frozen Custard" A Franchised Shoppe operates using Franchisor's proprietary recipes, formulae and techniques ("**Proprietary Products**"), as well as other non-proprietary food, beverage, and other compatible items designated by Franchisor from time to time (collectively, "**Products**")

B The distinguishing characteristics of the System include distinctive exterior and interior design, decor, color schemes, fixtures, and furnishings, recipes, standards and specifications for products, equipment, materials, and supplies, uniform standards, specifications, and procedures for operations, purchasing and sourcing procedures, procedures for inventory and management control, training and assistance, and marketing and promotional programs, all of which may be changed, improved, and further developed by Franchisor from time to time

C The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System including the mark "Ritter's Frozen Custard" and other marks (the "**Proprietary Marks**")

D Multi-Unit Developer desires to obtain certain development rights to open and operate Ritter's Frozen Custard Shoppes under the System and the Proprietary Marks, as well as to receive other assistance provided by Franchisor in connection therewith

NOW THEREFORE, the parties agree as follows

1 GRANT

1 1 Grant and Acceptance

Franchisor grants development rights to Multi-Unit Developer, and Multi-Unit Developer undertakes the obligation, pursuant to the terms and conditions of this Agreement, to develop no less than the number of Ritter's Frozen Custard Shoppes (the "**Franchised Shoppes**") as set forth in Exhibit A to this Agreement In this regard, the parties further agree that

1 1 1 Each Franchised Shoppe developed hereunder shall be operated pursuant to a separate Franchise Agreement (a "**Franchise Agreement**") that shall be executed as provided in Section 3 4 below

1 1 2 For each Franchised Shoppe to be developed under this Agreement, Multi-Unit Developer shall execute the Franchise Agreement for such Franchised Shoppe in accordance with the deadlines set forth in the development schedule specified in Paragraph 1 of Exhibit A to this Agreement (the "**Development Schedule**")

1 1 3 Each Franchised Shoppe developed hereunder shall be at a specific location, which shall be designated in the Franchise Agreement, that is within in the area described in Paragraph 2 of Exhibit A to this Agreement (the "**Exclusive Area**")

1.2 Exclusive Area

Except as otherwise set forth herein (including, without limitation, the rights retained by Franchisor as described in Section 1 3), during the term of this Agreement, and so long as Multi-Unit Developer is in compliance with its obligations under this Agreement and all of the Franchise Agreements between Multi-Unit Developer (including any affiliate of Multi-Unit Developer), Franchisor shall not establish or operate, or license anyone other than Multi-Unit Developer to establish or operate, a Ritter's Frozen Custard Shoppe under the Proprietary Marks and System at any location that is within the Exclusive Area

1 3 Franchisor's Reserved Rights

Notwithstanding anything to the contrary, Franchisor retains the rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Multi-Unit Developer any rights therein

1 3 1 To own, acquire, establish, and/or operate and license others to establish and operate, Ritter's Frozen Custard Shoppes under the System at any location outside the Exclusive Area notwithstanding their proximity to the Exclusive Area or their actual or threatened impact on sales or development of any of the Franchised Shoppes,

1 3 2 To own, acquire, establish and/or operate and license others to establish and operate, non-Shoppe businesses under the Proprietary Marks, at any location within or outside the Exclusive Area.

1 3 3 To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar or different from Ritter's Frozen Custard Shoppes, at any location within or outside the Exclusive Area notwithstanding their proximity to the Exclusive Area or their actual or threatened impact on sales or development of any of the Franchised Shoppes,

1 3 4 To own, acquire, establish, and/or operate and license others to establish and operate, Ritter's Frozen Custard Shoppes under the Proprietary Marks at Non-Traditional Sites (as defined below) at any location within or outside the Exclusive Area As used in this Agreement, "**Non-Traditional Sites**" shall mean outlets that serve primarily the customers located within the facility, such as captive audience facilities (examples include, but are not

limited to, parks charging admission, stadiums, amusement parks and centers, theaters and art centers), limited purpose facilities (examples include, but are not limited to, airports, transportation centers, department stores, in-door shopping centers, business and industrial complexes, museums, educational facilities, hospitals, art centers, and recreational parks), limited access facilities (examples include, but are not limited to, military complexes, buyer club businesses, educational facilities, business and industrial complexes), and other types of Non-Traditional Sites

1 3 5 To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products (including the Products) through grocery or convenience stores or through outlets that are primarily retail in nature, or through mail order, toll free numbers, or the Internet, including those products bearing Franchisor's Proprietary Marks, provided that distribution within the Exclusive Area shall not be from a Ritter's Frozen Custard Shoppe established under the System that is operated from within the Exclusive Area (except from a Ritter's Frozen Custard Shoppe at a Non-Traditional Site)

1 4 No Rights to Use the System

This Agreement is not a Franchise Agreement, and does not grant to Multi-Unit Developer any right to use the Proprietary Marks or the System or to sell or distribute any Products Multi-Unit Developer's rights to use the Proprietary Marks and System will be granted solely under the terms of the Franchise Agreement

2 TERM

Unless sooner terminated in accordance with the provisions of this Agreement, this Agreement shall commence on the date hereof and shall expire on the last date set forth in the Development Schedule, as shown in Paragraph 1 of Exhibit A (the "**Expiration Date**")

3 DEVELOPMENT OBLIGATIONS

3 1 Time is of the Essence

Recognizing that time is of the essence, Multi-Unit Developer shall comply strictly with the Development Schedule Multi-Unit Developer acknowledges and agrees that the Development Schedule requires that Multi-Unit Developer have executed and delivered to Franchisor Franchise Agreements for a cumulative number of Franchised Shoppes by the end of the time periods specified in Exhibit A

3 2 Identifying and Securing Sites

Multi-Unit Developer shall be solely responsible for identifying, submitting for Franchisor's approval, and securing specific sites for each Franchised Shoppe The following terms and conditions shall apply to each Franchised Shoppe to be developed hereunder

3 2 1 Multi-Unit Developer shall submit to Franchisor, in a form specified by Franchisor, a completed site approval package, which shall include a site approval form prescribed by Franchisor, an option contract, letter of intent, or other evidence satisfactory to Franchisor which describes Multi-Unit Developer's favorable prospects for obtaining such site, photographs of the site, demographic statistics, and such other information or materials as Franchisor may reasonably require (collectively, the "**Site Approval Package**") Franchisor shall have thirty (30) days after receipt of the Site Approval Package from Multi-Unit Developer to approve or disapprove, in its sole discretion, the proposed site for the Franchised Shoppe In the

event Franchisor does not approve a proposed site by written notice to Multi-Unit Developer within said thirty (30) days, such site shall be deemed disapproved by Franchisor No site shall be deemed approved unless it has been expressly approved in writing by Franchisor

3 2 2 Following Franchisor's approval of a proposed site, Multi-Unit Developer shall use its best efforts to secure such site, either through a lease/sublease that is acceptable to Franchisor, as provided in Section 3 3 below, or a binding purchase agreement, and shall do so within sixty (60) days of approval of the site by Franchisor Multi-Unit Developer shall immediately notify Franchisor of the execution of the approved lease or binding purchase agreement The site approved and secured pursuant to this Agreement shall be specified as the "Approved Location" under the Franchise Agreement executed pursuant Section 3 4 below

3 2 3 Multi-Unit Developer hereby acknowledges and agrees that approval by Franchisor of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Shoppe or for any other purpose Approval by Franchisor of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation Both Multi-Unit Developer and Franchisor acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to approval by Franchisor of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by Franchisor could change, thereby altering the potential of a site Such factors are unpredictable and are beyond the control of Franchisor Franchisor shall not be responsible for the failure of a site approved by Franchisor to meet Multi-Unit Developer's expectations as to revenue or operational criteria

3 3 Approval of Lease

Upon Franchisor's approval of a proposed site, Multi-Unit Developer will attempt to obtain lawful possession of the Approved Location through purchase, lease or sublease, provided that Franchisor must approve any lease or purchase contract for an Approved Location and the lease must contain certain terms and conditions that Franchisor designates in its form of Franchise Agreement As soon as practicable, Multi-Unit Developer will deliver to Franchisor for review a copy of the lease, sublease or purchase agreement for each Approved Location If Franchisor does not disapprove a proposed lease, sublease or purchase agreement within thirty (30) days after Franchisor receives it, it shall be deemed not approved by Franchisor Multi-Unit Developer shall deliver a copy of the signed lease, sublease or purchase agreement to Franchisor within fifteen (15) days of its execution Multi-Unit Developer further agrees that it will not execute or agree to any modification of the lease, sublease or purchase agreement which would affect Franchisor's rights without Franchisor's prior written approval If Multi-Unit Developer owns an Approved Location, Multi-Unit Developer will, at Franchisor's request, enter into a lease with Franchisor for a term equal to the term of the franchise, and will sublease the Approved Location from Franchisor on the same terms as the prime lease

3 4 Franchise Agreements

With respect to the Franchise Agreements to be executed for the Franchised Shoppes to be developed pursuant to this Agreement, the following terms and conditions shall apply

3 4 1 The Franchise Agreement for the first Franchised Shoppe to be developed under this Agreement shall be the form of Franchise Agreement attached hereto in Exhibit C

3 4 2 The Franchise Agreement for each subsequent Franchised Shoppe to be developed under this Agreement shall be Franchisor's then-current form of Franchise Agreement, the terms of which may differ from the terms of the Franchise Agreement attached hereto including, without limitation, a higher and/or additional fees, provided, however, so long as Multi-Unit Developer is in compliance with this Agreement, then initial franchise fee shall be as set forth in Section 4 3 below, and if the royalty fee rate is higher for the then-current form of franchise agreement, the royalty fee rate under the Franchise Agreement that Multi-Unit Developer executes shall be the same as the royalty fee rate set forth in the form of Franchise Agreement attached hereto in Exhibit C

3 4 3 Franchisor shall permit one or more Franchise Agreements to be executed by entities other than Multi-Unit Developer, provided that (a) each such franchisee entity is controlled by, or under common control with, Multi-Unit Developer, and (b) the Multi-Unit Developer and all Principals (as defined in Section 9 1 below) of Multi-Unit Developer requested by Franchisor execute guarantees, guarantying to Franchisor the timely payment and performance of the franchisee's obligations under the Franchise Agreement

3 4 4 Provided that Multi-Unit Developer is in compliance with this Agreement, after Multi-Unit Developer locates and secures a site pursuant to Sections 3 2 and 3 3 above, Multi-Unit Developer (or an affiliate of Multi-Unit Developer pursuant to Section 3 4 3 above) shall execute the Franchise Agreement for such Franchised Shoppe, as provided in this Section 3 4 Multi-Unit Developer shall thereafter comply with all pre-opening and opening requirements set forth in the Franchise Agreement relating to the Franchised Shoppe

3 5 Force Majeure Events

Multi-Unit Developer shall not be responsible for non-performance or delay in performance occasioned by a "**force majeure,**" which means an act of God, war, civil disturbance, act of terrorism, government action, fire, flood, accident, hurricane, earthquake, or other calamity, strike or other labor dispute, or any other cause beyond the reasonable control of Multi-Unit Developer, provided, however, force majeure shall not include Multi-Unit Developer's lack of adequate financing If any delay occurs, any applicable time period hereunder shall be automatically extended for a period equal to the time lost, provided, however, that Multi-Unit Developer shall make reasonable efforts to correct the reason for such delay and give Franchisor prompt written notice of any such delay

4 DEVELOPMENT FEE, INITIAL FRANCHISE FEES, AND ROYALTIES

In the state of California, all initial fees and costs, including fees or costs related to any services rendered, any equipment and/or inventory delivered or any other costs related to the franchise, are deferred until the franchisor's pre-opening obligations to the franchisee are complete and the franchisee is open for business

In the State of Illinois only, we will defer the payment of the initial franchise fee, development fee and any other initial payment until the franchisor or their affiliate has completed its pre-opening obligations under the franchise agreement and franchisee's restaurant is open and operating However, you must execute the Franchise Agreement prior to looking for a site or beginning training This deferral has been imposed by the Illinois Attorney General's Office based on the Franchisor's financial condition

Based upon our financial condition, the Maryland Securities Commissioner requires that all initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the agreement

4 1 Multi-Unit Development Fee

In consideration of the development rights granted herein, upon execution of this Agreement, Multi-Unit Developer shall pay an multi-unit development fee ("**Multi-Unit Development Fee**") that is equal to the Franchise Fee (as defined 4 3) for the first Franchised Shoppe and one-half of the reduced Franchise Fee for each additional Franchised Shoppe that Multi-Unit Developer must develop in order to comply with the Development Schedule, the aggregate amount of which is specified in Paragraph 3 of Exhibit A to this Agreement Receipt of the Multi-Unit Development Fee is hereby acknowledged The Multi-Unit Developer acknowledges and agrees that the Multi-Unit Development Fee is fully earned and nonrefundable in consideration of administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted herein to Multi-Unit Developer, even if Multi-Unit Developer does not enter into any Franchise Agreements pursuant to this Agreement

4 2 Credit Towards Franchise Fee

If Multi-Unit Developer is in compliance with its obligations under this Agreement and any other agreement with Franchisor, then upon execution of each Franchise Agreement, Franchisor will credit towards the Franchise Fee (which amounts are set forth in Section 4 3 below) for said Franchise Agreement, the portion of the Multi-Unit Development Fee that was attributable to such Franchised Shoppe In no circumstances will Franchisor grant credits in excess of the total Multi-Unit Development Fee paid by Multi-Unit Developer

4 3 Franchise Fees

Notwithstanding anything to the contrary in any of the Franchise Agreements, the initial franchise fee (the "**Franchise Fee**") that shall be paid by Multi-Unit Developer for each Franchised Shoppe to be developed pursuant to the Development Schedule shall be the following amounts, which shall be paid in full upon execution of each such Franchise Agreement, less any credit that may be applied pursuant to Section 4 2 above

First Franchised Shoppe	$25,000
Second and each subsequent Shoppe	$20,000

5. DUTIES OF THE PARTIES

5 1 Franchisor's Assistance

Franchisor shall furnish to Multi-Unit Developer the following

5 1 1 Site selection guidelines, including Franchisor's minimum standards for Ritter's Frozen Custard Shoppe sites and sources regarding demographic information, and such site selection counseling and assistance as Franchisor may deem advisable

5 1 2 Such on-site evaluation as Franchisor deems advisable in response to Multi-Unit Developer's request for site approval for each Franchised Shoppe, provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to the receipt of a Site Approval Package for such site prepared by Multi-Unit Developer pursuant to Section 3 2

5 2 Designated Principal

If Multi-Unit Developer is other than an individual, Multi-Unit Developer shall designate, subject to Franchisor's reasonable approval, one Principal (as defined in Section 9 1) who is both an individual person and owns at least a ten percent (10%) interest in Multi-Unit Developer, and who shall be responsible for general oversight and management of the development of the Franchised Shoppes under this Agreement and the operations of all such Franchised Shoppes open and in operation on behalf of Multi-Unit Developer (the "**Designated Principal**") Multi-Unit Developer acknowledges and agrees that Franchisor shall have the right to rely upon the Designated Principal to have been given, by Multi-Unit Developer, the responsibility and decision-making authority regarding the Multi-Unit Developer's business and operation In the event the person designated as the Designated Principal becomes incapacitated, leaves the employ of Multi-Unit Developer, transfers his/her interest in Multi-Unit Developer, or otherwise ceases to supervise the development of the Franchised Shoppes, Multi-Unit Developer shall promptly designate a new Designated Principal, subject to Franchisor's reasonable approval

5 3 Records and Reports to Franchisor

Multi-Unit Developer shall, at Multi-Unit Developer's expense, comply with the following requirements to prepare and submit to Franchisor the following reports, financial statements and other data, which shall be prepared in the form and using the standard statements and chart of accounts as Franchisor may prescribe from time to time

5 3 1 No later than the twentieth (20th) day of each calendar month, Multi-Unit Developer shall have prepared a profit and loss statement reflecting all Multi-Unit Developer's operations during the last preceding calendar month, for each Franchised Shoppe Multi-Unit Developer shall prepare profit and loss statements on an accrual basis and in accordance with generally accepted accounting principles Multi-Unit Developer shall submit such statements to Franchisor at such times as Franchisor may designate or as Franchisor may otherwise request

5 3 2 On April 15th of the year following the end of Multi-Unit Developer's fiscal year, a complete annual financial statement (prepared according to generally accepted accounting principles), on a compilation basis, and if required by Franchisor, such statements shall be prepared by an independent certified public accountant

5 3 3 Such other forms, reports, records, information, and data as Franchisor may reasonably designate

5 4 Maintaining Records

Multi-Unit Developer shall maintain during the term of this Agreement, and shall preserve for at least seven (7) years from the dates of their preparation, and shall make available to Franchisor at Franchisor's request and at Multi-Unit Developer's expense, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles

5 5 Multi-Unit Developer to Provide Training

Multi-Unit Developer agrees that, notwithstanding any thing to the contrary in any Franchise Agreement, Multi-Unit Developer shall be responsible for conducting the initial training of all required trainees (including without limitation the owners and management personnel) for the third (3rd) and any subsequent Franchised Shoppes developed under this Agreement, in accordance with the requirements and conditions as Franchisor may from time to time establish for the initial training By no later than the time Multi-Unit Developer is seeking Franchisor's approval to develop the third (3rd) Franchised Shoppe under this Agreement, Multi-Unit Developer shall be have completed to Franchisor's satisfaction all requirements and conditions necessary to obtain Franchisor's approval for Multi-Unit Developer to conduct such training

6 DEFAULT AND TERMINATION

6 1 Automatic Termination

Multi-Unit Developer shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Multi-Unit Developer, if Multi-Unit Developer, or any of Multi-Unit Developer's partners, if Multi-Unit Developer is a partnership, or any of its officers, directors, shareholders, or members, if Multi-Unit Developer is a corporation or limited liability company, becomes insolvent or makes a general assignment for the benefit of creditors, if a petition in bankruptcy is filed by Multi-Unit Developer or such a petition is filed against and not opposed by Multi-Unit Developer, if Multi-Unit Developer is adjudicated a bankrupt or insolvent, if a bill in equity or other proceeding for the appointment of a receiver of Multi-Unit Developer or other custodian for Multi-Unit Developer's business or assets is filed and consented to by Multi-Unit Developer, if a receiver or other custodian (permanent or temporary) of Multi-Unit Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction, if proceedings for a composition with creditors under any state or federal law should be instituted by or against Multi-Unit Developer, if final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed), if Multi-Unit Developer is dissolved, if execution is levied against any asset of Multi-Unit Developer or Multi-Unit Developer's Franchised Shoppes, if suit to foreclose any lien or mortgage against any asset of Multi-Unit Developer or Multi-Unit Developer's Franchised Shoppes is instituted against Multi-Unit Developer and not dismissed within sixty (60) days, or if any asset of Multi-Unit Developer's or any Franchised Shoppe of Multi-Unit Developer's shall be sold after levy thereupon by any sheriff, marshal, or constable

6 2 Termination Upon Notice

Multi-Unit Developer shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder or take any of the actions described in Section 6 5 below, without affording Multi-Unit Developer any opportunity to cure the default, effective immediately upon the provision of notice to Multi-Unit Developer (in the manner provided under Section 10 hereof), upon the occurrence of any of the following events of default

6 2 1 If the Franchise Agreement for any Franchised Shoppe operated by Multi-Unit Developer (or an entity affiliated with Multi-Unit Developer) is terminated

6 2 2 If Multi-Unit Developer (or an officer or director of, or a shareholder in, Multi-Unit Developer (or an entity affiliated with Multi-Unit Developer) if Multi-Unit Developer is a corporation, or a general or limited partner of Multi-Unit Developer, if Multi-Unit Developer is a partnership) is convicted of a felony, a crime involving moral turpitude, or any other crime or

action that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein

6 2 3 If Multi-Unit Developer or any Principal purports to transfer any rights or obligations under this Agreement or any the assets of Multi-Unit Developer in a manner that is contrary to the terms of Section 7 of this Agreement

6 3 Notice and Opportunity to Cure – For a Missed Deadline

Failure by Multi-Unit Developer to meet a deadline under the Development Schedule (a "Missed Deadline") shall constitute a default under this Agreement Franchisor shall, for one (1) Missed Deadline, provide Multi-Unit Developer with a reasonable opportunity to cure such default by Franchisor notifying Multi-Unit Developer in writing of a new date for the Missed Deadline (without change to any other deadline in the Development Schedule) If Multi-Unit Developer fails to come into compliance with the Development Schedule by such new deadline, and/or upon the occurrence of another Missed Deadline, Franchisor, in its discretion, may terminate this Agreement and all rights granted hereunder without affording Multi-Unit Developer any further opportunity to cure the default, effective immediately upon the delivery of written notice to Multi-Unit Developer (in the manner set forth in Section 10 of this Agreement), or Franchisor, in its discretion, may elect, in lieu of terminating this Agreement, to take any of the actions described in Section 6 5 below

6 4 Notice and Opportunity to Cure Other Defaults

Except as otherwise provided in Sections 6 1, 6 2 , and 6 3 above, if Multi-Unit Developer fails to comply with any material term and condition of this Agreement, such action shall constitute a default under this Agreement and, upon the occurrence of any such default, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Multi-Unit Developer at least thirty (30) days prior to the effective date of termination, provided, however, that Multi-Unit Developer may avoid termination by curing the default to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the 30-day period If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement and all rights granted hereunder (including but not limited to, the right to develop new Franchised Shoppes) will terminate without further notice to Multi-Unit Developer effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require

6 5 Franchisor's Other Options Upon Default

Franchisor, in its discretion, may elect, in lieu of terminating this Agreement, to use other remedial measures for Multi-Unit Developer's breach of this Agreement, which include, but are not limited to (i) termination of the credit towards Franchise Fees granted in Section 4 2 hereof, (ii) loss of the limited exclusivity, or reduction in the scope of protections, granted to Multi-Unit Developer under Section 1 2 herein for the Exclusive Area, (iii) reduction in the scope of the Exclusive Area, (iv) reduction in the number of Franchised Shoppes to be developed by Multi-Unit Developer, and/or (v) Franchisor's retention of all Multi-Unit Development Fees paid, or owed, by Multi-Unit Developer If Franchisor exercises said right, Franchisor shall not have waived its right to, in the case of future defaults, exercise all other rights and invoke all other provisions that are provided in law and/or set out under this Agreement

6 6 No Further Rights

Upon termination or expiration of this Agreement, Multi-Unit Developer shall have no right to establish or operate any Ritter's Frozen Custard Shoppe for which a Franchise Agreement has not been executed by Franchisor at the time of termination or expiration Franchisor's remedies for Multi-Unit

Developer's breach of this Agreement shall include, without limitation, Multi-Unit Developer's loss of its right to develop additional Franchised Shoppes under this Agreement, and Franchisor's retention of all Multi-Unit Development Fees paid or owed by Multi-Unit Developer Upon termination or expiration, Franchisor shall be entitled to establish, and to franchise others to establish, Ritter's Frozen Custard Shoppes in the Exclusive Area, except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Multi-Unit Developer or, as permitted under Section 3 4 3 of this Agreement, Multi-Unit Developer's affiliates

6 7 Cross Default

Any default by Multi-Unit Developer (or any person/company affiliated with Multi-Unit Developer) under this Agreement may be regarded as a default under any other agreement between Franchisor (or any affiliate of Franchisor) and Multi-Unit Developer (or any affiliate of Multi-Unit Developer) Any default by Multi-Unit Developer (or any person/company affiliated with Multi-Unit Developer) under any other agreement, including, but not limited to, a franchise agreement, any lease and/or sublease, between Franchisor (or any affiliate of Franchisor) and Multi-Unit Developer (or any person/company affiliated with Multi-Unit Developer), and any default by Multi-Unit Developer (or any person/company affiliated with Multi-Unit Developer) under any obligation to Franchisor (or any affiliate of Franchisor) may be regarded as a default under this Agreement Any default by Multi-Unit Developer (or any person/company affiliated with Multi-Unit Developer) under any lease, sublease, loan agreement, security interest or otherwise, whether with Franchisor, any affiliate of Franchisor and/or any third party may be regarded as a default under this Agreement and/or any other agreement between Franchisor (or any affiliate of Franchisor) and Multi-Unit Developer (or any affiliate of Multi-Unit Developer)

In each of the foregoing cases, Franchisor (and any affiliate of Franchisor) will have all remedies allowed at law, including termination of Multi-Unit Developer's rights (and/or those of any person/company affiliated with Multi-Unit Developer) and Franchisor's (and/or Franchisor's affiliates') obligations No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available

7 TRANSFER OF INTEREST

7 1 Franchisor's Rights to Transfer

Franchisor shall have the right to assign this Agreement and all of its attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's functions (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing Franchisor's obligations, and (ii) the assignee shall expressly assume and agree to perform such obligations

Multi-Unit Developer expressly affirms and agrees that Franchisor may sell its assets, its rights to the Proprietary Marks or to the System outright to a third party, may go public, may engage in a private placement of some or all of its securities, may merge, acquire other corporations, or be acquired by another corporation, may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring, and, with regard to any or all of the above sales, assignments and dispositions, Multi-Unit Developer expressly and specifically waives any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of "TRUFOODS LLC" as Franchisor Nothing contained in this Agreement shall require Franchisor to remain in the frozen dessert business or to offer the same products and services, whether or not bearing the Proprietary Marks, in the event that Franchisor exercises its right to assign its rights in this Agreement

7 2 No Transfers Without Franchisor's Approval

Multi-Unit Developer understands and acknowledges that Franchisor has granted the rights hereunder in reliance on the business skill, financial capacity, and personal character of Multi-Unit Developer or the Principals of Multi-Unit Developer if Multi-Unit Developer is not an individual Accordingly, neither Multi-Unit Developer nor any Principal shall sell, assign, transfer, pledge or otherwise encumber any direct or indirect interest in the Multi-Unit Developer (including any direct or indirect interest in a corporate or partnership Multi-Unit Developer), the rights or obligations Multi-Unit Developer under this Agreement, or any material asset of the Multi-Unit Developer's business, without the prior written consent of Franchisor, which shall be subject to Sections 7 3 and 7 4 below and to all of the conditions and requirements for transfers set forth in the Franchise Agreement attached to this Agreement as Exhibit C that Franchisor deems applicable to a proposed transfer under this Agreement

7 3 Simultaneous Transfers

Multi-Unit Developer understands and acknowledges that any consent to a transfer of this Agreement shall, unless waived, be conditioned on, among other factors, the requirement that the proposed transfer of this Agreement is to be made in conjunction with a simultaneous transfer of all Franchise Agreements executed pursuant to this Agreement to the same approved transferee

7 4 Transfer Fee

Multi-Unit Developer shall pay a transfer fee of Ten Thousand Dollars ($10,000) for each Ritter's Frozen Custard Shoppe Multi-Unit Developer has committed to develop to compensate Franchisor for its expenses incurred in connection with the transfer Additionally, for any Franchise Agreements executed pursuant to this Agreement that are transferred, the transfer fee due under such Franchise Agreement(s) shall be paid to Franchisor pursuant to the terms of such Franchise Agreement(s)

7.5 Transfer to Entity Formed by Multi-Unit Developer

Notwithstanding anything to the contrary in this Section 7, if Multi-Unit Developer is an individual and seeks to transfer this Agreement to a corporation, partnership, or limited liability company formed for the convenience of ownership, the conditions of Sections 7 4 shall not apply, and Multi-Unit Developer may undertake such transfer, provided that Multi-Unit Developer owns one hundred percent (100%) of the equity interest in the transferee entity, and the Multi-Unit Developer personally guarantees, in a written guaranty satisfactory to Franchisor, the performance of the obligations of the Multi-Unit Developer under this Agreement

8 COVENANTS

8 1 Confidential Information

Multi-Unit Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Multi-Unit Developer by Franchisor, and shall disclose such information or materials only to such of Multi-Unit Developer's employees or agents who must have access to it in connection with their employment Multi-Unit Developer shall not at any time, during the term of this Agreement or thereafter, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person Notwithstanding the generality of the foregoing, "confidential information" shall include, but not be limited to, System standards, market research, advertising and promotional campaigns, approved suppliers, operating results of Shoppes, proprietary software (if any), the terms of this Agreement, the Manuals, graphic designs and other intellectual property, interior and exterior trade dress for the Shoppe, and decor items for the Shoppe

8 2 During the Term

Multi-Unit Developer specifically acknowledges that, pursuant to this Agreement, Multi-Unit Developer will receive valuable specialized training and confidential information, which may include, without limitation, information regarding the operational, sales, advertising and promotional methods and techniques of Franchisor and the System Multi-Unit Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Multi-Unit Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation

8 2 1 Divert or attempt to divert any business or customer of any Ritter's Frozen Custard Shoppe or of any unit under the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System

8 2 2 Unless released in writing by the employer, employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee or multi-unit developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment

8 2 3 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a one percent (1%) interest in (as owner or otherwise) any Competitive Business (as defined below) A "**Competitive Business**" shall be consider to be retail food businesses with menu offerings consisting predominantly of frozen dessert items Furthermore, Multi-Unit Developer acknowledges and agrees that Multi-Unit Developer shall be considered in default under this Agreement and that this Agreement will be subject to immediate termination as provided in Section 6 2 herein, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Multi-Unit Developer (or, if Multi-Unit Developer is other than an individual, each Principal that is subject to these covenants) engages in a Competitive Business that would violate this Section 8 2 3 if such person was subject to the covenants of this Section 8 2 3

8 3 After the Agreement and After a Transfer

Multi-Unit Developer covenants that, except as otherwise approved in writing by Franchisor, for a continuous uninterrupted period of two (2) years from the date of (a) a transfer permitted under Section 7 above, (b) expiration of this Agreement, (c) termination of this Agreement (regardless of the cause for termination), (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 8 3, or (e) any or all of the foregoing, Multi-Unit Developer shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, partnership, corporation, or other entity, own, maintain, operate, engage in, or have any interest in any Competitive Business, which is, or is intended to be (i) located within the Exclusive Area (other than those Franchised Shoppes provided for in the Development Schedule), or makes offers and sales into the Exclusive Area, or (ii) located within a radius of twenty-five (25) miles of any other Ritter's Frozen Custard Shoppe located anywhere Provided, however, that this provision shall not apply to the operation by Multi-Unit Developer of any business under the System under a franchise agreement with Franchisor

8 4 Exception for Ownership in Public Entities

Sections 8 2 and 8 3 hereof shall not apply to ownership by Multi-Unit Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation As used in this Agreement, the term "**publicly held corporation**" refers to a corporation which has outstanding securities that have been registered under the federal Securities Exchange Act of 1934

8 5 Personal Covenants

At the request of Franchisor, Multi-Unit Developer shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Section 8 (including covenants applicable upon the termination of a person's relationship with Multi-Unit Developer) and the provisions of Sections 6 and 7 of this Agreement (as modified to apply to an individual) from any or all of the following persons (a) the Designated Principal, (b) all managers and other personnel employed by Multi-Unit Developer who have received or will receive training and/or other confidential information, and (c) all officers, directors, and Principals who have or will receive training or access to confidential information, or who are or may be involved in the operation or development of the Franchised Shoppes Every covenant required by this Section 8 5 shall be in a form approved by Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them

8 6 Covenants as Independent Clauses

The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Multi-Unit Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8

8 7 Franchisor's Right to Reduce Scope of the Covenants

Multi-Unit Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 8 2 and 8 3 in this Agreement, or any portion thereof, without Multi-Unit Developer's consent, effective immediately upon receipt by Multi-Unit Developer of written notice thereof, and Multi-Unit Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 15 hereof

8 8 Covenants Survive Claims

Multi-Unit Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 8 Multi-Unit Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 8

8 9 Compliance with Laws

Multi-Unit Developer represents and warrants to Franchisor that neither Multi-Unit Developer (including, without limitation, any and all of its employees, directors, officers and other representatives) nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business

9 CORPORATE, LIMITED LIABILITY COMPANY, OR PARTNERSHIP MULTI-UNIT DEVELOPER

9 1 List of Principals

If Multi-Unit Developer is a corporation, limited liability company, or partnership, each owner of beneficial interest in Multi-Unit Developer (each a "**Principal**"), and the interest of each Principal in Multi-Unit Developer, shall be identified in Exhibit B to the Agreement Multi-Unit Developer shall maintain a list of all Principals and immediately furnish Franchisor with an update to the information contained in Exhibit B upon any change, which shall be made only in compliance with Section 7 above

9 2 Guaranties

Such Principals as Franchisor may request shall execute a guarantee, indemnification, and acknowledgment of Multi-Unit Developer's obligations under this Agreement in the form attached hereto as Exhibit D As set forth in Section 5 2 above, the Designated Principal shall at all times have at least a ten percent (10%) interest in Multi-Unit Developer

9 3 Corporations and Limited Liability Companies

If Multi-Unit Developer is a corporation or limited liability company, Multi-Unit Developer shall comply with the following requirements

9 3 1 Multi-Unit Developer shall be newly organized and its governing documents shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Shoppes

9 3 2 Multi-Unit Developer shall, upon request of Franchisor, promptly furnished to Franchisor copies of Multi-Unit Developer's articles of incorporation, bylaws, articles of organization, operating agreement and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement

9 3 3 Multi-Unit Developer shall maintain stop-transfer instructions against the transfer on its records of any equity securities, and each stock certificate or issued securities of Multi-Unit Developer shall conspicuously endorse upon its face a statement, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement, provided, however, that the requirements of this Section 9 3 3 shall not apply to a publicly held corporation

9 4 Partnerships and Limited Liability Partnerships

If Multi-Unit Developer or any successor to or assignee of Multi-Unit Developer is a partnership or limited liability partnership, Multi-Unit Developer shall comply with the following requirements

9 4 1 Multi-Unit Developer shall be newly organized and its partnership agreement shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Shoppes

9 4 2 Multi-Unit Developer shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto

9 4 3 The partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner

10 NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery If a notice is sent to you for Non-Compliance we will charge a fee If Area Developer fails to accept notices transmitted in any of the above means the fee will apply

11 PERMITS AND COMPLIANCE WITH THE LAWS

11 1 Compliance with Laws

Multi-Unit Developer shall comply with all federal, state, and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business contemplated under this Agreement

11 2 Notice of Actions

Multi-Unit Developer shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of Multi-Unit Developer and/or any Franchised Shoppe established under this Agreement

12 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

12 1 No Fiduciary Relationship

Multi-Unit Developer is an independent contractor Franchisor and Multi-Unit Developer are completely separate entities and are not fiduciaries, partners, joint venturers, or agents of the other in any sense and neither shall have the power to bind the other No act or assistance given by either party to the other pursuant to this Agreement shall be construed to alter the relationship

12.2 Public Notice

During the term of this Agreement, Multi-Unit Developer shall hold itself out to the public as an independent contractor operating the business pursuant to an multi-unit development agreement with Franchisor Multi-Unit Developer agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of the fact in a conspicuous place in Multi-Unit Developer's offices, the content of which Franchisor reserves the right to specify

12 3 No Assumption of Liability

Nothing in this Agreement authorizes Multi-Unit Developer to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor shall Franchisor be liable by reason of any act or omission of Multi-Unit Developer in Multi-Unit Developer's operations hereunder, or for any claim or judgment arising therefrom against Multi-Unit Developer or Franchisor

12 4 Indemnification

Multi-Unit Developer shall indemnify and hold Franchisor, its owners and affiliates, and its officers, directors, and employees (the "**Indemnitees**") harmless against any and all causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses (including, but not limited to, settlement costs and attorneys' fees) arising directly or indirectly from, as a result of, or in connection with Multi-Unit Developer's operation of the business contemplated hereunder (notwithstanding any claims that the Indemnitees are or were negligent) Multi-Unit Developer agrees that with respect to any threatened or actual litigation, proceeding or dispute which could directly or indirectly affect any of the Indemnitees, the Indemnitees shall have the right, but not the obligation, to (i) choose counsel, (ii) direct, manage and/or control the handling of the matter, and/or (iii) settle on behalf of the Indemnitees, and/or Multi-Unit Developer, any claim against the Indemnitees All vouchers, canceled checks, receipts, receipted bills or other evidence of payments for any such losses, liabilities, costs, damages, charges or expenses of whatsoever nature incurred by any Indemnitee shall be taken as prima facie evidence of Multi-Unit Developer's obligation hereunder

13 APPROVALS AND WAIVERS

13 1 Approval Requests

Whenever this Agreement requires the prior approval or consent of Franchisor, Multi-Unit Developer shall make a timely written request to Franchisor therefor, and such approval or consent shall be in writing Franchisor shall respond to Multi-Unit Developer's timely requests in a reasonably timely and prompt manner

13 2 Non-waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Multi-Unit Developer with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof Waiver by Franchisor of any particular default by Multi-Unit Developer shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature, nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Multi-Unit Developer of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Multi-Unit Developer of any terms, covenants or conditions of this Agreement

14 SEVERABILITY AND CONSTRUCTION

14 1 Severable Parts

Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement

14 2 Terms Surviving this Agreement

Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), or assignment shall survive such expiration, termination

14 3 No Rights on Third Parties

Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Multi-Unit Developer, Franchisor, officers, directors, shareholders, agents, and employees of Franchisor, and such successors and assigns of Franchisor as may be contemplated by Section 7 hereof, any rights or remedies under or by reason of this Agreement

14 4 Full Scope of Terms

Multi-Unit Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order

14 5 Franchisor's Application of its Rights

Franchisor shall have the right to operate, develop and change the System in any manner that is not specifically precluded by this Agreement Whenever Franchisor has reserved in this Agreement a right to take or withhold an action, or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Multi-Unit Developer a right to take or omit an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make its decision or exercise its rights, on the basis of the information readily available to Franchisor, and its judgment of what is in its best interests and/or in the best interests of the Franchisor's franchise network, at the time its decision is made, without regard to whether (i) other reasonable or even arguably preferable alternative decisions could have been made by Franchisor, (ii) the decision or action of Franchisor will promote its financial or other individual interest, (iii) Franchisor's decision or the action it take applies differently to Multi-Unit Developer and one or more other franchisees or Franchisor's company-owed operations, or (iv) Franchisor's decision or the exercise of its right or discretion is adverse to Multi-Unit Developer's interests In the absence of an applicable statute, Franchisor will have no liability to Multi-Unit Developer for any such decision or action Franchisor and Multi-Unit Developer intend that the exercise of Franchisor right or discretion will not be subject to limitation or review If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Multi-Unit Developer agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Multi-Unit Developer's rights and obligations hereunder

14 6 Captions Only for Convenience

All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof

15 ENTIRE AGREEMENT

This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Multi-Unit Developer concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Multi-Unit Developer to execute this Agreement, provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by Franchisor in the Disclosure Document that was furnished to Multi-Unit Developer by Franchisor Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing

16 APPLICABLE LAW AND DISPUTE RESOLUTION

16 1 Governing Law

This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed under the laws of the State of New York In the event of any conflict of law, the laws of New York shall prevail, without regard to, and without giving effect to, the application of New York conflict of law rules Nothing in this Section 16 1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of New York or of any other state to which it would not otherwise be subject

16 2 Dispute Resolution

IN THE EVENT ANY PARTY IS REQUIRED TO EMPLOY LEGAL COUNSEL OR TO INCUR OTHER REASONABLE EXPENSES TO ENFORCE ANY OBLIGATION OF ANOTHER PARTY HEREUNDER, OR TO DEFEND AGAINST ANY CLAIM, DEMAND, ACTION, OR PROCEEDING BY REASON OF ANOTHER PARTY'S FAILURE TO PERFORM ANY OBLIGATION IMPOSED UPON SUCH PARTY BY THIS AGREEMENT, AND PROVIDED THAT LEGAL ACTION IS FILED BY OR AGAINST THE FIRST PARTY AND SUCH ACTION OR THE SETTLEMENT THEREOF ESTABLISHES THE OTHER PARTY'S DEFAULT HEREUNDER, THEN THE PREVAILING PARTY SHALL BE ENTITLED TO RECOVER FROM THE OTHER PARTY THE AMOUNT OF ALL REASONABLE ATTORNEYS' FEES OF SUCH COUNSEL AND ALL OTHER EXPENSES REASONABLY INCURRED IN ENFORCING SUCH OBLIGATION OR IN DEFENDING AGAINST SUCH CLAIM, DEMAND, ACTION, OR PROCEEDING, WHETHER INCURRED PRIOR TO OR IN PREPARATION FOR OR CONTEMPLATION OF THE FILING OF SUCH ACTION OR THEREAFTER

EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN THIS AGREEMENT, THE PARTIES AGREE THAT ALL DISPUTES THAT CANNOT BE AMICABLY SETTLED SHALL BE DETERMINED SOLELY AND EXCLUSIVELY BY A COURT OF COMPETENT JURISDICTION IN THE STATE OF NEW YORK

NOTHING HEREIN CONTAINED SHALL BAR THE RIGHT OF EITHER PARTY TO SEEK AND OBTAIN TEMPORARY AND PERMANENT INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION IN ACCORDANCE WITH APPLICABLE LAW AGAINST

THREATENED CONDUCT THAT WILL IN ALL PROBABILITY CAUSE LOSS OR DAMAGE TO MULTI-UNIT DEVELOPER OR FRANCHISOR

MULTI-UNIT DEVELOPER SHALL NOT ASSERT ANY CLAIM OR CAUSE OF ACTION AGAINST FRANCHISOR, ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES OR AFFILIATES AFTER ONE (1) YEAR FOLLOWING THE EVENT GIVING RISE TO SUCH CLAIM OR CAUSE OF ACTION

16 3 Third Party Signatories

The provisions of this Subsection are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination

16 4 No Rights Exclusive of Other Rights

No right or remedy conferred upon or reserved to Franchisor or Multi-Unit Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy provided herein or permitted by law or equity, but each shall be cumulative of every other right or remedy

16 5 Waiver of Jury Trial

Franchisor and Multi-Unit Developer irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other Any and all claims and actions arising out of or relating to this Agreement, the relationship of Multi-Unit Developer and Franchisor, or Multi-Unit Developer's activities under this Agreement, brought by either party hereto against the other, whether in mediation, or a legal action, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred

16 6 Waiver of Punitive Damages

Franchisor and Multi-Unit Developer hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other

16 7 Injunctive Relief

Nothing herein contained shall bar the right of Franchisor to obtain injunctive relief against threatened conduct that will cause it loss or damages under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions

17 ACKNOWLEDGMENTS

17 1 Multi-Unit Developer's Investigation of the Business Possibilities

Multi-Unit Developer acknowledges that it has conducted an independent investigation of the business of developing and operating Ritter's Frozen Custard Shoppes, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Multi-Unit Developer (or, if Multi-Unit Developer is a corporation, partnership or limited liability company, the ability of its principals) as (an) independent businessperson(s) Franchisor expressly disclaims the making of, and Multi-Unit Developer acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement

17 2 Receipt of Disclosure Document

Multi-Unit Developer acknowledges that it received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" at least fourteen (14) calendar days prior to the date on which this Agreement was executed or any payment by Multi-Unit Developer for the rights granted under this Agreement

17 3 Multi-Unit Developer Read the Agreement and Consulted

Multi-Unit Developer acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Multi-Unit Developer ample time and opportunity to consult with advisors of Multi-Unit Developer's own choosing about the potential benefits and risks of entering into this Agreement

17 4 No Conflicting Obligations

Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from (a) negotiating and entering into this Agreement, (b) exercising its rights under this Agreement, and/or (c) fulfilling its responsibilities under this Agreement

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement in duplicate on the day and year first above written

TRUFOODS, LLC Franchisor	____________________ Multi-Unit Developer
By ____________________	By ____________________
Name ____________________	Name ____________________
Title ____________________	Title ____________________
<u>Address for Notices</u>	<u>Address for Notices</u>
666 Fifth Avenue, Suite 27B, New York, New York 10103 Attn Department of Franchising Telephone (212) 359-3600 Fax (212) 359-3601	____________________ ____________________ ____________________ Telephone ____________________ Fax ____________________ Attn ____________________

With copy to

Harold L Kestenbaum, Esq
Gordon & Rees LLP
90 Merrick Avenue, Suite 601
East Meadow, NY 11554
Telephone (516) 880-0200
Fax (516) 745-0293

TRUFOODS, LLC
MULTI-UNIT DEVELOPMENT AGREEMENT
EXHIBIT A
DATA SHEET

1 Development Schedule (see Section 1 1) Multi-Unit Developer shall execute Franchise Agreements for the development and operation of __________ (___) Franchised Shoppes, within the Exclusive Area in accordance with the following Development Schedule

Minimum Cumulative Number of Franchise Agreements for Franchised Shoppes to be located and Operating Within the Exclusive Area	By this Date
____________________	____________________
____________________	____________________
____________________	____________________
____________________	____________________
____________________	____________________

Total ______

2 Exclusive Area (see Section 1 1) The Exclusive Area shall be the following, ______________
____
____
____
____
____
____

3 Multi-Unit Development Fee (see Section 4 1) The Multi-Unit Development Fee shall be $______________

Initial __________ Date __________ Initial __________ Date __________

FRANCHISOR MULTI-UNIT DEVELOPER

TRUFOODS, LLC
MULTI-UNIT DEVELOPMENT AGREEMENT
EXHIBIT B
LIST OF PRINCIPALS & DESIGNATED PRINCIPAL

The followıng ıdentıfies all of Multı-Unıt Developer's Prıncıpals (as defined ın Sectıon 9 1 of the Multı-Unıt Development Agreement)

Name of Prıncıpal	Address	Interest (%) wıth descrıptıon
		Total 100%

MULTI-UNIT DEVELOPER'S DESIGNATED PRINCIPAL

The followıng ıdentıfies Multı-Unıt Developer's Desıgnated Prıncıpal (as defined ın Sectıon 5 2 of the Multı-Unıt Development Agreement)

Name and Tıtle	Address, telephone number, and e-maıl address	Interest (%) (wıth descrıptıon) ıf any

TRUFOODS, LLC
MULTI-UNIT DEVELOPMENT AGREEMENT
EXHIBIT C
FORM OF FRANCHISE AGREEMENT

TRUFOODS, LLC
MULTI-UNIT DEVELOPMENT AGREEMENT
EXHIBIT D
GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to TRUFOODS, LLC ('**Franchisor**") to enter the Ritter's Frozen Custard Multi-Unit Development Agreement between Franchisor and ____________________ ____________________ ("**Multi-Unit Developer**"), dated ______________, 20___ (the "**Agreement**"), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and Franchisor's successors and assigns that all of Multi-Unit Developer's monetary obligations under the Agreement will be punctually paid and performed and that all monetary obligations will be punctually paid and performed

Upon demand by Franchisor, the undersigned each hereby jointly and severally agree to immediately make each payment required of Multi-Unit Developer under the Agreement and waive any right to require Franchisor to (a) proceed against Multi-Unit Developer for any payment required under the Agreement, (b) proceed against or exhaust any security from Multi-Unit Developer, (c) pursue or exhaust any remedy, including any legal or equitable relief, against Multi-Unit Developer, or (d) give notice of demand for payment by Multi-Unit Developer Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Multi-Unit Developer, or settle, adjust, or compromise any claims against Multi-Unit Developer, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement

The undersigned each hereby jointly and severally agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Multi-Unit Developer to perform any obligation of Multi-Unit Developer under the Agreement, any amendment thereto, or any other agreement executed by Multi-Unit Developer referred to therein

The undersigned each hereby jointly and severally acknowledge and expressly agree to be individually bound by all of the covenants contained in Sections 6, 7, 8, and 16 of the Agreement, and acknowledge and agree that this Guarantee does not grant the undersigned any right to use the "Ritter's Frozen Custard" marks or system

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death, and the obligations of the other guarantors will continue in full force and effect

Guarantor represents and warrants to Franchisor that neither Guarantor (including, without limitation, any and all of its employees, directors, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business

Any and all notices required or permitted under this guarantee provision shall be in writing and shall be personally delivered, in the manner provided under Section 10 of this Agreement

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 16 of the Agreement This Guarantee shall be interpreted and construed under the laws of the State of New York In the event of any conflict of law, the laws of the State of New York shall prevail (without regard to, and without giving effect to, the application of New York conflict of law rules)

IN WITNESS WHEREOF, the undersigned has signed this guarantee provision as of the date of this Agreement

GUARANTOR(S)

Printed Name ________________________________

Address ____________________________________

____

Signed ________________________________
(In his/her individual capacity)

Printed Name ________________________________

Address ____________________________________

____

EXHIBIT E TO THE DISCLOSURE DOCUMENT

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Section	Part	Subject	Pages	
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SECTION 7	**FORMS (FOUND ON INTRANET)**			
	7 1	Human Resources		
		Employee Training Program		
		Hiring Employees		
		Labor Deployment Schedules		
		Management Training Program		
		Performance Evaluations		
		Scheduling		
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	7 3	Safety - Food and Shoppe		
		Food Safety		
		Food Safety and Sanitation Training		
		Shoppe Safety		
	7 4	Operational Signage		
		Variances		

EXHIBIT F TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES AND MULTI-UNIT DEVELOPERS
(as of December 31, 2016)

Franchisees

Florida	
John and Renee Dame Ritter's of Florida, LLC 4629 S Clyde Morris Blvd Port Orange, FL 32129 (386) 760-1082	
Ryan Stellhorn Ritter's of Central Florida, Inc 2560 East Hwy 50, Ste 114 Clermont, FL 34711 (352) 536-2979	
Indiana	
John and Bonny Ritter Ritter's Frozen Custard, Inc 351 N Morton Franklin, IN 46131 (317) 738-9010	John and Bonny Ritter Ritter's Frozen Custard, Inc 3219 W County Line Road Greenwood, IN 46142 (317) 859-1038
Brant Stockamp Steve Kaderabek 4840 West 57th Street Indianapolis, IN 46254 (317) 293-1417	Bob Jaques Jaques LLC 3921 N Main Street Mishawaka, IN 46545 (574) 255-8000
Pete and Connie Rentschler 2203 N Lafayette Ave Terre Haute, IN 47805 (812) 460-1929	Jerry Gowan and David Gowan Glacier Food, LLC 4949 E Stop 11 Road Indianapolis, IN 46237 (317) 889-1468
Tim Mallet and Peter Loomis LAM and Company 3845 Lake City Highway Warsaw, IN 46580 (574) 268-0099	Steve Aguilar Aguilar Enterprises, Inc 9335 E Washington St Indianapolis, IN 46229 (317) 890-9335

Michigan	
Brent and Sue Goings Meridian Custard, LLC 5962 Meridian Boulevard Brighton, MI 48116 (810) 229-6992	Tim Mallet and Peter Loomis LAM and Company 217 Romence Road Portage, MI 49024 (269) 321-8800
Brent and Sue Goings Merri-Eight Land, LLC 31227 Eight Mile Road Livonia, MI 48152 (248) 476-4571	
Ohio	
Beth and Kyle Rogers ICreeks Investments, LLC 2531 Dayton-Xenia Road Beavercreek, OH 45434 (937) 320-0772	Don and Susan Heyne CelCold Foods, Inc 2226 Wilmington Pike Kettering, OH 45420 (937) 252-3355
Texas	
Walter and Michele Welsh 3427 N Fry Road Houston, TX 77449 (281) 646-1211	22510 Highway 59 N Porter, TX 77365 (281) 646-1211
Guiling Li 110 Silver Bay Lane Lake Jackson, Texas 77566 (979)824-6501 Opened 4/27/2015	Moore Fun Enterprise 8075 FM 423, Suite 100 Frisco, TX 75034 (469)-980-1660 Opened 9/7/2015
K & M Frozen Treats, LLC 5466 Jason Street Houston, Texas 77096 opened 11/20/2016	

Multi-Unit Developers

None

EXHIBIT G TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES AND MULTI-UNIT DEVELOPERS WHO HAVE LEFT THE SYSTEM
(as of December 31, 2016)

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

FRANCHISEES

Michael Hensley and Matthew Kear Henske Group, Inc 3300 N Morrison Road Muncie, IN 47304 (765) 254-1980 Closed 1/1/2014	Will and Kathy Moistner Moistner, LLC 3005 E Main Street Richmond, IN 47374 (765) 935-2130 Closed 3/16/2014
Richard and Rachel Apsley ICREEK LLC 710 Creekview Court Columbus, IN 47201 (812) 373-9492	Will Moistner Ivy-Tech, Richmond Indiana Campus Johnson Hall, 2357, Chester Blvd Richmond, IN 47374 (812) 216-8273 Closed 3/16/2014
Dennis Burris Ice Cream Dream, LLC 6700 West Atlantic Blvd Margate, FL 33063 (954) 975-7300	East Lake Ice Cream 2655 East Lake Road Palm Harbor, FL 34685 (727)-784-0220
Rachel Cruser 710 Creek View Court Columbus, IN 47210 (812)374-2973 closed 10/31/2016	

MULTI-UNIT DEVELOPERS

None

EXHIBIT I TO THE DISCLOSURE DOCUMENT

GENERAL RELEASE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of ____________, 20__ by and between TRUFOODS, LLC, a New Jersey limited-liability company having its principal place of business located at 666 Fifth Avenue, Suite 27B, New York, New York 10103 (the "Franchisor"), and __________________________ residing at ______________________________ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows

1 **Release by Releasor**

Releasor does for itself its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time before and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, begin, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees

2 Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, assignment or transfer by subrogation or by operation of law In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph

3 Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary

4 New York law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto

5 In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of New York

6 This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above

Witness	RELEASOR
______________________	____________________________
Witness	TRUFOODS, LLC
______________________	By ________________________
	Name ______________________
	Title ______________________

EXHIBIT J TO THE DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, TRUFOODS, LLC (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a Ritter's Frozen Custard Shoppe The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("Broker") that have not been authorized, or that were not disclosed in the Franchise Disclosure Document or that may be untrue, inaccurate or misleading The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor

In the event that you are intending to purchase an existing Ritter's Frozen Custard Shoppe from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor The questions below do not apply to any communications that you had with the transferring Franchisee Please review each of the following questions and statements carefully and provide honest and complete responses to each

1 Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Ritter's Frozen Custard Shoppe from an existing Franchisee?

Yes _____ No _____

2 I had my first face-to-face meeting with a Franchisor representative on _______________, 20___

3 Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

4 Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary)

____
____
____
____
____
____

5 Have you received and personally reviewed the Franchisor's Franchise Disclosure Document ("Disclosure Document") that was provided to you?

Yes _____ No _____

6 Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

7 Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary)

____
____
____
____
____
____

8 Have you discussed the benefits and risks of establishing and operating a Ritter's Frozen Custard Shoppe with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9 Do you understand that the success or failure of your Ritter's Frozen Custard Shoppe will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Ritter's Frozen Custard Shoppe operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Ritter's Frozen Custard Shoppe will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Ritter's Frozen Custard Shoppe that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

14 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Ritter's Frozen Custard Shoppe?

Yes _____ No _____

15 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes _____ No _____

16 Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise before today?

Yes _____ No _____

17 Have you paid any money to the Franchisor concerning the purchase of this franchise before today?

Yes _____ No _____

18 Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? ____

____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank

____

____

____

____

I signed the Franchise Agreement and Addendum (if any) on _____________, 20___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor

Please understand that your responses to these questions are important to us and that we will rely on them By signing this Questionnaire, you are representing that you have responded truthfully to the above questions In addition, by signing this Questionnaire, you also acknowledge that

A You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace You hereby acknowledge your awareness of and willingness to undertake these business risks

B You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None"

____

____

____

C You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures") The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is

(i) a person or entity listed in the Annex to the Executive Order,

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism,

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or

(iv) owned or controlled by terrorists or sponsors of terrorism

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure

Acknowledged this _____ day of _______________, 20____

Sign here if you are taking the franchise as an

INDIVIDUAL

____
Signature

Print Name______________________

____
Signature

Print Name______________________

____
Signature

Print Name______________________

____
Signature

Print Name______________________

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

____
Print Name of Legal Entity

By ____________________________
Signature

Print Name______________________

Title___________________________

EXHIBIT K TO THE DISCLOSURE DOCUMENT

DEPOSIT AGREEMENT

This Deposit Agreement (the "Agreement") is made and entered into on __________, 20___, (the "Effective Date") by and between TRUFOODS, LLC, a New Jersey limited liability company with its principal place of business at , 666 Fifth Avenue, Suite 27B, New York, New York 10103 ("Franchisor") and ____________________, a ______________ with an address at ___________________________ ("Depositor")

RECITALS

WHEREAS, Franchisor is in the business of developing and operating a system consisting of franchised and company-operated "Ritter's Frozen Custard" shoppes under Franchisor's trademarks, service marks, and system ("Shoppe"),

WHEREAS, Depositor wishes to apply to become a franchisee under Franchisor's system pursuant to a franchise agreement, which, if entered into by Depositor and Franchisor, would confer upon Depositor the right and obligation to open a Shoppe at a location that has been approved by Franchisor,

WHEREAS, Franchisor must expend considerable time, effort, and cost during the period (the "Evaluation Period") needed to evaluate the applicant's qualifications and suitability to become a franchisee and to evaluate the proposed marketing area,

WHEREAS, Depositor wishes to place a deposit with Franchisor as evidence of Depositor's good faith during the Evaluation Period

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

1 The Deposit Upon execution of this Agreement, Depositor shall pay Franchisor the sum of ______________________ Thousand Dollars ($_____) as a non-interest bearing deposit (the "Deposit")

2 Refundability The Deposit shall be partially refundable to Depositor only if Franchisor terminates this Agreement as provided for in Section 8(a) below, otherwise, the Deposit is non-refundable

3 Credit Unless Franchisor terminates this Agreement as provided in Section 8, the full amount of the Deposit shall be credited by Franchisor toward payment of the initial franchise fee due under the franchise agreement entered into by the parties

4 Deposit Area During the Evaluation Period, Franchisor and Depositor shall explore the prospect of entering into a franchise agreement for one (1) Shoppe within the following area ____ (the "Deposit Area") The only purpose of the Deposit Area is to describe the area within which they will focus their attention during the Evaluation Period Nothing in this Agreement (except for Section 6 below) shall prevent Franchisor or Depositor from entering into any agreement, conducting business, or taking any action within the Deposit Area or elsewhere By entering into this Agreement, neither party shall be bound to enter into a franchise agreement with the other

Depositor shall, during the Evaluation Period (defined in Section 7 below), be solely responsible for identifying, submitting for Franchisor's approval, and securing a site for its Shoppe The following terms and conditions shall apply to the Shoppe Depositor shall submit to Franchisor, in a form specified by Franchisor, a completed site approval package, which shall include a site approval form prescribed by Franchisor, an option contract, letter of intent, or other evidence satisfactory to Franchisor which describes Depositor's favorable prospects for obtaining such site, photographs of the site, demographic statistics, and such other information or materials as Franchisor may reasonably require (collectively, the "**Site Approval Package**") Franchisor shall have thirty (30) days after receipt of the Site Approval Package from Depositor to approve or disapprove, in its sole discretion, the proposed site for the Shoppe In the event Franchisor does not approve a proposed site by written notice to Depositor within said thirty (30) days, such site shall be deemed disapproved by Franchisor No site shall be deemed approved unless it has been expressly approved in writing by Franchisor

5 Application Depositor agrees to make all applications and provide all information reasonably requested by Franchisor to evaluate Depositor's qualification and suitability to enter into a franchise agreement with Franchisor

6 Confidentiality During the Evaluation Period, certain confidential information about Franchisor and its system will be disclosed or otherwise made known to Depositor ("Confidential Information") Depositor agrees to respect and maintain the confidential nature of such Confidential Information, and not in any way disclose the Confidential Information to anyone else, nor in any way use the Confidential Information in the operation of any business (excluding a Shoppe operated pursuant to a franchise agreement) It is agreed that Depositor's obligations under this Section 6 shall not expire upon termination of this Agreement

7 Evaluation Period The parties agree that the Evaluation Period shall last for ninety (90) days from the Effective Date, unless the parties otherwise agree in writing

8 Termination

a Franchisor shall have the right to terminate this Agreement at any time, with or without cause, by providing written notice to Depositor If Franchisor terminates this Agreement, Franchisor shall refund fifty percent (50%) of the Deposit as provided in Section 2 above

b This Agreement shall terminate at the earlier of (i) notice from Franchisor to Depositor that either party is exercising its rights under Section 8(a) above, (ii) the parties' entry into the franchise agreement, or (iii) the end of the Evaluation Period, provided, however, that if Depositor wishes to extend the Evaluation Period it may apply in writing to do so, and such request must be approved by Franchisor Depositor understands and acknowledges, however, that upon expiration of the original Evaluation Period, and whether or not any extension is granted by Franchisor, the Deposit shall no longer be refundable

9 No Franchise Rights This Agreement is not a franchise and does not grant Depositor any right whatsoever to use the "Ritter's Frozen Custard' marks and/or system, which rights can only be granted under a franchise agreement entered into by Depositor and Franchisor Depositor shall not use the "Ritter's Frozen Custard" marks or system, nor shall Depositor make any representation or commitment on Franchisor's behalf

10 Acknowledgment Depositor acknowledges receipt of Franchisor's Disclosure Document at least fourteen (14) calendar days before the Effective Date or payment of any money to Franchisor

11 Full Agreement This Agreement incorporates the full and complete agreement between the parties concerning the subject of this Agreement, and supersedes any and all prior correspondence, conversations, representations, or statements of whatever nature concerning the subject of this Agreement This Agreement shall be interpreted under the laws of the State of New York without regard to its conflict of laws principles

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

FRANCHISOR	DEPOSITOR
TRUFOODS, LLC	______________________________
By ______________________________	By ______________________________
Name ______________________________	Name ______________________________
Title ______________________________	Title ______________________________

RECEIPT

(KEEP THIS COPY FOR YOUR RECORDS)

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 TRUFOODS, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship Michigan, Oregon and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

If TRUFOODS, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit A

The franchisor is TRUFOODS, LLC, located at, 666 Fifth Avenue, Suite 27B, New York, New York 10103 Its telephone number is (212) 359-3600

Issuance date April 4, 2017

The name, principal business address and telephone number of the franchise seller for this offering is ______________________________

TRUFOODS, LLC authorizes the agents listed in Exhibit A to receive service of process for it

I have received a disclosure document dated ______________, 20___ that included the following Exhibits

A – State Administrators/Agents for Service of Process	G – List of Franchisees and Multi-Unit Developers Who Have Left the System
B – State Specific Addendum	H – Financial Statements
C – Franchise Agreement	I – Sample Copy of General Release
D – Multi-Unit Development Agreement	J – Franchisee Disclosure Acknowledgment Statement
E – Table of Contents of Confidential Operating Manual	K – Deposit Agreement
F – List of Franchisees and Multi-Unit Developers	

Date ____________________
(Do not leave blank)

____
Signature of Prospective Franchisee

____
Print Name

You may return the signed receipt either by signing, dating and mailing it to TRUFOODS, LLC at , 666 Fifth Avenue, Suite 27B, New York, New York 10103, or by faxing a copy of the signed and dated receipt to TRUFOODS, LLC at (212) 359-3601

RECEIPT

(RETURN THIS COPY TO US)

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Date ____________________
(Do not leave blank)

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Signature of Prospective Franchisee

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Print Name

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