

FRANCHISE DISCLOSURE DOCUMENT



ROLL EM UP FRANCHISE GROUP, LLC

A California Limited Liability Company

25843 Jefferson Ave.

Murrieta, CA 92562

951-698-3072

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E-mail: ryan@rollemup.com

The franchise offered is for the establishment of one or more Roll Em Up Taquitos restaurants in a fun, street casual setting featuring a variety of hand rolled taquitos, five proprietary sauces, street corn, churro donuts, beer, soda beverages, and other consumable food items prepared in accordance with proprietary recipes and using proprietary sauces, spices, and preparation techniques and other authorized goods and services, at or delivered from the restaurant.

The total investment necessary to begin operation of a Roll Em Up Taquitos restaurant ranges from ~~\$232,800~~~~\$288,700~~ to ~~\$805,500~~~~1,003,500~~. This includes ~~\$40,000~~~~\$70,000 to \$197,500~~ that is paid to the franchisor and its affiliates. ~~If you sign an Area Development Agreement granting you the right to open additional (at least two) Roll Em Up Taquitos restaurants, you must make an additional investment ("Territory Fee") of at least \$80,000, all of which is paid to the franchisor. The Territory Fee is calculated by multiplying the total number of additional restaurants to be developed under the Area Development Agreement by the initial franchise fee of \$40,000 payable under the Franchise Agreement for each additional Roll Em Up Taquitos restaurant. The total investment necessary to develop three (3) to five (5) Roll Em Up Taquitos restaurants ranges from \$292,800 to \$1,123,500. This includes \$130,000 to \$317,500 that is paid to the franchisor and its affiliates.~~

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate 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 Ryan Usrey at 25843 Jefferson Ave., Murrieta, CA 92562; email: ryan@rollemup.com.

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

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

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

Issuance Date: **June 5, 2024**

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risk be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration or litigation only in California. Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate or litigate with the franchisor in California than in your own state.

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

3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchisor in a system with a longer operating history.

4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

ROLL EM UP TAQUITOS
FRANCHISE DISCLOSURE DOCUMENT
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Exhibits

"A-1"	Franchise Agreement <i>Exhibits to Franchise Agreement:</i> Exhibit 1: Territory, Location of Restaurant and Delivery Area Exhibit 2: Names and Addresses of Principal Equity Owners Exhibit 3: Guarantee of Franchise Agreement
"A-2"	Area Development Agreement <i>Exhibits to Area Development Agreement:</i> Exhibit 1: Development Area and Development Schedule
"B"	Financial Statements
"C"	List of Franchise Outlets
"D"	List of Terminated Franchises
"E"	Statement of Franchisee
"F"	State Franchise Administrators and Agents for Service of Process
"G"	State Specific Addenda
"H"	State Effective Dates
"I"	Receipts

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

To simplify the language, this disclosure document uses “we” or “us” to mean Roll Em Up Franchise Group, LLC. “You” or “your” means the individual or entity buying the Roll Em Up Taquitos franchise. If you are an entity rather than individual, all persons who own 20% or more of your entity are “Principal Equity Owners”, and these Principal Equity Owners must personally guarantee your obligations as a franchisee.

The Franchisor, Parents and Affiliates

We are the franchisor of the Roll Em Up Taquitos system. Our principal business address is 25843 Jefferson Ave., Murrieta, CA 92562.

Our majority owner and parent is Usrey Holdings, LLC (“Usrey Holdings”), which is a California limited liability company formed on February 25, 2022 with a principal business address of 25843 Jefferson Ave., Murrieta, CA 92562. We have other minority owners, but none of them meet the definition of a “parent” under 16 C.F.R. § 436.1(m) in that they do not control us or exercise control over the policies and direction of the Roll Em Up franchise system.

Our affiliates are below:

Roll Em Up Restaurants, Inc. (“REUR”) is a California corporation formed on October 3, 2019 whose principal business address is 25843 Jefferson Ave., Murrieta, CA 92562. REUR provides our franchisees with proprietary sauces, other proprietary food ingredients and other proprietary products.

Rypack, Inc. (“Rypack”) is a California corporation formed on March 3, 2021 whose principal business address is 25843 Jefferson Ave., Murrieta, CA 92562. Rypack makes or supervises the manufacture of proprietary branded paper packaging, cups, boxes, uniforms, proprietary merchandise, equipment and “Smallware” (defined in the Franchise Agreement as “cookware, kitchen tools, utensils, dishes, and glassware used in the preparation, service, and storage of food and beverages designated by Franchisor” to be used at an Outlet).

Usrey Holdings, our parent, is also an affiliate of ours and supplies certain required products and branded items to our franchisees, including taquitos, chip bags, boxes, cups, bags, side cups, and corn cups.

Predecessors

We have no predecessors.

Name Used by the Franchisor

We conduct business under the name “Roll Em Up Taquitos” (the “Brand”). We do not conduct business under any other names.

Agent for Service of Process

Our agents for service of process are Ryan Usrey, 25843 Jefferson Ave., Murrieta, CA 92562 and (if you are in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin) the state office or official listed in Exhibit F of this disclosure document.

Business Organization Used by the Franchisor

We are a limited liability company (originally organized as a corporation in California on August 31, 2020, and then converted to a California limited liability company on April 12, 2021).

The Franchisor's Business

We act solely as a franchisor of Roll Em Up Taquitos franchises. We began franchising in April 2021. We do not operate businesses of the type being franchised and we do not engage in other business activities.

The Business You Will Conduct

Our franchise is a license to independently own and operate a single fast casual Roll Em Up Taquitos restaurant ("Outlet") at a specified location, preparing and selling our specialty and proprietary "Roll Em Up Taquitos", "Lit Sauce", "Roll Em Up Sauce", "Guac Sauce" and "Our Street Corn in a Cup", prepared according to proprietary recipes and using proprietary condiments and ingredients (collectively, "Roll Em Up Taquitos Products"), using designated concepts, designs, recipes, equipment, products and techniques. Outlets may also sell other authorized beverages, food and related merchandise. Roll Em Up Taquitos Products may only be obtained from suppliers we designate. We may receive commissions from designated suppliers on components of the Roll Em Up Taquitos Products sold to you.

To become a franchisee, you must execute a Franchise Agreement which will give you the right to open and operate an Outlet (Roll Em Up Taquitos restaurant) at a specific, approved location, or within an approved designated area within a specific time. The Franchise Agreement grants an initial term of 10 years, with the right to renew for additional five-year terms. The form of Franchise Agreement is attached as Exhibit A-1 of this disclosure document.

Outlets typically occupy between 800 and 1,500 square feet of retail space either in a shopping mall or strip or a freestanding location. Outlets use the brand name and other marks, commercial symbols, logos, and trade identifiers we may designate (all of which together we call the "Marks"). All Outlets must display brochures describing the availability of the Roll Em Up Taquitos franchise opportunity.

Unless we authorize you to develop and operate only a single Outlet as a Roll Em Up Taquitos franchisee, at the time you execute the Franchise Agreement for your first Outlet, you must also execute an Area Development Agreement ("ADA"), under which you would pay us a "Territory Fee" and you would be required to open at least two additional Outlets (and if you want to and you are financially and operationally qualified in our judgment to do so, we may grant you the opportunity to develop a specified number of additional Outlets beyond the minimum of two) under a mutually agreed timetable specified in an attached "Development Schedule" and within a negotiated "Development Area". The Territory Fee under the ADA is calculated by multiplying the number of additional Outlets you commit to open by \$40,000.

If the required Outlets have not been opened as required by the Development Schedule in the ADA, you will be in breach of the ADA and we may terminate the ADA (if we do so, you or your affiliated entity would no longer have any exclusive rights to open Outlets in the Development Area, but you or an affiliated entity may continue to operate Outlets under existing Franchise Agreements for those Outlets). You or your affiliated entity must sign our current form of Franchise Agreement for each additional Outlet committed to be opened under the ADA (the current form of Franchise Agreement for Outlets opened under the ADA in future years may differ from the form of Franchise Agreement included in this disclosure document). The form of ADA is attached as Exhibit A-2 of this disclosure document.

General Market for Franchised Products and Services

The general market you will operate the business in involves fast food and fast casual restaurants featuring similar food. The market for Roll Em Up Taquitos Products consists of all individuals within a reasonable proximity to the Outlet. This type of business is fully developed, does not involve sale primarily to a certain group and is not seasonal.

Industry Specific Laws or Regulations

You will need a business license and reseller's permit and you must comply with federal, state and local laws applicable to the operation and licensing of our type of business, including obtaining all applicable health permits and inspections and approvals by municipal, county or state health departments that regulate food handling and food service operations. Your Outlet must also meet applicable municipal, county, state and federal building codes and handicap access codes and you will have to comply with the many federal, state, county, and municipal laws and regulations affecting retail food businesses. Although you are not engaged to act as or sales agent to recruit third-party franchisees, before you ever do so, you may need to be registered as a sales agent under state franchise 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. State and local agencies inspect restaurants and other retail food service providers to ensure that they comply with these laws and regulations.

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

Some localities require that at least one certified food handler be present during all operating hours. You must investigate, learn about, and comply with all laws applicable to the franchised business and obtain and maintain all permits and licenses required by governmental entities or agencies in your specific area. You should become thoroughly familiar with the legal requirements of the food services industry in your area, consulting with your own attorney, before you sign any contract or make any investment with us.

Competition

Although we are not aware of any retail outlets that specialize in the sale of taquitos, your Outlet will compete with other fast casual retail businesses featuring similar food, including franchised operations and national and regional chains (Taco Bell, Del Taco and Tacos and Co.) and independent operators that offer food and other products comparable to the Roll Em Up Taquitos Products. You may also face competition from Roll Em Up Taquitos locations owned by our affiliated entities and other franchisees located near your territory.

Prior Experience of Franchisor, Predecessors and Affiliates

Since October 2019, REUR has been operating one Roll Em Up Taquitos restaurant at 5751 Pine Avenue, Suite A, Chino Hills, California 91709. In 2021, REUR opened additional Roll Em Up Taquitos restaurants at 275 West Birch Street, Brea, California 92821 and 11604 Amargosa Road, Victorville, California 92392.

We do not and have not offered franchises in other lines of business (although we may do so in the future), nor do we presently engage in any other businesses. Except for REUR, Rypack, and Usrey

Holdings, we are not controlled by, controlling, or under common control with any other entity that provides goods or services to our franchisees or that offers franchises in any line of business.

ITEM 2: BUSINESS EXPERIENCE

Ryan Usrey, Founder, Chief Executive Officer and Manager

Mr. Usrey has served as our Chief Executive Officer since our inception in April 2020. He also founded and serves as Chief Executive Officer of REUR (since October 2019), Rypack (since March 2021), and Usrey Holdings (since February 2022). Mr. Usrey was the Chief Executive Officer and Manager of The Cookie Plug Group, LLC in Chino Hills, CA from February 2022 to November 2022. From October 2015 to June 2019, Mr. Usrey served as Manager and Member of Roll Em Up Restaurants KSU, LLC, in Chino Hills, California. Mr. Usrey has also been the Owner of REU Victorville, Inc. (Victorville, CA), REU Brea Inc. (Brea, CA), and Roll Em Up Restaurants Inc. (Chino Hills, CA) since August 2021, May 2021, and June 2019, respectively.

Taylor Smith, VP of Design

Ms. Smith has served as our VP of Design since March 2020. From February 2022 to July 2023, she served as Contract Designer for Cookie Plug in Irvine, California. From August 2016 to March 2023, she served as Creative Director for Teriyaki Madness in Denver, Colorado. From October 2022 to December 2022, she was a freelance designer for Garrison-Jones in Dallas, Texas. From January 2022 to May 2022, she also served as a freelance designer for Coolgreens in Dallas, Texas.

Cody Soscia, Director of IT

Mr. Soscia has served as our Director of IT since August 2021. From July 2019 to July 2021, he served as an employee at our Chino Hills, California location. From January 2019 to July 2019, he served as a contractor for Graphic Air in Chino Hills, California. Mr. Soscia has been a shareholder of Rypack since August 2021.

Shirleen Leofa, Senior Project Manager

Ms. Leofa has served as our Senior Project Manager since February 2022. From June 2018 to February 2022, she served as Project Manager for HH Global in Irvine, California.

Christal Miller, VP of Marketing

Ms. Miller has served as our VP of Marketing since April 2024. From April 2023 to April 2024, Ms. Miller served as the Marketing Manager of Bakers Drive Thru in Riverside, California. From March 2022 to March 2023, she served as the Director of Marketing for Crumbl Cookies in Sandy, Utah. Prior to that, Ms. Miller was an Area Leader of Marketing for Raising Canes in Dallas, Texas from July 2019 to March 2022.

Carlos Frausto, Director of Food Innovation and Development

Mr. Frausto has served as our Director of Food Innovation and Development since January 2022. From May 2021 to December 2021, he was a Cook at Cheesecake Factory in Rancho, California. From April 2021 to May 2021, he was a Cook at Claim Jumper in Rancho, California. Prior to that, he served as a Cook at the Roll Em Up affiliate location in Chino Hills, California from May 2019 to February 2021.

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5: INITIAL FEES

The “Initial Franchise Fee” for your first Outlet is \$40,000 and is due and payable in full to us when you sign the Franchise Agreement. Unless we authorize you to develop only a single Outlet at a site that we pre-approve before you sign the Franchise Agreement, we will require you (when you sign the Franchise Agreement) to also sign an ADA and pay us a non-refundable “Territory Fee” consisting of the pre-paid Initial Franchise Fee of \$40,000 multiplied by the number of additional Outlets you commit to open under the Development Schedule in the ADA. Upon signing the ADA, you will pay us \$30,000 per Outlet that you commit to develop. When you sign a lease for each Outlet under the ADA, you will pay us the remaining \$10,000. You must sign a separate Franchise Agreement for each additional Outlet open under the ADA; however, the Initial Franchise Fee for that Franchise Agreement (\$40,000) will be deemed paid in full as a pro rata portion of the Territory Fee. You would normally sign the Franchise Agreement for your first Outlet either before you appear for initial training or when you execute the lease on your first location. You will sign the Franchise Agreements for each additional Outlet being developed under the Development Schedule before you start construction on each Outlet.

If you want to open additional Outlets beyond the number of Outlets you committed to open under the Development Schedule of the ADA, and we agree you are financially capable of doing so, you must sign a new ADA and pay an additional Territory Fee based on the number of additional Outlets in the Development Schedule of the new ADA.

The Initial Franchise Fee and Territory Fee are fully earned by us when paid, uniformly imposed and not refundable.

Before you open for business, you will pay our affiliate, Rypack, \$15,000 to \$140,000 for Equipment and \$5,000 to \$7,500 for Smallwares.

Before you open for business, you will pay us \$10,000 for your Pre-Opening/Grand Opening Advertising, and we will spend those amounts on the grand opening advertising for your Outlet.

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

ITEM 6: OTHER FEES

Type of Fee	Amount ¹	Date Due ²	Remarks
Royalty	6% of weekly Gross Revenues	Paid each Wednesday following the week in which the Gross Revenues were received.	“Gross Revenues” include all revenue from the sale of all products and services and all other income of every kind and nature related to your franchise operation, whether for cash, by redemption of gift certificates or for credit, regardless of collection. Gross Revenues do not include sales tax or any other taxes you collect from customers for payment to an appropriate tax authority.
Creative Fund Contribution	Up to 2.5% of weekly Gross Revenues; Currently 1.5% of weekly Gross Revenues. ⁴	Paid each Wednesday following the week in which the Gross Revenues were received.	Creative Fund Contributions are due and payable beginning the first full week after the Opening Date of your Outlet.

Type of Fee	Amount ¹	Date Due ²	Remarks
Local Advertising	1.5% of weekly Gross Revenues	Weekly	You must spend 1.5% of your weekly Gross Revenues on local marketing and advertising for your Roll Em Up Restaurant.
Technology and Operations Fee	The then-current fee; currently \$500 ³ per month	Fifth business day of each month.	This fee covers certain modifications, additional software and innovations and maintenance to the Roll Em Up App and any other technologies to be developed. We have the right to modify and discontinue to the rewards program and/or the amount of any reward in our sole discretion at any time.
Tattle Fee	\$65 per month	Fifth business day of each month	This fee covers Tattle software, which collects, analyzes, and provides guidance on guest and menu insights.
Additional Advertising and Promotion Assessment	Amount of assessment (variable)	Immediately upon our demand.	On a regional or system-wide basis, we may impose an additional assessment upon some or all franchisees for one-time advertising or promotional activities if two-thirds of all affected Roll Em Up Taquitos franchisees agree to such additional assessment by affirmative vote.
Initial Training Fee for Additional Attendees	\$1,500 ³	At the beginning of initial training.	Initial Training is provided to up to your Restaurant Manager and Principal Equity Owners at no additional charge. A Restaurant Manager who is retaking Initial Training or replacing a trained Restaurant Manager may be required to pay us \$1,500 ³ for Initial Training. You must pay the costs of travel, lodging and meals for all your attendees.
Additional Training Fee	Up to \$750 ³ per day (for each attendee)	At the beginning of additional training.	After the Outlet opens, and upon reasonable notice, we may require your Restaurant Manager, Principal Equity Owners and other designated personnel to attend staff training courses, seminars, conferences or other programs at locations we select, and we may charge you a separate fee of \$750 ³ per day for each of your attendees at required training. We may also provide optional training or programs, and we may charge you a separate fee of \$750 ³ per day for each of your attendees at optional training. And you will be responsible for the travel, lodging and meal expenses of your attendees or our trainers at these programs.
Annual Conference	Then-current attendance fee; currently \$500 to \$1,000 per attendee	Payable 30 days after written notice to you unless otherwise specified by us in writing.	We may charge a per person attendance at which attendance is a mandatory by you or your operating principal or other principal acceptable to us as well as each of your NRO Leaders, CRMs and CTs. This fee is due even if you do not attend the annual conference.

Type of Fee	Amount ¹	Date Due ²	Remarks
Fee to Renew Franchise Rights	25% of the Initial Franchise Fee we are then charging new Roll Em Up franchisees	When you sign your renewal Franchise Agreement.	Payable only if you exercise your renewal option ⁵ . You are qualified for renewal if you are in full compliance with your operating requirements, all fees due us have been paid, you are not in breach of any term of your Franchise Agreement, and you sign our new form of Franchise Agreement (modified for a renewing franchisee) which will replace your expiring Franchise Agreement.
Fee to Transfer Franchise Agreement	\$5,000 ³	Not later than 10 days before the consummation of the transfer.	This fee is payable by you or your assignee when you transfer your Franchise Agreement. However, there is no transfer fee if franchise is transferred to an entity owned solely by you, but you would need to reimburse us for our costs and documenting the transfer.
Fee to Transfer ADA	\$10,000 ³	Not later than 10 days before the consummation of the transfer.	This fee is payable by you or your assignee when you transfer your ADA. However, there is no transfer fee if franchise is transferred to an entity owned solely by you, but you would need to reimburse us for our costs and documenting the transfer.
Late Charge	5% of the amount past due	With late payment	Payable only if you do not pay when due.
Interest	Annual Percentage Rate ("APR") of 18% ² on the amount past due.	Immediately upon our demand	Interest begins from the date payment was originally due.
Costs of Collection	Cost of collection of delinquent amounts (variable)	Immediately upon our demand	In addition to the late payment penalty and interest on the unpaid amount, you must reimburse us for our costs of collection of delinquent amounts.
Gift Cards	Variable based on purchases.	When ordered.	We do not currently use gift cards, but we have the right to begin using them at any time. If we do, you will have to purchase from a designated vendor, who may be us or our affiliate, as you need them the gift cards you are required to sell at your Outlet.
Penalty for Delivering Outside the Authorized Delivery Area	\$500 ³ .	On demand.	If you make an unauthorized delivery outside your specified Delivery Area a third time (and each additional time after that), you may be required to pay us a \$500 fine for the unauthorized delivery and we may reduce your Delivery Area one time by as much as 75%.
Mystery Shopper Fee	\$100 per month.	First Wednesday of each month	You must pay us, our designee approved vendor a "Mystery Shopper Fee" to maintain, administer direct and prepare a secret shopper initiatives and rewards program. This fee is in addition to the Creative Fund Contribution. (and separate). We have the right to modify and discontinue to the rewards program and /or the amount or the of any reward in our sole discretion at any time.

Type of Fee	Amount¹	Date Due²	Remarks
Records and Rights of Inspection (Audit)	Cost of audit plus interest on underpayment.	Immediately upon demand for payment	This payment is due if (i) the audit discloses an understatement of 5% or more in amounts payable to us, (ii) you fail to furnish required information or documents to us in a timely manner, or (iii) will it takes our auditors an unreasonable amount of time (more than eight hours) to assemble your records for audit.
Reimbursement for Curing Franchisee Defaults	Cost incurred to cure your defaults (variable)	Immediately upon our demand	If you default in the performance of any obligation under the Franchise Agreement, or related agreement involving third parties, we may cure the default for your account and on your behalf and you would then be obligated to reimburse us for all costs and expenses we incur to do so.
Indemnification of Franchisor against Losses	All "Losses", as defined in section 16.2(d) of the Franchise Agreement (variable)	Immediately upon our demand	The Franchise Agreement requires you to indemnify us against Losses we may incur because of (i) your deviation from our approved menu, (ii) unauthorized use of our proprietary information or trademarks, (iii) the breach by you, any Principal Equity Owner or your Manager of non-compete covenants, or (iv) your intentional tort or negligence relating to operation of the Outlet.
Interim Manager Payments	Reasonable daily (per diem) charge which is currently \$750 ³ per day.	Weekly, on demand.	If there is a death or incapacity of an individual franchisee or a majority equity owner, and there is no successor capable of operating the Outlet, we may appoint an interim manager to operate the Outlet on your behalf for a period of 90 days, renewable as necessary for up to an additional 270 days. For this assistance, you must pay us a reasonable daily management fee for our assistance provide by our interim manager.
Attorneys' Fees	Reasonable legal fees and other "Expenses" (as defined in section 16.2(e) of the Franchise Agreement) (variable)	Immediately upon determination of the prevailing party by the arbitrator or court	If we are the prevailing party in any arbitration or litigation to resolve a dispute between us, we are entitled to recover our reasonable attorneys' fees and other Expenses (including arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator).
De-identification Enforcement Expense	Variable costs and expenses relating to de-identification	Immediately upon our demand	If you fail to de-identify your Outlet and your business upon termination or non-renewal of the Franchise Agreement, we have the right 15 days after written notice to enter the Outlet and complete de-identification changes at your expense.
Food Safety Assessment	\$75 per month	First Wednesday of each month	You agree to pay us a "Food Safety Assessment Fee" and allow us, our affiliate or designee to perform quarterly safety assessments of all. foods and drinks served at your Roll Em Up Restaurant.

Type of Fee	Amount ¹	Date Due ²	Remarks
Food Safety and Inspection Field Visit	\$600 for the inspection; \$1,000 for first offense; \$3,000 for any additional offense.	Immediately upon receipt of invoice	If you fail a food safety audit or other inspection, we will require you to undergo an additional inspection at your expense.

1. All fees are imposed and collected by and are payable only to us. Except as indicated in Item 5 or otherwise in the table above, all fees are non-refundable. All fees are uniformly imposed. You will pay all the fees described in this chart for your initial Outlet and for each additional Outlet required to be opened under the ADA.

2. If any payment is not paid when due, you must pay interest on the unpaid amount at an APR of 18%, unless interest rates on delinquent payments in the state in which your Outlet is located are limited by law to a lower APR, in which case that lower APR will apply (in California the highest APR allowed by law is 10%). And you must reimburse us immediately upon demand for all reasonable costs of collection relating to delinquent amounts, including court costs, investigator fees, expert witness fees and attorneys' fees. Interest begins to accrue from the date payment was due.

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

4. Within the first 90 days after the Opening Date, in addition to the amount to be spent on local marketing of your Outlet as a part of the Creative Fund Contribution, you must spend in your Territory at least \$10,000 on the grand opening advertising and promotion of your Outlet, using the grand opening promotional program that we approve. Beginning 60 days after the Opening Date, you must spend at least 1.5% of your weekly Gross Revenues on the local marketing, advertising and promotion of your Outlet.

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

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – FRANCHISE AGREEMENT

Type of Expenditure	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
Initial Franchise Fee ¹	\$40,000	\$40,000	Lump sum	When you sign the Franchise Agreement.	Us
Architect/Engineer ²	\$0	\$25,000	As incurred	As invoiced	Approved suppliers
Business Licenses and Permits ³	\$1,000	\$10,000	As incurred	As invoices	Approved suppliers and government agencies

Type of Expenditure	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
Construction, Remodeling, & Leasehold Improvements ⁴	\$65,000	\$400,000	As incurred	As invoiced	Approved construction manager, contractors, and suppliers
Equipment ⁵	\$15,000	\$140,000	As incurred	As invoiced	Affiliate or Approved suppliers
Furniture, Fixtures, & Decorations ⁶	\$20,000	\$50,000	As incurred	As invoiced	Approved suppliers
Smallware ⁷	\$5,000	\$7,500	As incurred	As invoiced	Affiliate or Approved suppliers
Signage ⁸	\$6,500	\$35,000	As incurred	As invoiced	Approved suppliers
Interior Graphics ⁹	\$8,000	\$20,000	As incurred	As invoiced	Approved suppliers
Grand Opening Kit, Menu Boards ¹⁰	\$1,000	\$5,000	As incurred	As invoiced	Approved suppliers
Drive-thru, Loop Timers and Signage ¹¹	\$0	\$35,000	As incurred	As invoiced	Approved suppliers
Computer Equipment and Information/POS Systems ¹²	\$1,000	\$3,500	As incurred	As invoiced	Approved suppliers
Office Supplies ¹³	\$1,000	\$3,000	As incurred	As invoiced	Approved suppliers
Uniforms ¹⁴	\$500	\$1,500	As incurred	As invoiced	Approved suppliers
Initial Inventory and Supplies ¹⁵	\$7,500	\$25,000	As arranged	As invoiced	Approved suppliers
Insurance Deposits ¹⁶	\$1,500	\$4,000	As incurred	As invoiced	Insurance company
Beer & Wine License ¹⁷	\$0	\$5,000	As incurred	As invoiced	Approved suppliers and government agencies
Pre-Opening Rent ¹⁸	\$5,000	\$40,000	As incurred	As invoiced	Landlord
Initial Training Travel Costs ¹⁹	\$12,000	\$23,000	As incurred	As invoiced	Providers of travel, lodging, and food services
Pre-opening Labor Expense ²⁰	\$15,000	\$40,000	As incurred	Before opening	Employees
Pre-Opening/Grand Opening Advertising ²¹	\$10,000	\$10,000	As incurred	As invoiced	Us

Type of Expenditure	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
Miscellaneous Opening Costs ²²	\$500	\$10,000	As incurred	As invoiced	Approved suppliers
Professional Fees ²³	\$1,000	\$15,000	As incurred	As invoiced	Your financial and legal advisors
Additional funds – 3 months ²⁴	\$16,300	\$56,000	As incurred	After opening	Various
TOTAL¹²	\$232,800	\$1,003,500			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Franchise. We do not offer direct or indirect financing for these items. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. Initial Franchise Fee. The Initial Franchise Fee for one Franchise is \$40,000. The Initial Franchise Fee is paid upon execution of the Franchise Agreement and is non-refundable. See Item 5 for additional information regarding the Initial Franchise Fee when you sign an Area Development Agreement to develop multiple Roll Em Up locations.

2. Architect/Engineer. You must retain one of our approved architects to create your preliminary floorplan at your cost (approximately \$0 to \$25,000) to prepare your construction documents. If you choose not to use an approved architect, we will require you to employ our designated architect to review and approve the construction documents for a fee of \$600 to \$1,000. Our own designer will also review the construction documents and provide input on the placement of trade dress elements, general restaurant layout, and other input as deemed appropriate at no charge to you. In some cases, no architect fees are necessary for the establishment of the franchise location. This might occur when the franchisee utilized existing architectural plans that meet the requirements of the franchise system.

3. Business License and Permits. Opening a restaurant involves obtaining various business licenses and permits to ensure compliance with local, state, and federal regulations. A general business license is typically required to operate any business legally. A health permit is required for a restaurant to ensure that the restaurant maintains cleanliness, proper food storage, and preparation methods to prevent foodborne illnesses. Signage Permits for outdoor signage, including signage displaying the restaurant's name, logo, or menu items. These permits ensure that signage complies with zoning regulations, size limitations, and aesthetic standards. Fire department permits are necessary to ensure compliance with fire safety regulations, including the installation and maintenance of fire suppression systems, emergency exits, and fire alarms. Inspections may be required to obtain and renew the permit. An occupancy permit verifies that the restaurant meets building and fire code requirements for occupancy.

4. Construction, Remodeling and Leasehold Improvements. The estimated cost for Roll Em Up construction, remodeling, and leasehold improvements typically ranges from \$65,000 to \$400,000. This variance accounts for a spectrum of scenarios, with the lowest end of the range applicable if a franchisee chooses a next-generation restaurant location that already aligns closely with Roll Em Up's brand standards and layout requirements. In such cases, minimal remodeling or leasehold

improvements may be necessary, resulting in a lower overall investment. Conversely, the highest end of the cost spectrum is relevant when a franchisee opts to build a new Roll Em Up restaurant from the ground up. This involves significant construction work, including building infrastructure, interior design, installation of specialized kitchen equipment, and other leasehold improvements tailored to Roll Em Up's specifications. As such, the cost at this level encompasses the entire construction process from inception to completion. Roll Em Up offers this range of estimated costs to provide prospective franchisees with a clear understanding of the financial commitment associated with establishing a new location. The variability accounts for different circumstances and allows franchisees to make informed decisions based on their preferences, available resources, and strategic goals.

5. **Equipment.** The estimated cost for restaurant equipment ranges from \$15,000 to \$140,000, depending on various factors such as the size of the establishment, equipment quality, and specific needs of the Roll Em Up franchise. It's important to note that this range covers the purchase of essential kitchen appliances, utensils, furniture, and other operational necessities.

In some instances, franchisees may come across a next-generation restaurant location that already has the majority of the equipment required to operate a Roll Em Up restaurant. In such cases, the franchisee may be able to leverage existing equipment, reducing the initial investment needed for equipment procurement. However, even in scenarios where the majority of equipment is already available at the location, franchisees will still be required to purchase 1-2 Roll Em Up proprietary cookline equipment. These specialized pieces of equipment are integral to maintaining consistency in food quality, adhering to brand standards, and ensuring operational efficiency across all Roll Em Up locations.

By providing this flexibility in equipment acquisition, Roll Em Up aims to streamline the setup process for franchisees while ensuring that all locations maintain the necessary equipment standards to deliver the Roll Em Up experience to customers.

6. **Furniture, Fixtures and Decorations.** The estimated cost for furniture, fixtures, and decorations typically falls within the range of \$20,000 to \$50,000. These costs encompass the procurement of all necessary items designed to meet Roll Em Up's standards for interior design, ambiance, and customer experience. The FF&E category includes a variety of elements essential for creating the distinctive Roll Em Up atmosphere. This encompasses tables, table bases, chairs, benches, lighting fixtures, and Roll Em Up branded decor. Each piece is carefully selected or custom-designed to align with the brand's aesthetic and enhance the overall dining experience for customers.

7. **Smallware's.** The estimated cost for smallware's typically ranges from \$5,000 to \$7,500. Smallware's encompass a wide array of essential items required for day-to-day restaurant operations, including pots, pans, Cambro's, containers, cooking utensils, and various other kitchen tools and equipment. These smallware's are indispensable for food preparation, storage, cooking, and serving within the Roll Em Up restaurant environment. From ensuring efficient workflow in the kitchen to maintaining food quality and presentation standards, these items play a crucial role in the overall operational success of the franchise.

8. **Signage.** The estimated cost for signage typically ranges from \$6,500 to \$35,000. The range provided accounts for various factors influencing signage costs across Roll Em Up locations. At the lower end, franchisees may opt for standard signage solutions that meet Roll Em Up's branding requirements while adhering to budget constraints. These may include exterior signs, menu boards, and directional signage essential for guiding customers to the restaurant. Conversely, the higher end of the range may be applicable in specific instances where a location requires larger signs, special signage installations in non-traditional locations, or flagship location branding initiatives. Similarly, non-traditional locations such as airports or sports arenas may require customized signage solutions tailored to unique architectural or operational constraints. For example, Roll-Em-Up's Brea, Ca signage cost approximately is \$35,000. This location has special signage, additional signage and is non typical for a Roll-Em-Up location.

9. Interior Graphics. The estimated cost for interior graphics typically ranges from \$8,000 to \$20,000. Interior graphics play a vital role in enhancing the ambiance, branding, and overall customer experience within Roll-Em-Up locations. Each Roll-Em-Up location is meticulously designed with custom artwork and graphics that reflect the brand's identity and resonate with its target audience. These graphics are printed on high-quality 3M vinyl and installed by approved vendors to ensure durability and visual appeal. The range provided accounts for various factors influencing interior graphics costs across Roll-Em-Up locations. At the lower end, franchisees may opt for standard graphic installations covering essential areas such as the lobby, bathrooms, and select focal points within the restaurant. These installations effectively convey the Roll-Em-Up brand message while remaining cost-effective. Conversely, the higher end of the range may be applicable in instances where franchisees' locations are larger and require additional graphics.

10. Grand Opening Kit, Menu Boards. The Grand Opening Kit and Menu Board Fee covers the materials purchased for the grand opening advertisement specific to each Roll Em Up franchise location. This kit is designed to create a memorable and impactful launch event that attracts attention, generates excitement, and drives traffic to the new restaurant. The Grand Opening Kit typically includes a variety of promotional materials approved by the Roll Em Up franchisor. This may encompass items such as balloons, grand opening signage, flags, banners, and other eye-catching decorations designed to capture the interest of passersby and potential customers.

11. Drive-Thru Loop Timers and Signage. The estimated cost for Drive-Thru Loop Timers and Signage within the Roll Em Up Franchise typically ranges from \$0 to \$35,000. This cost variability accounts for whether the franchise location includes a drive-thru option or not. In instances where the location does not feature a drive-thru, the cost is listed as \$0. This reflects the scenario where no investment is required for drive-thru loop timers and signage equipment and installation. Conversely, if the Roll Em Up franchise location includes a drive-thru option, the cost may reach up to \$35,000. This encompasses the purchase, installation, and integration of drive-thru loop timers and signage equipment from an approved vendor. The equipment ensures efficient operation, accurate order taking, and seamless customer service at the drive-thru window.

12. Computer Equipment and Information/ POS System. The estimated cost for Computer Equipment and Information/POS System within the Roll Em Up is \$1,000 to \$3,500, encompassing various components essential for restaurant operations, including computer equipment, kitchen display systems, point-of-sale (POS) equipment, POS software, and installation and hosting services. This comprehensive estimate covers the procurement and setup of hardware and software infrastructure necessary to facilitate efficient order processing, kitchen management, and customer transactions within a Roll Em Up restaurant. It's important to note that Roll Em Up requires franchisees to utilize the services of an approved POS system vendor. Currently, Toast is the only approved POS system vendor authorized by Roll Em Up. This ensures consistency in POS system functionality, reliability, and compatibility with Roll Em Up's operational requirements and standards.

13. Office Supplies. The estimated cost for Office Supplies ranges from \$0 to \$3,000. This variability accounts for different scenarios based on the franchisee's existing resources and needs. If the franchisee already possesses all necessary office supplies for the location, including items such as a printer, computer, and various office supplies required for the manager's duties, then the cost is listed as \$0. In this case, no additional investment is required by the franchisee for office supplies, as they are already available to support the operation of the franchise location. Conversely, if the franchisee does not have all required office supplies or if additional items are needed to meet Roll Em Up's standards and operational needs, then the estimated cost may range up to \$3,000. This would cover the procurement of essential office equipment and supplies necessary for the efficient management and administration of the franchise location.

14. Uniforms. The estimated Initial Investment Uniform Cost for branded Roll Em Up required uniforms for staff and management ranges from \$500 to \$1,500. This cost encompasses the procurement of uniforms that adhere to Roll Em Up's branding standards and are mandatory for all staff members, including management. The range provided allows for flexibility based on the size of the staff, specific uniform requirements, and quality preferences. At the lower end, franchisees may opt for basic uniform options that meet Roll Em Up's branding guidelines while minimizing upfront investment. Conversely, the higher end of the range may be applicable if franchisees choose higher-quality materials, custom designs, or additional accessories to enhance the overall appearance and comfort of the uniforms.

15. Initial Inventory and Supplies. The estimated Initial Inventory and Supplies Investment ranges from \$7,500 to \$25,000. However, it's essential to note that these figures are subject to adjustment based on customer and sales projections specific to each individual location. Inventory and supplies requirements can vary significantly depending on factors such as anticipated customer traffic, menu popularity, and seasonal demand. Franchisees are encouraged to conduct thorough market research and collaborate with Roll Em Up support teams to develop accurate sales projections tailored to their unique market conditions.

16. Insurance Deposits. The Estimated Insurance Deposits range from \$1,500 to \$4,000. However, it's important to understand that this range is subject to variation based on several factors, including the insurance provider, location of the franchise, and other pertinent considerations. Insurance premiums can fluctuate depending on various factors such as geographic location, local regulations, and the specific insurance provider chosen by the franchisee. Additionally, factors like the size of the franchise operation, the level of coverage required, and any unique risk factors associated with the business may also impact insurance costs.

17. Beer and Wine License. The Beer and Wine License fees range from \$0 to \$5,000. However, it's essential to note that these fees are subject to variation based on several factors, including whether the franchise location sells beer and wine and the specific licensing requirements of the jurisdiction. In instances where a Roll Em Up franchise location does not sell beer and wine, the cost is listed as \$0. This reflects the scenario where no investment is required for obtaining a beer and wine license. Conversely, if the franchise location intends to sell beer and wine, the cost may range up to \$5,000. This fee includes the expenses associated with obtaining the necessary licenses and permits from the Alcohol Beverage Control (ABC) board or other relevant government agencies. The actual license fees are determined by the specific regulations and licensing requirements of each county, state, or jurisdiction.

18. Pre-Opening Rent. The estimated Pre-Opening Rent Cost for Roll Em Up franchise locations ranges from \$5,000 to \$40,000. This variability is influenced by factors such as location, size of the premises, and local real estate market conditions. Franchisees are required to secure suitable premises for their Roll Em Up restaurant before commencing operations. The cost of rent is a significant consideration in the pre-opening phase and can vary based on factors such as the desirability of the location, proximity to high-traffic areas, and the condition of the property. At the lower end of the range, franchisees may find more affordable rental options in less densely populated areas or in properties with smaller footprints. Conversely, the higher end of the range may be applicable in prime locations with higher demand and larger spaces suitable for accommodating Roll Em Up's operations.

19. Training Fee. The estimated Initial Training Fee Cost ranges from \$12,000 to \$23,000. This fee encompasses various expenses associated with the initial training of franchise owners and their staff members. Included in this cost are wages for trainers, travel expenses, lodging, meals, and employee food services during the training period. Roll Em Up is committed to providing comprehensive training

programs that equip franchisees and their teams with the knowledge, skills, and resources necessary to successfully operate a Roll Em Up restaurant. The variability in the training fee reflects factors such as the duration of the training program, the number of participants, and the location of the training facilities. Franchisees may opt for different training options based on their specific needs and preferences, which can impact the overall cost.

20. **Pre-Opening Labor Fee.** The estimated Pre-Opening Labor Fee for Roll Em Up franchise locations ranges from \$15,000 to \$40,000. This fee is designated for covering employee labor wages during the pre-opening phase of the franchise. During the pre-opening period, franchisees may hire and train staff members to prepare for the launch of the Roll Em Up restaurant. The labor fee encompasses wages for these employees, including training hours and any additional pre-opening tasks required to set up the establishment. The variability in the labor fee accounts for factors such as the size of the workforce, the duration of the pre-opening phase, and local labor market conditions. Franchisees may allocate resources differently based on their staffing needs and the complexity of pre-opening operations. Roll Em Up encourages franchisees to allocate sufficient resources to pre-opening labor to ensure a smooth and successful launch of the restaurant. By investing in hiring and training qualified staff members, franchisees can establish a strong foundation for delivering high-quality service and building customer loyalty from the outset.

21. **Pre-Opening/Grand Opening Advertisement.** The Pre-Opening/Grand Opening Advertisement fee is a flat \$10,000 fee paid to Roll Em Up Franchise Group prior to the opening of the franchise location. This fee is designated to cover advertising expenses specific to each individual location's pre-opening and grand opening events. Roll Em Up Franchise Group strategically allocates these funds to advertising initiatives tailored to promote the grand opening of each franchise location. These initiatives may include digital marketing campaigns, local print advertisements, social media promotions, and other targeted advertising efforts aimed at generating excitement and driving traffic to the new restaurant.

22. **Miscellaneous Cost.** The Miscellaneous Costs in the Roll Em Up Franchise Disclosure Document (FDD) range from \$500 to \$10,000. These costs encompass various miscellaneous expenses that may arise during the setup and operation of a Roll Em Up franchise location. The variability in miscellaneous costs reflects the diverse nature of potential expenses that may arise depending on factors such as the location, size, utility deposits, maintenance and repairs and specific needs of the franchise operation. Franchisees are encouraged to budget for miscellaneous costs to ensure they have adequate resources to address unexpected expenses and support the successful operation of their Roll Em Up restaurant.

23. **Professional Fees.** The Professional Fees in the Roll Em Up Franchise Disclosure Document (FDD) range from \$1,000 to \$15,000. These fees encompass expenses incurred for various professional services required during the establishment and operation of a Roll Em Up franchise location. Examples of professional fees include but are not limited to:

- **Legal fees:** Costs associated with retaining legal counsel for reviewing franchise agreements, lease agreements, and other legal documents, as well as providing guidance on compliance with local regulations.
- **Accounting fees:** Expenses related to hiring professional accountants or accounting firms to assist with financial record-keeping, tax preparation, and other accounting services.
- **Consulting fees:** Fees paid to industry experts, business consultants, or franchise advisors for guidance on business strategy, operational best practices, and other aspects of franchise management.

- Real estate fees: Costs associated with engaging real estate agents or brokers to assist with site selection, lease negotiations, and property acquisition for the franchise location.
- Financial advisory fees: Expenses for financial planning services, investment advice, and assistance with securing financing or capital investment for the franchise.

24. Additional Funds-3 Months. The Additional Funds for 3 Months rent range from \$16,300 to \$56,000. These funds are designated to cover various expenses and contingencies during the initial startup phase and early operation of the franchise location, including rent expenses for the first three months. We based this estimate on (1) our experience and the experience of our affiliates with developing and opening Roll Em Up restaurants and (2) certain data reported to us by our franchisees regarding the costs to develop and operate their Roll Em Up franchises.

YOUR ESTIMATED INITIAL INVESTMENT – AREA DEVELOPMENT AGREEMENT

Type of Expenditure	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
Territory Fee ^{1, 2}	\$60,000 (Three Outlets)	\$120,000 (Five Outlets)	As incurred	As invoiced	Us
Initial Investment – Franchise Agreement	\$232,800	\$1,003,500	As incurred	After opening	Various
TOTAL	\$292,800	\$1,123,500			

Notes:

1. All fees must be paid in full at the time indicated. Under the ADA, you will separately sign a Franchise Agreement when you execute the lease for the location of your first Outlet, and then separate Franchise Agreements for each Outlet you open under the ADA. We do not finance any fee or payment. The Territory Fee is not refundable.

2. If you sign the ADA, in addition to the \$40,000 initial franchise fee for your first Franchise Agreement, you must pay us a Territory Fee equal to the initial franchise fee of \$40,000 for each additional Franchise Agreement multiplied by the total number of additional Outlets you commit to open under the ADA. Upon signing the ADA, you will pay us \$30,000 per Outlet, and you will pay the remaining \$10,000 for each Outlet's prorated Initial Franchise Fee when you sign a lease for the applicable Outlet. Although we do not require any minimum number of Outlets to be developed under the ADA, the estimated low column of the chart shows the Territory Fee for a Development Schedule that requires you to develop two additional Outlets (\$30,000 + \$30,000). When you include the \$40,000 initial franchise fee for your first franchise agreement, you would pay a total of \$100,000 for the right to open three Outlets in your Development Area. The estimated high column of the chart shows the Territory Fee you would pay when signing an ADA with the development schedule that requires you to develop four additional Outlets (\$30,000 + \$30,000 + \$30,000 + \$30,000). When you include the \$40,000 initial franchise fee for your first franchise agreement, you would pay a total of \$160,000 for the right to open five Outlets in your Development Area.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

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

You must purchase or lease from our designated supplier the point-of-sale system and imbedded software we then require ("POS System") that meets our specifications for each Outlet you own and operate. We currently designate the TOAST POS system, but we may change the designated POS System at any time, so you may be required to purchase a different POS System for all Outlets you operate. The POS System includes a cash drawer, credit card reader, and printer. You are responsible for any licensing of software to operate the POS System and for all ongoing maintenance and repairs and upgrades to the POS System. You must also use our designated supplier One Point, Denver, Colorado for accounting services relating to the operation of your Outlet. We do not presently require you to have any other computer or computer software. However, we require you to maintain an e-mail account and provide us with reports by email in the manner required in the Manual.

You must purchase items bearing our trademarks only from designated vendors or approved suppliers. Also, you must use in the development and operation of your Outlet those fixtures, items of equipment, including food preparation and storage equipment, display cases, cash registers and computer systems, storefront, supplies and signs we have approved as meeting our specifications and standards for appearance, function, design, quality and performance. You must use our designated supplier Concept Services, Austin, Texas, to procure and service equipment obtained for your Outlet. You must place or display at the premises of your Outlet (interior and exterior) only such signs, emblems, lettering, logos, and display materials we approve in writing. All equipment leases will be between you and the lessor. Under no circumstances can you sign any lease as if you were us, or on our behalf.

Franchisor or its Affiliates Acting as Approved Suppliers

Our affiliate, REUR, will provide our franchisees with proprietary food ingredients. Our affiliate, Rypack, makes or supervises the manufacture of proprietary branded paper packaging, cups, boxes, uniforms, proprietary merchandise, equipment and "Smallware" (defined in the Franchise Agreement as "cookware, kitchen tools, utensils, dishes, and glassware used in the preparation, service, and storage of food and beverages designated by Franchisor" to be used at an Outlet) that must be purchased by our franchisees. Usrey Holdings began supplying certain products and branded items to our franchisees in 2023, including taquitos, chip bags, boxes, cups, bags, side cups, and corn cups. Otherwise, neither we nor any of our affiliates sell or lease any goods, services, supplies or equipment related to establishing or operating the Outlet.

Ryan Usrey and Tiffany Usrey own interests in REUR, Rypack, and Usrey Holdings and will indirectly derive revenue from required franchisee purchases. Other than this, there are no suppliers in which any of our officers owns an interest.

Approved Suppliers and Approval of Alternative Suppliers

To maintain consistency in quality and for other considerations, you must purchase Roll Em Up Taquitos Products and other specified food and beverage items only from manufacturers or producers we designate or approve in writing. We will provide a written list of these proprietary or selected items and approved manufacturers or producers. We will also notify you of any additions to or deletions from this list.

We only designate or approve suppliers who demonstrate to our satisfaction the ability to meet our standards and specifications, who possess adequate quality control and capacity to supply your needs promptly and reliably, and who have been approved by us in the Manual or otherwise in writing. Designation of a supplier may be conditioned on meeting criteria we determine, including performance relating to frequency of delivery, standards of service, and payment or other consideration to us or

parties designated by us. We may designate single or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers.

The current list of approved products and suppliers is found in the Manual. We may make changes to these lists or other parts of the Manual, which we will provide to you. If you desire to purchase products other than those provided by approved suppliers, you must submit to us a written request for approval of the proposed supplier together with such evidence of conformity with our specifications and program specifications as we may reasonably require. We will have the right to require our representative be permitted to inspect the supplier's facility and samples from the supplier to be delivered for evaluation and testing, either to us or to an independent testing facility we designate. You may be required to pay a charge not to exceed the reasonable costs of evaluation and testing. Our criteria for supplier approvals are contained in the Manual. Within 30 days after our receipt of the completed request or completion of the evaluation and testing (if required by us), we will notify you in writing of our approval or disapproval of the proposed supplier. Approval will not be unreasonably withheld. You must not sell or offer for sale any products or services from a proposed supplier until you receive our written approval of the proposed supplier.

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

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

Issuance of Specifications and Standards

We issue specifications and standards regarding authorized Roll Em Up Taquitos Products to our franchisees through the Manual and other communications in writing or by email. We also issue specifications and standards regarding authorized Roll Em Up Taquitos Products to designated and approved suppliers in writing or by email. We may modify these specifications and standards at any time but only after delivering written notification of the modifications and providing our franchisees or suppliers a reasonable amount of time to implement the modifications.

Revenue from Franchisee Purchases

In the year ending December 31, 2023, our affiliate, Rypack, received \$74,834.46 from our franchisees' required purchases of uniforms, proprietary merchandise, proprietary equipment and Smallware. Other than these amounts, neither we nor any affiliates derived revenue, rebates or other material consideration based on required purchases or leases by Roll Em Up Taquitos franchisees during the year ending December 31, 2023.

Payments to us, our designees, and our approved suppliers, or under our specifications (i) in establishing your Outlet will range from 6% to 34% of your total initial investment and (ii) in operating your Outlet will be approximately 30% of your total monthly expenses.

Cooperatives

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

Negotiated Prices

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

Material Benefits Based on Franchisee Purchases

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

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in franchise agreement	Section in area development agreement	Disclosure document item
a.	Site selection and acquisition/lease	7.1, 7.2	Exhibit 1	6,11
b.	Pre-opening purchases/leases	7.2, 7.3	2.2	8
c.	Site development and other pre-opening requirements	7.1, 7.2	2.1, Exhibit 1	6, 7, 11
d.	Initial and ongoing training	6.1-6.4	Not applicable	11
e.	Opening	3.3, 7.2, 7.3	2.1, Exhibit 1	11
f.	Fees	4.1-4.7, 12.2(c)(vii)	3.1, 3.2	5, 6
g.	Compliance with standards and policies/operating manual	8.1-8.3	Not applicable	11
h.	Trademarks and proprietary information	8.8, 9.1-9.5	5.2	13,14
i.	Restrictions on products/services offered	3.2, 3.4, 8.1, 8.3, 8.13	1.1, 1.4, 1.5	16
j.	Warranty and customer service requirements	8.1(n), 6.1(c)	Not applicable	11
k.	Territorial development and sales quotas	3.3	1.1, 1.2, 1.5, 2.4, Exhibit 1	12
l.	Ongoing product/service purchases	7.3	Not applicable	8
m.	Maintenance, appearance and remodeling requirements	5.2(f), 7.2, 8.5	Not applicable	11
n.	Insurance	8.10	Not applicable	6, 8
o.	Advertising	4.3, 7.4, 8.8, 8.13	5.2	6,11
p.	Indemnification	16.2	Not applicable	6
q.	Owner's participation/management/staffing	6.1-6.3, 8.1(a), 12.6	4.1	11,15
r.	Records and reports	8.7, 8.11(b), 18.2(b)	Not applicable	6
s.	Inspections and audits	5.2(e), 8.7(e), 8.11	Not applicable	6,11
t.	Transfer	12.1-12.7	4.1, 4.2	17
u.	Renewal	5.2, 5.3	Not applicable	17
v.	Post-termination obligations	11.2, 15.1, 15.2	6.2	17
w.	Non-competition covenants	11.1-11.3	5.1, 5.2	17
x.	Dispute resolution	14.1-14.5	7.1-7.5	17
y.	Compliance with anti-terrorism and other federal laws	16.12	Not applicable	Not applicable

ITEM 10: FINANCING

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

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

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

Pre-Opening Assistance

Before you open your business, we will:

- (1) Designate your franchise territory (see section 3.1 and Exhibit 1 of the Franchise Agreement).
- (2) Provide you with initial training and orientation in the Roll Em Up Taquitos system and how to operate an Outlet (see section 6.1 of the Franchise Agreement and the Training Program described below in this Item 11). Your Restaurant Manager and Principal Equity Owners must successfully complete initial training to our satisfaction before you can open your Outlet.
- (3) Provide you with a general plan for the layout, furnishing and equipping of your Outlet, together with a suggested menu board, written schedule of all Roll Em Up Taquitos Products and other food items and beverages that must be sold at your Outlet, and a list of approved and designated suppliers (see section 7.3 of the Franchise Agreement).
- (4) Provide you with a copy of the Manual (see section 8.2 of the Franchise Agreement).

We may but are not obligated to assist you in selecting a site for your Outlet. Although we do not typically pre-select the site for your Outlet, we must give our final consent to the location before your Outlet can be placed there (see section 7.2(b) of the Franchise Agreement). You and your landlord may be required to complete and sign a rider or addendum to the lease that (i) grants us an option to assume your position as lessee under the lease for the Outlet premises if you are in material default of either the lease for the Outlet premises (including an obligation of the landlord to notify us if you are in default) or the Franchise Agreement, and (ii) requires the landlord to fully cooperate with us in completing de-identification of the Outlet if the Franchise Agreement is terminated or expires without being renewed. You have 180 days after signing the Franchise Agreement to locate an acceptable site for your Outlet. We will review and either consent to or decline the proposed site for your Outlet within 15 days after you provide us with its address. If you are unable to locate an acceptable site within 180 days, we can either grant you up to two consecutive additional periods of 90 days to locate an acceptable site for the Outlet or cancel the Franchise Agreement (see section 7.2(a) of the Franchise Agreement). The factors that we consider in consenting to a site for the Outlet include general location and neighborhood, population demographics and probable awareness of the Roll Em Up Taquitos brand, traffic patterns, parking, size, physical characteristics of existing buildings and lease or rental terms. We do not typically own and lease to you the premises on which the Outlet will be located.

Length of Time to Open the Outlet

We estimate the typical length of time between the signing of the Franchise Agreement (when you make your first payment to us for the franchise) and the opening of your Outlet will be 270 days. Factors that may affect this length of time include the satisfactory completion of initial training by your designated attendees, location of an acceptable site, ability to obtain an appropriate lease, financing arrangements, compliance with zoning and local ordinances, weather conditions, shortages, the contractor's ability to complete construction of the Outlet, and delivery and installation of equipment, fixtures and signs. If you do not begin operating your Franchised Business within 180 days after we consent to the site for your Outlet, or within 360 days after you sign the Franchise Agreement, we can cancel the Franchise Agreement (see section 7.2(a) of the Franchise Agreement) and if we do so under those circumstances, we are not obligated to refund your initial franchise fee and development fee under an ADA.

Post-Opening Assistance

During the operation of the franchised business, we:

(1) Will provide you with access to, and integrate information about your Outlet into, the Roll Em Up Taquitos website (see sections 6.2 and 8.13 of the Franchise Agreement).

(2) Will be reasonably available by phone and e-mail for guidance in the operation and management of your Outlet and your compliance with the guidelines and procedures in our Manual (see sections 6.2 and 6.3 of the Franchise Agreement). We do not provide you with assistance in hiring, supervising or discharging employees, nor do we provide any advice on employment law or regulations, except to strongly recommend you engage the services of an attorney competent to advise you on employment law matters in your state.

(3) May visit you periodically at no cost to you to provide additional sales and administrative review and assistance, including assistance with establishing and using administrative, bookkeeping, accounting and inventory control procedures. If you request this assistance and we agree to provide it, you must reimburse us for the cost of our representative's transportation and lodging. We may also, at our discretion, charge an additional training fee of \$750 per day for Roll Em Up Taquitos training courses, seminars, conferences or other programs that we require you or your representatives to attend. The nature, frequency and duration of this assistance by our representatives will be in our sole discretion. (See section 6.2 of the Franchise Agreement.)

(4) In connection with your ongoing obligation to maintain the Outlet in accordance with our standards, will notify you if the general state of repair, appearance or cleanliness of your Outlet or its fixtures, equipment or signs do not meet our standards, and specify the action you must take to correct the deficiency (see sections 8.3(c), 8.5 and 8.11 of the Franchise Agreement).

(5) May conduct a system-wide mandatory meeting (or annual convention) not more than once a year in southern California or other location we designate. Attendance of at least one Principal Equity Owner at these meetings will be mandatory (and is highly recommended for the Restaurant Manager and all other Principal Equity Owners). You must pay the cost of travel, lodging and meal expenses for your attendees at these mandatory meetings. (See section 6.3 of the Franchise Agreement.)

(6) May recommend retail prices for Roll Em Up Taquitos Products you sell at your Outlet, and other products and services we authorize for sale at your Outlet (to enhance uniformity in the delivery of goods and services to retail customers by our franchises and the strength of our Marks in inter-brand competition), and if we do so, you may not advertise or promote (whether by telephone, printed materials or any other media, including, without limitation, social media) retail prices that are inconsistent with these recommended prices (see section 8.1(c) of the Franchise Agreement). However, we do not set retail prices you must charge customers for Roll Em Up Taquitos or other authorized merchandise you sell at your Outlet.

Advertising Program for the Franchise System

Beginning on the opening date of your Outlet, you must pay us a Creative Fund Contribution of up to 2.5% of your weekly Gross Revenues (section 4.3(a) of the Franchise Agreement). Currently, the Creative Fund Contribution is 1.5% of your weekly Gross Revenues. Creative Fund Contributions are due and payable on a weekly basis every Wednesday following the weekly period in which applicable Gross Revenues were received. We are not required to spend any Creative Fund Contributions in or near your Outlet, although we may do so. Creative Fund Contributions collected from Roll Em Up

Taquitos franchisees will be spent for national and regional advertising and promotional campaigns designed to promote and enhance the value of the Roll Em Up Taquitos trademarks and their general recognition and acceptance. Any Creative Fund Contributions collected but not expended in a calendar year will roll over for use in the next calendar year.

Creative Fund Contributions are deposited into a separate bank account of ours specifically designated for Roll Em Up Taquitos advertising and promotion activities. This separate marketing and advertising bank account is not audited. However, if you request in writing an accounting of advertising expenditures within 90 days after the end of a calendar year, we will provide you within 30 days thereafter an unaudited financial statement of the advertising account's annual receipts and expenditures relating to the calendar year. No interest on the amounts on deposit will be imputed for your benefit or paid to you. We administer this separate marketing and advertising bank account and the national advertising program, and we will receive a fee of 15% of the annual aggregate Creative Fund Contributions for doing so.

None of the Creative Fund Contributions is or will be used primarily for the solicitation for new franchise sales.

In the year ending December 31, 2023, we spent \$112,338.85 of Marketing and Promotion funds as follows: 8.36% on Merchandise, 23.83% on Public Relations Marketing, 4.45% on Social Media Marketing, 3.14% on Uniforms, and 60.22% on Advertising, Digital Marketing, and Marketing.

In addition to grand opening advertising and promotional expenditures, beginning the first full week after the Opening Date, you must spend at least 1.5% of your weekly Gross Revenues on the local marketing, advertising and promotion of the Outlet, using marketing and promotional materials pre-approved in the Confidential Operations Manual or otherwise authorized or approved by us. And we encourage you to spend additional amounts on the local marketing, advertising, and promotion of your Outlet, using marketing and promotional materials pre-approved in the Confidential Manual or otherwise authorized in writing by us (see section 4.3(c) of the Franchise Agreement).

On a national or regional basis, we may impose an assessment on all affected Roll Em Up Taquitos franchisees for special advertising or promotional activities if franchisees owning two-thirds of all affected franchised territories agree to this assessment, confirmed in writing by each franchisee (see section 4.3(d) of the Franchise Agreement).

You are obligated to maintain and occasionally refurbish the Outlet to conform to our currently effective "Trade Dress" (as defined in the Franchise Agreement) and color standards for Roll Em Up Taquitos Outlets. This maintenance and refurbishment may require expenditures by you on structural changes, installing new equipment, remodeling, redecoration and modifications, or to accommodate new Roll Em Up Taquitos Products. You must maintain all equipment and furnishings used at the Outlet in good working order and make repairs or perform maintenance as needed. You also must make all upgrades to equipment and any technology used in the Outlet that we may require, and we may periodically require you to update the Trade Dress (possibly including installation of new color schemes, logos, signage or other visual elements) used at the Outlet. Details on Trade Dress updates will be contained in the Manual or as otherwise provided to you in writing. We anticipate that Trade Dress updates will be required no more frequently than once every five years. (See section 8.5 of the Franchise Agreement.)

Although we are not obligated to do so, we may provide you with general advertising programs and sales promotion, campaign and sample advertising materials. You may develop advertising materials for your own use, at your own cost. But we must approve all advertising materials in advance and in writing.

We are not presently involved in any advertising cooperatives. Nor do we intend to create advertising cooperatives in the future.

Electronic Cash Registers and Computer Requirements

You must purchase or lease, and use at your Outlet, the POS System we designate (currently the TOAST POS system) to track and process retail sales at the Outlet (see section 8.4(a) of the Franchise Agreement). We estimate the cost of obtaining this POS System ranges from \$6,000 to \$12,000. You will use this POS system to complete point-of-sale transactions and track your sales. We require you to maintain an e-mail account and always connect the POS System to a dedicated Internet line (or other communications medium specified by us) capable of allowing us access to your POS System through the Internet. We will have independent access to your POS system and there are no contractual limits on our independent access to the information and data stored on your POS System. You are responsible for all ongoing maintenance and repairs and upgrades. We anticipate that the annual cost of optional or required maintenance, updating, upgrading, operating or support contracts regarding the POS System will range from \$1,200 to \$2,400. You will not be required to replace the POS System any more frequently than once every three years.

In addition to the POS System, we may also require that you purchase, use and maintain a personal computer system (including all related hardware and software) as specified in the Manual or otherwise by us in writing for use at the Outlet (see section 8.4(b) of the Franchise Agreement). Currently we do not specify or recommend the brand or type of business computer you use. But if this changes, you will be notified. We also require you to maintain an e-mail account and communicate with us regularly concerning sales and operations at your Outlet, in the manner we specify in the Manual or otherwise in writing. (See section 8.4(b) of the Franchise Agreement.) We estimate that the annual cost of optional or required maintenance, updating, operating or support contracts regarding the personal computer and email account is \$1,200 to \$2,400.

Operations Manual

We will loan you one copy of our Manual (containing a total of 103 pages, plus exhibits) during the relevant phases of initial training (see section 8.2 of the Franchise Agreement). The Manual contains mandatory and suggested specifications, standards and procedures for operation of your Outlet.

We will periodically modify the Manual, and you must comply with these changes when you receive them, but no modification will alter your status and rights under the Franchise Agreement. This Manual is confidential and remains our property. If you lose or allow the unauthorized duplication of the Manual or any other confidential manuals or proprietary materials loaned to you by us, you will be deemed to be in violation of this Agreement and all other agreements you have with us (see section 8.2 of the Franchise Agreement) and we would be entitled to recover damages from you).

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

Topic	Number of Pages
Chapter 1 - Fundamentals	13
Chapter 2 - Services	16
Chapter 3 - Kitchen Operation Foundation Prep Work Cooking	44
Chapter 4 - Recipes	30

Total Pages	103
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Currently, we have no policy under which we will render services to you not required by your Franchise Agreement (or other agreements with us) or the Manual.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
DAY 1 – Review and understand the Roll Em Up mission and culture value; Review Training Agenda; Review Operating Forms	9	0	Our Headquarters or our designated training store
DAY 2 – Review Operations Manual; Review Recipes, Menu Items and Procedures Manual, Office/Scheduling/POS Reporting Procedures	8	0	Our Headquarters or our designated training store
DAYS 3 – 4 Review Preparation List; Introduction to Kitchen Equipment; Cleanliness Procedures, Use of Cutting Boards; Use of Utensils, Kitchen Set Up	0	20	Our Headquarters or our designated training store
DAY 5 – Kitchen “Open” using checklists; Menu Descriptions Exam	0	8	Our Headquarters or our designated training store
DAY 6 – Ordering & Receiving Orders; Preparing Menu Items	0	8	Our Headquarters or our designated training store
DAYS 7 – 8 Kitchen Lunch/Dinner; Preparing Menu Items; Review Dish Presentations; Kitchen Dinner/Close; Preparing Menu Items; Review Closing Procedures	0	16	Our Headquarters or our designated training store
DAY 9 – Review POS System; Customer Service Orientation	0	8	Our Headquarters or our designated training store
DAY 10 – Marketing	0	8	Our Headquarters or our designated training store
DAYS 11 – 13 Cook Training; Franchisee Training-Administration; Cashier/Front of the House Training	0	32	Our Headquarters or our designated training store

The “Initial Training” program above (117 hours over 13 days) is effective as of the date of this disclosure document. Initial Training is scheduled as necessary (but no more frequently than every 60 days). All classroom training takes place at our Headquarters (currently in Chino Hills, California) or another training center we designate. All on-the-job training takes place in a designated Roll Em Up Taquitos restaurant in southern California.

The instructional material consists of appropriate handouts and information directly from the Manual. Currently, our Initial Training instructor is Ryan Usrey, who has been with us since our inception in April

2020, and who has more than seven years of experience in the subject matters he teaches. The Initial Training instructor is sometimes assisted by our operations staff and other employees.

We do not charge for Initial Training for one designated Restaurant Manager and up to four other persons (who are Principal Equity Owners or otherwise to be involved in managing or operating the Outlet). If you want us to train other persons, we may but are not obligated to do so and if we do, each additional trainee may have to pay us \$1,500 for this training. In addition to the designated Restaurant Manager, at least one other person who is qualified to serve as Restaurant Manager must attend Initial Training. You must pay all travel and living expenses of persons you send to training.

The successful completion of Initial Training to our satisfaction by your designated Restaurant Manager is a condition to your being authorized to open and operate your Outlet. Initial Training must be completed within 180 days after you sign the Franchise Agreement. If your designated Restaurant Manager fails to complete initial training satisfactorily, you will have the option of sending a replacement approved by us to Initial Training. You must then reimburse us for our costs in providing this replacement Initial Training plus a training fee of \$250 per day. If your designated Restaurant Manager requests an extension of Initial Training beyond eight weeks, we will provide this extended Initial Training for the first three days at no charge, but we will charge \$250 per day for the fourth and each subsequent day of Initial Training.

Additional on-site training at your Outlet may be provided when you open your Outlet. We may provide you with proprietary information and related materials for use in training your staff. These materials are our sole property and must be returned to us when you are finished with them. We will conduct both oral and practical evaluations and issue a Certificate of Completion upon successful completion at the conclusion of the training.

No additional training programs or refresher courses are required. However, you can request additional on-site training or assistance at any time. We may provide it at our option, but the Franchise Agreement does not require us to do so.

We may periodically conduct an annual conference, convention or training session, and if we do, we will determine its duration, curriculum and location (section 6.3 of the Franchise Agreement). Attendance of at least one Principal Equity Owner at these meetings will be mandatory (and is highly recommended for your Restaurant Manager and all other Principal Equity Owners).

You must pay all the expenses incurred by your trainees or attendees in connection with the Initial Training Program and any other training, conferences, conventions or other meetings your trainees attend, including, for example, their salaries, transportation costs, meals, lodging and other living expenses (see sections 6.1(e), 6.2(e) and 6.3 of the Franchise Agreement).

ITEM 12: TERRITORY

Franchise Agreement

Under the Franchise Agreement you are granted the right to operate one Outlet, at the Approved Location specified in the Franchise Agreement. Your use of the Marks or any element of the Roll Em Up Taquitos system in the operation of a business at any other address or in any other channel of distribution without our express prior written authorization will constitute willful infringement of our rights in the Marks and the Roll Em Up System.

Your rights under the Franchise Agreement include the rights to operate your Outlet under the Marks and Roll Em Up Taquitos system and to provide catering in the authorized Delivery Area described in your Franchise Agreement.

You will have no rights or authority under the Franchise Agreement (i) to sell any product or service to any wholesale customer; or (ii) to operate a kiosk, booth, mobile dispensing unit (such as a cart, food truck or customized RV) or similar installation at or from which pre-assembled food products can be baked in a portable oven; or (iii) to sell any product or service from catalogues, an Internet website or an express unit, a mini-Outlet, or similar installation that contains all necessary equipment to create and produce menu items and is located in a "Special Outlet" (defined in the Franchise Agreement as a hospital, airport, sports arena, student center or other special use facility or in the food court of an enclosed shopping mall) without our express prior permission.

You will receive a protected territory ("Territory") within a defined area surrounding your Outlet as determined by us with your consent and specified in your Franchise Agreement. The Territory is usually defined as a geographical area surrounding the Outlet as depicted in a map attached to Exhibit 1 of the Franchise Agreement. The Territory may also be defined by a radius around your Outlet that you and we agree to. By "protected" Territory we mean that so long as you, your affiliates and Principal Equity Owners continue to fulfill your material obligations under your Franchise Agreement (as we reasonably determine), we will not grant a Roll Em Up Taquitos franchise to any other person, nor will we or any of our affiliated entities establish and operate an Outlet, within your Territory. You will not receive an exclusive Territory, and we may market and sell Roll Em Up Taquitos Products under our principal trademarks or different trademarks within your Territory at venues other than Outlets (including Special Outlets) and through other channels of distribution, including the Internet. Your Outlet may also face competition from other franchisees and from Outlets that we own outside the Territory. Any areas as to which we may have existing contractual commitments will not be a part of your Territory, and these excluded areas will be identified in your Franchise Agreement.

In all cases, under the Franchise Agreement, we and our affiliates may:

(a) establish, operate and license others to establish and operate a Special Outlet in the Territory, regardless of proximity to or competitive impact upon your Outlet and without payment of any compensation to you.

(b) operate and license others to establish and operate Outlets or Special Outlets either permanently, temporarily or seasonally or other establishments located anywhere outside the Territory's physical boundaries, regardless of proximity to or competitive impact upon your Outlet and regardless of whether these establishments market their products and services in or draw customers from the Territory and without payment of any compensation to you.

(c) distribute private label products identified by or associated with the Marks, pre-packaged food products, memorabilia, and other products and merchandise identified by or associated with the Marks, to or through commercial establishments that are not affiliated with us or associated with the entire chain of Outlets (including franchised and franchisor/affiliate-operated) including, for example, department stores, supermarkets and convenience stores, both inside and outside the Territory, regardless of proximity to or competitive impact upon your Outlet and without payment of any compensation to you.

(d) distribute private label products identified by or associated with the Marks, pre-packaged food products, memorabilia, and other products and merchandise identified by or associated with the

Marks, to customers inside the Territory through catalogues, telemarketing campaigns, an Internet website and other direct-order techniques and without payment of any compensation to you.

(e) distribute catalogues and similar sales solicitation materials in the Territory, broadcast television and radio commercials for direct-order merchandise into the Territory, initiate telephone contact with and accept telephone orders from residents of the Territory and fill customer orders for direct-order merchandise in the Territory, regardless of proximity to or competitive impact upon your Outlet and without payment of any compensation to you.

(f) operate, and grant to others the right to operate, retail food establishments (including restaurants) identified by trade names, trademarks, service marks or trade dress, other than the Marks, under terms and conditions as we deem appropriate, within and outside the Territory and regardless of proximity to or competitive impact upon your Outlet and without payment of any compensation to you.

If we are acquired by or we acquire, regardless of the form of the transaction, a business that operates or licenses others to operate premises within the Territory under trademarks or service marks that are different from the Marks licensed under the Franchise Agreement, we may operate and license others to operate such restaurants under the trademarks or service marks of such other business at, from or physically contiguous to such restaurant premises within the Territory regardless of proximity to or competitive impact upon your Outlet and without payment of any compensation to you.

We have no express obligation or implied duty to protect your revenues from erosion because of your Outlet's competing with other Outlets or with Special Outlets whether permanently, temporarily or seasonally and have no obligation to make any payment or other compensation to you if we solicit or accept orders from inside your Territory.

You may not relocate your Outlet with our prior written consent, which will not be unreasonably withheld. If the lease for your Outlet expires or is terminated before the end of the term of the Franchise Agreement, you may move your Outlet to another location chosen in accordance with our conversion/site selection procedure. The new location must be in the original Outlet's general Territory (as we determine) and may in no case infringe upon a franchise agreement or other agreement applicable to another Roll Em Up Taquitos restaurant. When we approve the location for the new Outlet, we will prepare and attach an addendum to the Franchise Agreement that describes the new Outlet's Territory. If you lose possession of the original Outlet's premises because the lease expired by its terms, or on account of condemnation or eminent domain proceedings, or as the result of early termination under the Franchise Agreement, you must initiate the relocation procedure in time to lease, build-out and open the new Outlet for business within 90 days after the original Outlet closes. If your lease is terminated on account of a fire or other casualty, you must promptly initiate the relocation procedure to obtain approval for a new site for the Outlet within 120 days after the lease for the original Outlet terminates and build-out and open the new Outlet for business within one year of the fire or other casualty.

Your rights to the Territory are not dependent upon your achieving a certain sales volume, market penetration or other contingency. However, if you are in default and fail to timely cure, we may alter or reduce your Territory as an alternative remedy to terminating your Franchise Agreement.

We do not grant any options or rights of first refusal to you under the Franchise Agreement to obtain additional Outlets. If you desire to open an additional Outlet, you must be approved and sign a separate Franchise Agreement for that location.

We do not currently, nor do we have any plans in the future to, operate or franchise businesses under a different trademark that will sell goods or services like those you will offer. However, we reserve the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service

marks, trademarks and trade names belonging to us, without necessarily granting you any rights in those systems.

We reserve all rights to market and sell Roll Em Up Taquitos Products under our principal trademarks or different trademarks at Special Outlets and venues other than Outlets and through other channels of distribution (including the Internet), within your Territory and anywhere else.

We are not required to pay you compensation for soliciting or accepting orders in your Territory at Special Outlets and venues other than Outlets, or through other channels of distribution.

You may only offer and sell Roll Em Up Taquitos Products to customers at your Outlet and within your Delivery Area, and you are restricted from advertising Roll Em Up Taquitos Products outside your Delivery Area without our prior written consent. You may not engage in any mail order solicitations, catalog sales, telemarketing or television solicitation programs, or use any other advertising media outside of your Delivery Area without our prior written approval. Also, you may not offer or sell Roll Em Up Taquitos Products directly or indirectly through the Internet, except as authorized by us in the Manual or otherwise in writing. We will publish all website content and we will list your Outlet location on our master web site. We will maintain the "Uniform Resource Locator" (or "URL") for the Roll Em Up Taquitos website and you may never own any Internet domain name that contains any of the Marks. Under no circumstances are you authorized to establish your own personal websites (except social media sites) for the purpose of advertising your Outlet or our principal trademarks.

Although we have no current plans to do so, we reserve the right to offer and sell other types of franchises that are not directly competitive with the Roll Em Up Taquitos franchise.

The continuation of your exclusive rights to the Territory does not depend on you attaining a minimum level of sales, revenues or market penetration, or another contingency. The Territory granted by the Franchise Agreement may only be altered if you and we mutually agree. You will maintain rights to your Territory even if the population in that geographic area increases.

Area Development Agreement

Under the ADA, you will be granted an exclusive (so long as the ADA is in effect) right to open a mutually agreed number of additional Outlets in the Development Area under a mutually agreed Development Schedule. If you fail to achieve the Development Schedule, you may still open Outlets within the Development Area, but you will lose the exclusive right to do so, and we may allow others to open additional Outlets within the Development Area. You must enter into a separate Franchise Agreement for each additional Outlet you open under the ADA, and these agreements will grant a separate franchise territory within a defined area surrounding each Outlet as described in the preceding paragraphs of this Item 12 regarding the Unit Franchise Agreement. Otherwise, we do not grant you options, rights of first refusal or similar rights to open additional Outlets under the Franchise Agreement or the ADA, and you may not open additional Roll Em Up Taquitos businesses or engage in activities that are equivalent to the franchised business outside the Territory.

The continuation of your exclusive rights to develop Outlets under the ADA does depend on your meeting the development schedule described in the ADA. The Development Area described in the ADA may only be altered if you and we mutually agree. You will maintain rights to the Development Area described in the ADA even if the population in that geographic area increases.

ITEM 13: TRADEMARKS

You are licensed to operate and identify the Outlet under the principal trademark “Roll Em Up Taquitos” and logotype displayed on the cover of this disclosure document and other current or future trademarks. The following trademarks have been filed with the Principal Registrar of the United States Patent and Trademark Office (“USPTO”):

MARK	SERIAL/ REGISTRATION NO.	FILING/ REGISTRATION DATE	CLASS GOODS/SERVICES	STATUS	ACTION
	Ser. 86782168 Reg. 5343730	October 08, 2015 Application Filed Principal Register Registered to Principal Register November 28, 2017	<u>International Class</u> <u>043</u> : Restaurant and bar services; Take-out restaurant services	Registered	Section 8 & 15 Registration Renewal Due: November 28, 2022 – November 28, 2023
	Ser. 88954242 Reg. 7043459	June 08, 2020 Application Filed Principal Register Registered to Principal Register May 2, 2023	<u>International class</u> <u>035</u> : Franchise services, namely, offering business management assistance in the establishment and operation of restaurants <u>International Class</u> <u>043</u> : Restaurant services; Take-out restaurant services; Catering services and restaurants featuring home delivery; Restaurant services, namely, providing food and beverages for consumption on and off the premises; Casual dining restaurants; Fast- casual dining restaurants; Quick service restaurants; Fast-food restaurants First use: October 19, 2015	Registered	Section 8 & 15 Affidavit Due May 2, 2028 – May 3, 2029

			Use in commerce: October 19, 2015		
	Ser. 88954249 Reg. 6302802	June 08, 2020 Application Filed Principal Register Registered to Principal Register March 23, 2021	<u>International class</u> 035: Franchise services, namely, offering business management assistance in the establishment and operation of restaurants <u>International Class</u> 043: Restaurant services; Take-out restaurant services; Catering services and restaurants featuring home delivery; Restaurant services, namely, providing food and beverages for consumption on and off the premises; Casual dining restaurants; Fast-casual dining restaurants; Quick service restaurants; Fast-food restaurants First use: October 19, 2015 Use in commerce: October 19, 2015	Registered	Section 8 & 15 Affidavit Due March 23, 2026 – March 23, 2027
THE OG TAQUITO SPOT SM	Ser. 90536282 Reg. 6689752	February 19, 2021 Application Filed Principal Register April 5, 2022 - Registered to Principal Register	<u>International Class</u> 043: Restaurant services; Take-out restaurant services; Catering services and restaurants featuring home delivery; Restaurant services, namely, providing food and beverages for consumption on and off the premises; Casual dining restaurants; Fast-casual dining restaurants; Quick service restaurants; Fast-food restaurants	Registered	Section 8 & 15 Affidavit Due April 5, 2027- April 5, 2028

ROLL-EM-UP TAQUITOS SM	Ser. 90645855 Reg. 6608376	April 14, 2021 Application Filed Principal Register - Registered to Principal Register January 4, 2022	<u>International Class</u> <u>035</u> : Franchise services, namely, offering business management assistance in the establishment and operation of restaurants. <u>International Class</u> <u>043</u> : Take-out restaurant services; Catering services and restaurants featuring home delivery; Restaurant services, namely, providing food and beverages for consumption on and off the premises; Casual dining restaurants; Fast- casual dining restaurants; Quick service restaurants; Fast-food restaurants	Registered	Section 8 & 15 Affidavit Due January 4, 2027- January 4, 2028
	Ser. 90645838 Reg. 6608375	February 19, 2021 Application Filed Principal Register - Registered to Principal Register January 4, 2022	<u>International Class</u> <u>035</u> : Franchise services, namely, offering business management assistance in the establishment and operation of restaurants.	Registered	Section 8 & 15 Affidavit Due January 4, 2027- January 4, 2028
BOMB AF BRANDS	Ser. 97341547	March 31, 2022 Application Filed Principal Register - Registered to Principal Register	<u>International Class</u> <u>035</u> : Business management and consultation for restaurants and franchise services, namely, offering assistance in the establishment and operation of restaurants; Wholesale marketing, sale, and distribution of goods made by others; brand development and management of	Pending	Application filed

			consumer goods; Business management and consultation services for restaurants, Franchising services, namely, offering business management assistance in the establishment and operation of restaurants; Advice in the running of establishments as franchises; promoting public, government, and industry awareness on the subject of franchising; Restaurant franchising; and business development services relating to the development and operation of franchise restaurants, namely, business management advice, menu development, advertising and marketing services; professional services giving direct aid in the operations or functions of a commercial undertaking; Licensing of trademarks and consumer brands. <u>International Class</u> <u>043:</u> Restaurant services; Take-out restaurant services; Catering services and restaurants featuring home delivery; Restaurant		
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			services, namely, providing food and beverages for consumption on and off the premises; Casual dining restaurants; Fast-casual dining restaurants; Quick service restaurants; Fast-food restaurants; Restaurant services; offering assistance in the establishment and operation of restaurants; Restaurant services; restaurant consulting services, namely, menu development		
	Ser. 97341532	March 31, 2022 Application Filed Principal Register - Registered to Principal Register	<u>International Class 035:</u> Business management and consultation for restaurants and franchise services, namely, offering assistance in the establishment and operation of restaurants; Wholesale marketing, sale, and distribution of goods made by others; brand development and management of consumer goods; Business management and consultation services for restaurants, Franchising services, namely, offering business management assistance in the establishment and operation of restaurants; Advice in the running of establishments as franchises;	Pending	Application filed

			promoting public, government, and industry awareness on the subject of franchising; Restaurant franchising; and business development services relating to the development and operation of franchise restaurants, namely, business management advice, menu development, advertising and marketing services; professional services giving direct aid in the operations or functions of a commercial undertaking; Licensing of trademarks and consumer brands. <u>International Class 043:</u> Restaurant services; Take-out restaurant services; Catering services and restaurants featuring home delivery; Restaurant services, namely, providing food and beverages for consumption on and off the premises; Casual dining restaurants; Fast-casual dining restaurants; Quick service restaurants; Fast-food restaurants; Restaurant services; offering assistance in the establishment and operation of		
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			restaurants; Restaurant services; restaurant consulting services, namely, menu development		
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There are presently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor any pending interference, opposition or cancellation proceedings involving our trademarks. There are no agreements currently in effect that significantly limit our rights to use or license the use of trademarks listed in this Item in a manner material to the franchise. There is no pending material federal or state court litigation regarding our use or ownership rights in the trademarks. All required affidavits have been filed by the franchisor or the owner of the Marks.

All trademarks are owned by our founder Ryan Usrey, who granted us a trademark license (the "Trademark License") and right to use the Marks and to grant licenses to use the Marks to Roll Em Up Taquitos franchisees. The Trademark License will continue until it is terminated. If the Trademark License were to be terminated, Roll Em Up Taquitos franchisees would have the right to continue to use the Marks while operating their franchised Outlets under their Franchise Agreements for not less than the existing term of the Franchise Agreement. Except as described above, no agreements limit our rights to use or license the use of the trademarks.

You must follow our rules when you use the Marks. You cannot use our principal trademark as part of the name of your entity, or with modifying words, designs or symbols except for those which we license to you. You may not use the trademarks in connection with the sale of any unauthorized product or service, or in any manner that we have not authorized in writing.

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

If you learn that any third-party whom you believe is not authorized to use our trademarks is using them or any variant of them, you must promptly notify us. We will determine whether to take any action against the third party.

At your cost and expense, you must modify or discontinue the use of a trademark if we or the trademark owners modify or discontinue it. You have no rights to compensation or otherwise under the Franchise Agreement if we require you to modify or discontinue using a trademark. You may not directly or indirectly contest our or the trademark owners' rights to the trademarks, trade secrets or business techniques that are part of our business.

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

The Franchise Agreement provides that if you or your employees, agents and subcontractors or any other party who you may contract with create any materials containing or associated with the trademarks, including artwork, graphics, layouts, slogans, domain names, other names, titles, text, or similar materials, these will become our sole property, including trademark rights, and the creators of these materials must respect our intellectual property rights in these materials.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

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

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

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

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

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

Our Proprietary Rights in Other Confidential Information

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

The Franchise Agreement grants us the right at any time to use the name, image and likeness of you and all Principal Equity Owners for commercial purposes in connection with the marketing and promotion of the Marks, Roll Em Up Taquitos Products, any Roll Em Up Taquitos restaurant or retail outlet and the Roll Em Up Taquitos system, without any form of compensation or remuneration.

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

Although a Restaurant Manager must always be on duty while the Outlet is open, Principal Equity Owners are not required to personally participate in the direct “on premises” management and operation of the Outlet. Each Principal Equity Owner (and their spouse if applicable) signs a Guarantee of

Franchise Agreement (attached as Exhibit 3 of the Franchise Agreement) requiring them to ensure that all obligations of the franchisee under the Franchise Agreement (including provisions related to payments to franchisor, confidentiality and non-competition) are fulfilled.

You must disclose the identity of the Restaurant Manager to us and if for any reason the Restaurant Manager is no longer acting in this capacity, you must notify us immediately and in writing. The Restaurant Manager cannot have an interest or business relationship with any of our business competitors. The Restaurant Manager must devote full time during normal business hours to the management, operation and development of the Franchised Business. We do not require your Restaurant Manager to have any ownership interest in your business, although he or she may do so. The Restaurant Manager and other key employees of a franchised Outlet may be required to sign a non-competition agreement like the non-competition agreement contained in your Franchise Agreement.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell at the Outlet only those goods and services that we have approved.

You must offer and sell at your Outlet only Roll Em Up Taquitos Products (which must be obtained from us, our affiliated entities or designated vendors) and other goods and services that we authorize as required for all franchisees. This includes all branded paper goods, plastic goods and to go products.

We have the right to change and add other authorized goods and services that you will be required to offer. And we may require you to comply with other requirements, such as training, marketing or insurance, before we will allow you to offer additional goods or services. There are no limits on our right to do so.

There are no restrictions on the customers to whom you may sell Roll Em Up Taquitos Products and related products at your Outlet.

ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in franchise agreement	Section in area development agreement	Summary
a.	Length of the franchise term	5.1	1.3, Exhibit 1	The initial term of the Franchise Agreement is 10 years from the date your Outlet opens. The term of the ADA is until all Outlets have been opened under the Development Schedule.
b.	Renewal or extension of the term	5.2	2.4	You can add additional five-year terms upon written notice delivered to us not less than 180 days before the end of the existing term. However, we are not obligated to renew your Franchise if one or more of the conditions in section 5.2(c) of the Franchise Agreement apply to you. The ADA is not renewable.

	Provision	Section in franchise agreement	Section in area development agreement	Summary
c.	Requirements for franchisee to renew or extend	5.2	2.4	Sign our then current Franchise Agreement modified for renewal (“Renewal Franchise Agreement”) or an addendum to your existing Franchise Agreement extending its term, remodel your Outlet (if necessary) and pay renewal fee of 25% of the initial franchise fee Initial Franchise Fee we are then charging new Roll Em Up franchisees. The Renewal Franchise Agreement you sign may have materially different terms and conditions than your original Franchise Agreement, but the boundaries of the Territory and the recurring fees you pay us will remain the same. The ADA is not renewable.
d.	Termination by franchisee	13.1	Not applicable	If we are in material breach (beyond any applicable cure periods), you can terminate the Franchise Agreement or ADA on any grounds available by law.
e.	Termination by franchisor without cause	Not applicable	Not applicable	Not applicable.
f.	Termination by franchisor with cause	13.1-13.11	6.1	We can terminate your franchise agreement only if you are in material default of that agreement. We cannot terminate the Franchise Agreement solely because we terminate an ADA that we executed with you (or your affiliated entity). However, we can terminate an ADA if you (or your affiliated entity) fail to meet the development schedule under the ADA or you are in material breach of any Franchise Agreement that you (or your affiliated entity) signed with us. (This provision is subject to state law.)
g.	“Cause” defined – curable defaults	13.1, 13.3, 13.4	2.4, 6.1	You have 30 days after notice to cure monetary defaults and other defaults under your Franchise Agreement (including defaults under a lease for your Outlet) and the ADA that can be cured. (This provision is subject to state law.)

	Provision	Section in franchise agreement	Section in area development agreement	Summary
h.	"Cause" defined – non-curable defaults	13.2	Not Applicable	Non-curable defaults under the Franchise Agreement: your bankruptcy or insolvency; your abandonment of the franchised business; you sell or provide to a third party without our consent any proprietary component of Ichibanya Products; you make material misrepresentations relating to the your acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the Roll Em Up Taquitos System; you fail, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchise; you fail to comply with the same material requirement of the Franchise Agreement two times in any 12 month period, whether or not corrected after notice; a levy of execution is made upon the license granted by the Franchise Agreement or upon any property used in the Franchised Business, and it is not discharged within five days; you are convicted of a felony or any other criminal misconduct that is relevant to the operation of the Franchise; or we make a reasonable determination that your continued operation of the Franchise will result in an imminent danger to public health or safety. (This provision is subject to state law.) There are no non-curable defaults under the ADA.
i.	Franchisee's obligations on termination or non-renewal	8.9, 13.7, 15.1	6.2	Obligations include removal of our Brand and other trademarks, return of all confidential and proprietary information and erasure of all copies of confidential and proprietary information, assigning us your lease to the Outlet premises if we choose to take it over, forwarding of telephone number and payment of amounts due (also see r. in this Table, below). We can do some of these things if you fail to do them.
j.	Assignment of contract by franchisor	12.1	4.1(b)	No restriction on our right to assign the Franchise Agreement or the ADA. (However, no assignment of the Franchise Agreement or ADA will be made except to an assignee that in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the Franchise Agreement or ADA.)

	Provision	Section in franchise agreement	Section in area development agreement	Summary
k.	"Transfer" by franchisee – defined	12.2	4.2	Any partial or complete assignment, sale, transfer, or encumbrance or any interest in your Franchise Agreement, your Outlet or any of its assets, and certain changes in ownership of you if you are an entity. Includes any transfer to a corporation, partnership, limited liability company, or other entity; any conversion, dissolution, merger, consolidation, or other reorganization, or sale or other transfer of any shares or membership units to a person or entity that is not an existing shareholder or member, or any sale of assets or change in the chief executive, operating, or financial officer or any manager; any change in or withdrawal of any partner or conversion, merger, consolidation, or other reorganization or any dissolution of the partnership; and any transfer from one person to any other. Under the ADA, a transfer is permitted with our review and consent.
l.	Franchisor's approval of transfer by franchisee	12.2	4.2	We have the right to approve all transfers of the Franchise Agreement and ADA, but we will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	12.2	4.2	Under the Franchise Agreement, the new franchisee must meet our qualifications, a transfer fee of \$5,000 must be paid, training of the new franchisee must be arranged, a release must be signed by you, and our current form of Franchise Agreement must be signed by new franchisee (this also applies any time a majority equity interest in your franchised entity is transferred). Within 60 days after our receipt of all necessary information and documentation required under the Franchise Agreement, or as specified by written agreement between us and
m.	Conditions for franchisor approval of transfer [continued]			you, we will notify you of our approval or disapproval of your proposed transfer of the Franchise. Under the ADA, the new area developer must be our qualifications, a transfer fee of \$10,000 must be paid, a release must be signed by you and our current form of ADA must be signed by the new area developer within 60 days after our receipt of all necessary information and documentation required under the ADA, or as specified by written agreement between us and you, we will notify you of our approval or disapproval of your proposed transfer of the ADA.

	Provision	Section in franchise agreement	Section in area development agreement	Summary
n.	Franchisor's right of first refusal to acquire franchisee's business	12.3	Not Applicable	We can match any legitimate offer for your business, but we have no right of first refusal if the transfer (i) is between immediate family members, (ii) is to an entity formed to operate the Franchised Business and owned in the same proportionate amount of ownership as before the transfer, or (iii) involves a transfer from an individual franchisee or majority Principal Equity Owner to close family member. The ADA may not be assigned by the Area Developer except to an entity entirely owned by the former area developer and no right of first refusal exists.
o.	Franchisor's option to purchase franchisee's business	15.2(d)	Not Applicable	Within 30 days after the termination, expiration or non-renewal of the Franchise Agreement, we have the option, but not an obligation, to purchase all or any portion of your reusable inventory, apparel containing the Marks, proprietary equipment, parts, fixtures and furnishings owned and used by you in your franchised operation. (This provision is subject to state law.) We have no right or obligation to purchase your assets upon termination or expiration of the ADA.
p.	Death or disability of franchisee	12.6	Not Applicable	Franchise must be assigned by estate to approved buyer within 270 days. During any period of your incapacity or until the business is sold, we can place an interim manager in your Outlet, and you must pay us up to \$750 per day as compensation for the interim manager, plus the manager's transportation, lodging and related living expenses.
q.	Non-competition covenants during the term of the franchise	11.1, 11.3	5.1	Under the Franchise Agreement and the ADA, you may not be involved in a competing business anywhere.
r.	Non-competition covenants after the franchise terminates or expires	11.2, 11.3	5.1	Under the Franchise Agreement, you cannot be involved in any competing business for two years within 25 miles of your Outlet or any other Roll Em Up Taquitos retail location (this obligation also applies to you if you assign your franchise). Under the ADA, for two years after the ADA is terminated or expires you and your Principal Equity Owners must comply with the non-competition covenants contained in the last effective Franchise Agreement executed by you or your affiliated entity. (This provision is subject to state law.)
s.	Modification of the agreement	8.2, 16.14(c)	9.2	No modifications to the Franchise Agreement or ADA unless signed by you and us, but we may modify the Manual unilaterally. (This provision is subject to state law.)

	Provision	Section in franchise agreement	Section in area development agreement	Summary
t.	Integration/merger clause	16.14	9.10	Only the Franchise Agreement, ADA and other agreements you sign with us and the requirements, procedures, and policies in the Manual are binding (subject to state and federal law). Nothing in the Franchise Agreement, ADA or in any related agreement disclaims or is intended to disclaim representations made in this franchise disclosure document. <u>Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable.</u>
u.	Dispute resolution by arbitration or mediation	14.1-14.5	7.1-7.5	The parties agree in the Franchise Agreement and the ADA to submit disputes (not including your failure to pay us sums due or an act of yours allowing us to immediately terminate the Franchise Agreement) initially to a meeting in person of our executive officers and your Principal Equity Owners at our principal executive office (without our respective legal counsel) within five business days after a party requests this meeting to conduct a good faith discussion and negotiation of the issues with the intention of arriving at a settlement. If this meeting does not resolve the dispute (or the meeting does not occur), within 10 business days after the meeting takes place (or should have taken place), the parties may submit the dispute to a mutually acceptable mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law. If a mediation takes place but does not resolve the dispute or if no mediation occurs, the dispute will be resolved by arbitration by and before JAMS, Inc. in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than \$250,000) or its Comprehensive Arbitration Rules and
u.	Dispute resolution by arbitration or mediation [continued]			Procedures (if the amount in controversy is \$250,000 or more). Or if the parties agree, the dispute may be submitted to arbitration conducted by another arbitrator.
v.	Choice of forum	14.1-14.3	7.1-7.3	Arbitration proceedings under the Franchise Agreement or ADA will take place in Riverside County, California. Any mediation proceeding under the Franchise Agreement or ADA will take place at a mutually agreed location in California. Litigation proceedings will take place in an appropriate court in California. (This provision is subject to state law.)

	Provision	Section in franchise agreement	Section in area development agreement	Summary
w.	Choice of law	16.13	9.1	The Federal Arbitration Act (9 U.S.C. §1 <i>et seq.</i>) governs the arbitration of disputes under the Franchise Agreement and the ADA. Otherwise, the laws of the state where the Outlet is located govern the Franchise Agreement and the laws of the state where the Development Area is located govern the ADA.

ITEM 18: PUBLIC FIGURES

We do not currently pay or provide any other benefit to any other public figure for the right to use his or her name to promote the sale of Roll Em Up Taquitos franchises.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and 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.

There were five (5) Roll Em Up Taquitos restaurants that operated for the entire 2023 Calendar Year (January 1, 2023 to December 31, 2023) (the "2023 Outlets"). Three (3) of the 2023 Outlets are owned and operated by affiliates of ours and are located in Chino Hills, CA, Brea, CA, and Victorville, CA (the "Affiliate Outlets"). Two (2) of the 2023 Outlets are owned and operated by Roll Em Up franchisees and located in Colton, CA and Corona, CA (the "Franchised Outlets"). The Affiliate Outlets do not pay us Royalty Fees, Creative Fund Contributions, or any of the other fees described in Items 5 and 6 of this Disclosure Document, and they are not bound by any of the territorial restrictions that our franchisees are bound to under their franchise agreements. Other than this, there are no material operational or financial differences between the Affiliate Outlets and the franchises offered under this Disclosure Document.

The table below presents a historical financial performance representation, which includes the Gross Sales generated, and certain disclosed expenses made, by the 2023 Outlets during the 2023 Calendar Year. This data has not been audited and was reported to us by our affiliates and franchisees. This table does not include all of the expenses that you will incur in operating a Roll Em Up franchise.

Affiliate Outlet and Franchised Outlet Gross Sales and Certain Disclosed Expenses from January 1, 2023 to December 31, 2023					
Outlet	Gross Sales	Food Cost	Food Cost as a Percentage of Gross Sales	Paper Cost	Paper Cost as a Percentage of Gross Sales
Chino Hills	\$ 1,523,521.64	\$ 402,561.35	26.42%	\$ 39,010.24	2.56%
Brea	\$ 1,055,278.35	\$ 261,672.09	24.80%	\$ 29,130.21	2.76%
Victorville	\$ 1,070,878.52	\$ 290,045.51	27.08%	\$ 29,206.15	2.73%
Colton	\$ 1,320,630.77	\$ 310,122.70	23.48%	\$ 31,205.26	2.36%
Corona	\$ 1,053,720.27	\$ 262,801.65	24.94%	\$ 29,408.17	2.79%
Average	\$ 1,204,805.91	\$ 305,440.66	25.35%	\$ 31,592.01	2.64%
Median	\$ 1,070,878.52	\$ 290,045.51	24.94%	\$ 29,408.17	2.73%
High	\$ 1,523,521.64	\$ 402,561.35	27.08%	\$ 39,010.24	2.79%
Low	\$ 1,053,720.27	\$ 261,672.09	23.48%	\$ 29,130.21	2.36%
Number of Outlets that Met or Exceeded the Average	2	2	2	1	3
Percentage of Outlets that Met or Exceeded the Average	40%	40%	40%	20%	60%

“Gross Sales,” as used in this Item 19, means all revenue collected by the applicable outlet less discounts and sales tax.

“Food Cost,” as used in this Item 19, means the direct cost of purchasing food and ingredients as a component of Cost of Goods Sold.

“Paper Cost,” as used in this Item 19, means the direct cost of purchasing paper products to be sold with food products to customers as a component of Cost of Goods Sold.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell this much.

Written substantiation of the data used in preparing this financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, we do not make any representation about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our President, Ryan Usrey, Roll Em Up Franchise Group, LLC, 25843 Jefferson Ave., Murrieta, CA 92562, telephone number: (951) 751-6100; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary For years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	2	+2
	2023	2	9	+7
Company-Owned	2021	1	3	+2
	2022	3	3	0
	2023	3	4	+1
Total Outlets	2021	1	3	+2
	2022	3	5	+2
	2023	5	13	+8

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor) For years 2021 to 2023

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

Table No. 3
Status of Franchised Outlets For years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
California	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	5	0	0	0	0	7
Nevada	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	1	0	0
Totals	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	8	0	0	1	0	9

Table No. 4
Status of Company-Owned Outlets For years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California	2021	1	2	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
Nevada	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	1	0	0	1
Totals	2021	0	1	0	0	0	1
	2022	1	2	0	0	0	3
	2023	3	0	1	0	0	4

Table No. 5
Projected New Franchised Outlets As Of December 31, 2023

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	2	2	0
Georgia	1	1	0
Nevada	2	2	0
Texas	0	2	0
Totals	5	8	0

Exhibit C lists, as of December 31, 2023, the names, addresses and telephone numbers of all franchised Outlets and company-owned Outlets that are currently open and operating, and all franchisees who signed a Franchise Agreement but have not yet opened their Outlet.

Exhibit D lists, as of December 31, 2023, the contact information of every franchisee in the United States that had their franchise terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under their franchise agreement during our most recently completed fiscal year, or that has not communicated with us within the 10 weeks ending on the date of this disclosure document. Your contact information may be disclosed if you buy this franchise and then later leave the system.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

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

ITEM 21: FINANCIAL STATEMENTS

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

ITEM 22: CONTRACTS

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

- Exhibit A-1 - Franchise Agreement
- Exhibit A-2 - Area Development Agreement

ITEM 23: RECEIPTS

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

ROLL EM UP TAQUITOS

FRANCHISE AGREEMENT

EXHIBIT A-1

ROLL EM UP TAQUITOS

FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and entered into as of _____, 20__ (the "Effective Date"), by and among Roll Em Up Franchise Group, LLC, a California limited liability company doing business as "Roll Em Up Taquitos" ("Franchisor") and _____ ("Franchisee"), with reference to the following:

RECITALS

An entity affiliated with Franchisor (the "Owner of the Marks") owns the Roll Em Up Taquitos trademarks, service marks and other intellectual property and all rights in respect thereof. The Owner of the Marks has authorized Franchisor to license them to Roll Em Up Taquitos franchisees.

Franchisee desires to be franchised and licensed by Franchisor to use Franchisor's "System" (as defined in Article I below), "Marks" (as defined in Article I below) and goodwill to conduct the "Franchised Business" (as defined in Article I below) at a specific "Restaurant" (as defined in Article I below and identified in Exhibit 1 attached).

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

I. DEFINITIONS

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

Anniversary Year. The term "Anniversary Year" means the 12-month period between the "Opening Date" (as defined below in this Article I) and the first anniversary thereof and between each succeeding anniversary.

Confidential Information. The term "Confidential Information" means information, know-how, and materials, other than Trade Secrets, that is of value to Franchisor (or other third party, as applicable) and treated as confidential by any of the foregoing and is disclosed or made known or available to Franchisee or its employees or agents. Without limiting the generality of the foregoing, the term Confidential Information includes, without limitation: (i) the Confidential Operations Manual; (ii) all technical and non-technical information, including without limitation, information concerning finances, financing and capital raising plans, accounting or marketing, business opportunities, affiliate lists, business plans, forecasts, predictions, projections, recipes, products, research, development, and know-how; (iii) Intellectual Property, the Marks, "Roll Em Up Taquitos Products" (as defined in this Article I), insignias, designs, and materials subject to copyright, patent, or trademark registration; (iv) any developments, inventions, improvements, additions, modifications, enhancements, derivatives,

ideas, reports, analyses, opinions, studies, data or other materials or work product, whether prepared by Franchisor or otherwise, that contain or are based upon Proprietary Information; (v) information regarding customers and potential customers of the Franchised Business, including customer lists, names, needs or desires with respect to the products or services offered, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Franchised Business and other non-public information relating to customers and potential customers; (vi) information regarding any of Franchisor's business partners or affiliates and their services, including names, representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the discloser, and other non-public information relating to business partners; (vii) information regarding personnel, including compensation and personnel files; and (viii) any other non-public information that a competitor of Franchisor could use to the competitive disadvantage of Franchisor.

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

Control. The term "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

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

Delivery Area. The term "Delivery Area" means the area described in Exhibit 1 to this Agreement, within which Franchisee is authorized to make cater or deliver Roll Em Up Taquitos Products.

Force Majeure. The term "Force Majeure" means a natural disaster (such as tornado, earthquake, hurricane, flood, fire or other natural catastrophe); strike, lockout or other industrial disturbance; war, terrorist act, riot, or other civil disturbance; epidemic; or other similar force which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, or other person will be a Force Majeure, except to the extent such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise a Force Majeure. To avoid any potential misunderstanding, Franchisee's financial inability to perform or Franchisee's insolvency will not be a Force Majeure.

Franchised Business. The term "Franchised Business" means the sale of items from a focused menu featuring Roll Em Up Taquitos Products, as well as other authorized goods and services at the Restaurant pursuant to the business methods and procedures set forth by Franchisor for the operation of such a retail business.

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

Initial Training. The term “Initial Training” means training in the System provided by Franchisor, as described in and required by section 6.1 hereof.

Intellectual Property. The term “Intellectual Property” means intangible property, including “Trade Secrets” (as defined in this Article I); inventions; pictorial, literary, graphic and photographic works of authorship; designs; symbols; and trademarks, domain names, other names and logos owned by Franchisor and used in the Franchised Business or at the Restaurant.

Intellectual Property Rights. The term “Intellectual Property Rights” means all past, present, and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: (i) rights associated with works of authorship, including exclusive exploitation rights, copyrights, moral rights, and mask work rights; (ii) trademark and trade name rights and similar rights; (iii) trade secret rights; (iv) patent and industrial property rights; (v) other proprietary rights in intellectual property of every kind and nature; and (vi) rights in or relating to registrations, renewals, extensions, combinations, divisions, and reissues of, and applications for, any of the rights referred to in clauses (i) through (v) of this sentence.

Inventory. The term “Inventory” means the proprietary sauces, condiments and other ingredients needed to make “Roll Em Up Taquitos Products” (as defined in this Article I), and other merchandise and supplies (including branded containers and uniforms) needed for the operation of the Restaurant.

Marks. The term “Marks” means the proprietary marks that are associated with the System and associated designs in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, domain names, trade names, logos, insignias, designs and other commercial symbols which Franchisor now or hereafter are authorized to use and use or authorize others to use to identify the Franchised Business. Franchisor will list in the Confidential Operations Manual a schedule of Marks Franchisee is authorized to use under this Agreement and update this schedule as necessary.

Opening Date. The term “Opening Date” means the day Franchisee opens its Restaurant, furnished, inventoried and equipped in accordance with Franchisor's requirements, and Franchisee begins operating the Franchised Business at this Restaurant.

Principal Equity Owner. The term “Principal Equity Owner” means each person who owns 20% or more of Franchisee.

Proprietary Information. The term “Proprietary Information” means, refers to, and includes Trade Secrets and Confidential Information of Franchisor (or if any other third party provided such information to or on behalf of Franchisor). No formal identification of Proprietary Information will be required. Without limiting the generality of the foregoing, Proprietary Information may take the form of documentation, drawings, specifications, software, technical or engineering data and other forms, and may be communicated orally, in writing, by electronic means or media, by visual observation and by other means.

Restaurant. The term “Restaurant” means a retail food establishment at a location Franchisor consents to, which is dedicated to the operation of the Franchised Business under the Marks and in accordance with the System.

Restaurant Manager. The term “Restaurant Manager” means the individual (may be a Principal Equity Owner) who has been designated by Franchisee as the person responsible for the day-to-day operation of the Restaurant, and who has successfully completed “Initial Training” (as defined in this Article I).

Roll Em Up Taquitos Products. The term “Roll Em Up Taquitos Products” means Franchisor’s proprietary “Roll Em Up Taquitos”, “Lit Sauce”, “Roll Em Up Sauce”, “Guac Sauce” and “Our Street Corn in a Cup”, all provided in prepackaged containers by Franchisor’s designated vendors or prepared at the Restaurant using proprietary recipe and preparation techniques and available for carry-out or consumption at the Restaurant.

Smallware. The term “Smallware” means cookware, kitchen tools, utensils, dishes, and glassware used in the preparation, service, and storage of food and beverages designated by Franchisor to be used at a Restaurant.

Special Outlet. The term “Special Outlet” means **a Roll Em Up Taquitos retail establishment located in a hospital, airport, sports arena, student center or other special use facility or in the food court of an enclosed shopping mall.**

Suggestions. The term “Suggestions” means any new products or services, specifications, suggestions or other feedback made by Franchisee or Principal Equity Owners to modify the System.

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

Territory. The term “Territory” means the designated and agreed geographical area surrounding Franchisee’s Restaurant as set forth in Exhibit 1 attached hereto.

Trade Dress. The term “Trade Dress” means the unique and distinctive layout, design and color schemes relating to the Restaurant, and furnishings; menus; the textures, sizes, designs, shapes, and placements of words, graphics, and decorations on products and packaging; point of purchase materials; and signs related to Roll Em Up Taquitos Products.

Trade Secret. The term “Trade Secret” means information constituting a trade secret within the meaning of the federal Protection of Trade Secrets Act (18 U.S.C. § 1836, et seq.), as amended.

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

II. THE FRANCHISED BUSINESS

2.1 Franchisor’s Business.

Franchisor is engaged in the administration, development, operation and licensing of businesses that operate Restaurants offering the Franchised Business, using the Marks, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with Franchisor and its affiliated companies. Franchisor’s activities in general and the System (including proprietary products and services; logos; equipment and operations; designs and layouts for the Restaurants;

marketing and advertising, specialty retail items and promotional activities) are undertaken to develop, maintain and enhance the Marks and Franchisor's business reputation.

2.2 The Franchise System.

Franchisor has developed and supervises the franchise System operated under the Marks and in accordance with the provisions of this Agreement and Franchisor's Confidential Operations Manual, as amended from time to time.

III. GRANT OF FRANCHISE

3.1 Grant of Franchise.

(a) By their respective signatures below, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, a license ("Franchise") to participate in and use the System by conducting the Franchised Business at Franchisee's Restaurant within Franchisee's Territory and Delivery Area as described in Exhibit 1 attached hereto, in strict accordance with this Agreement and the Confidential Operations Manual, from the time of commencement of the Franchised Business until the end of the term hereof and any additional term, unless sooner terminated. So long as Franchisee complies with this Agreement, Franchisor will not authorize another Roll Em Up Taquitos franchisee to operate, or operate itself, a Restaurant in Franchisee's Territory.

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

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

(d) Franchisee acknowledges that Franchisor may have granted and may in the future operate or grant other licenses and franchises for other retail and wholesale food service businesses outside the Territory. **FRANCHISEE MAY NOT USE FRANCHISOR'S MARKS, OPERATIONAL TECHNIQUES, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH ANY BUSINESSES OR SERVICES OTHER THAN THE FRANCHISED BUSINESS AT THE RESTAURANT WITHOUT FRANCHISOR'S EXPRESS PRIOR WRITTEN PERMISSION.**

3.2 Reserved Rights.

(a) Nothing contained herein accords Franchisee any right, title or interest in or to the Marks, System, marketing and operational techniques, service concepts, proprietary information or goodwill of Franchisor or associated with the System, except such rights as may be granted hereunder. **THIS AGREEMENT GRANTS FRANCHISEE ONLY THE RIGHT TO OPERATE THE FRANCHISED BUSINESS AT FRANCHISEE'S RESTAURANT AND NOWHERE ELSE UNLESS FRANCHISOR SPECIFICALLY ALLOWS FRANCHISEE TO OFFER ROLL EM UP TAQUITOS PRODUCTS ELSEWHERE. ALL OTHER RIGHTS ARE RETAINED BY AND RESERVED TO FRANCHISOR.**

(b) Franchisor reserves the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to Franchisor, without

necessarily granting Franchisee any rights in those systems. Franchisor reserves all rights to market and sell Roll Em Up Taquitos Products at venues other than Restaurants and through other channels of distribution anywhere, including within Franchisee's Territory and Delivery Area.

3.3 Promotion and Development of Franchisee's Restaurant.

Franchisee must (i) diligently and effectively promote, market and engage in the Franchised Business at its Restaurant; (ii) develop, to the best of its ability, the potential for future Franchised Business within Franchisee's Territory and Delivery Area; and (iii) devote and focus a substantial portion of Franchisee's attentions and efforts to such promotion and development.

3.4 Extent of Grant.

(a) Franchisee understands and agrees that Franchisee is licensed hereby only for the operation of the Franchised Business at and from Franchisee's Restaurant and only within Franchisee's Territory and Delivery Area. Franchisee must offer and sell at Franchisee's Restaurant and in Franchisee's Territory and Delivery Area only Roll Em Up Taquitos Products and other goods and services that Franchisor designates as required or approved for all franchisees. Franchisor has the right to change and add other authorized goods and services that Franchisee will then be required to offer. There are no limits on Franchisor's right to make changes to the offerings, except that the additional investment required of Franchisee for equipment, supplies and inventory will not exceed \$50,000 in any 12 consecutive months.

(b) Franchisee may not deliver Roll Em Up Taquitos Products (or other products or services ordered from Franchisee's Restaurant or otherwise associated with the Marks) outside Franchisee's Delivery Area without Franchisor's prior written consent. Franchisee doing so without Franchisor's consent will be a material breach of this Agreement. The first two times Franchisee delivers outside the Delivery Area, Franchisor will send Franchisee a warning by letter or email. If Franchisee makes an unauthorized delivery outside the Delivery Area a third time (and each additional time after that), Franchisee may be required to pay Franchisor a \$500 fine for unauthorized delivery and Franchisor may reduce Franchisee's Delivery Area one time by as much as 75%.

(c) Franchisee may not sublicense, sublease, subcontract or enter any management agreement, concession agreement, partnership agreement or joint venture agreement providing for, the right to operate the Franchised Business or to use the System granted pursuant to this Agreement.

(d) Under this Agreement Franchisee is granted the right to operate one Restaurant, at the approved location specified in this Agreement. Franchisee's use of the Marks or any element of the System in the operation of a Roll Em Up Taquitos business at any other address or in any other channel of distribution without Franchisor's express prior written authorization will constitute willful infringement of our rights in the Marks and the System. Franchisee's rights under this Agreement include the rights to operate Franchisee's Restaurant under the Marks and System and to provide catering in the authorized Delivery Area described in Exhibit 1 of this Agreement.

(e) Franchisee has no rights or authority under this Agreement (i) to sell any product or service to any wholesale customer; or (ii) to operate a kiosk, booth, mobile dispensing unit (such as a cart, food truck or customized RV) or similar installation at or from which pre-assembled food products can be baked in a portable oven; or (iii) to sell any product or service from catalogues, an Internet website or an express unit, a mini-Outlet, or similar installation that contains all necessary equipment to create and produce menu items and is located in a Special Outlet, without Franchisor's express prior permission.

(f) Franchisor and its affiliates may:

(i) establish, operate and license others to establish and operate a Special Outlet in the Territory, regardless of proximity to or competitive impact upon Franchisee's Restaurant and without payment of any compensation to Franchisee.

(ii) operate and license others to establish and operate Restaurants or Special Outlets either permanently, temporarily or seasonally or other establishments located anywhere outside the Territory's physical boundaries, regardless of proximity to or competitive impact upon Franchisee's Restaurant and regardless of whether these establishments market their products and services in or draw customers from the Territory and without payment of any compensation to you.

(iii) distribute private label products, pre-packaged food products, memorabilia, and other products and merchandise, whether or not identified by or associated with the Marks, to or through commercial establishments that are not affiliated with Franchisor or associated with the entire chain of Roll Em Up restaurants (including franchised and franchisor/affiliate-operated) including, for example, department stores, supermarkets and convenience stores, both inside and outside the Territory, regardless of proximity to or competitive impact upon Franchisee's Restaurant and without payment of any compensation to Franchisee.

(iv) distribute private label products, pre-packaged food products, memorabilia, and other products and merchandise identified by or associated with the Marks, to customers inside the Territory through catalogues, telemarketing campaigns, an Internet website and other direct order techniques and without payment of any compensation to Franchisee.

(v) distribute catalogues and similar sales solicitation materials in the Territory, broadcast television and radio commercials for direct order merchandise into the Territory, initiate telephone contact with and accept telephone orders from residents of the Territory and fill customer orders for direct order merchandise in the Territory, regardless of proximity to or competitive impact upon Franchisee's Restaurant and without payment of any compensation to Franchisee.

(vi) operate, and grant to others the right to operate, retail food establishments (including restaurants) identified by trade names, trademarks, service marks or trade dress, other than the Marks, under terms and conditions as Franchisor deems appropriate, within and outside the Territory and regardless of proximity to or competitive impact upon Franchisee's Restaurant and without payment of any compensation to Franchisee.

(g) If Franchisor is acquired by or Franchisor acquires, regardless of the form of the transaction, a business that operates or licenses others to operate premises within the Territory under trademarks or service marks that are different from the Marks, Franchisor may operate or license others to operate such restaurants under the trademarks or service marks of such other business at, from or physically contiguous to such restaurant premises within the Territory regardless of proximity to or competitive impact upon Franchisee's Restaurant and without payment of any compensation to Franchisee.

(h) Franchisor has no express obligation or implied duty to protect Franchisee's revenues from erosion because of Franchisee's Restaurant's competing with other Restaurants or with Special Outlets whether permanently, temporarily or seasonally and Franchisor has no obligation to make any payment or other compensation to Franchisee if Franchisor solicits or accepts orders from inside your Territory.

3.5 Electronic Execution and Copies.

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

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

3.6 Obligations of Entity Franchisee.

(a) If Franchisee is an entity, Franchisee must provide Franchisor at the Effective Date with a copy of its organizational document and by-laws, shareholders' agreement, operating agreement or other agreement between the equity owners.

(b) If Franchisee is an entity, Franchisee must place the following legend on all certificates evidencing an equity interest:

“THE TRANSFER OF THE EQUITY INTEREST IN THE ENTITY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT DATED _____, 20____, BETWEEN THIS ENTITY AND ROLL EM UP FRANCHISE GROUP, LLC. REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE ORGANIZATIONAL DOCUMENTS AND OPERATING AGREEMENTS OF THIS ENTITY.”

IV. INITIAL AND ON-GOING PAYMENTS BY FRANCHISEE

4.1 Initial Fees.

(a) The “Initial Franchise Fee” for a single franchised Restaurant is \$40,000. The Initial Franchise Fee (and all other payments to Franchisor for goods or services received from Franchisor before the Restaurant opens for business) is due and payable in full, by check, money order or wire transfer to Franchisor’s bank account, when Franchisee signs this Agreement. If Franchisee fails to do so, this Agreement will be null and void. **The Initial Franchise Fee is fully earned by Franchisor when paid.**

(b) If before Franchisee’s successful completion of initial training, either (i) Franchisor decides in its sole discretion Franchisee should not operate a Roll Em Up Taquitos business, or (ii) Franchisee does not obtain Franchisor’s consent to the location of the Restaurant within 90 days after the Effective Date (see section 7.2 below), Franchisor may cancel this Agreement. If Franchisor cancels this Agreement for either of those reasons, upon execution of a mutual release, Franchisor will refund the Initial Franchise Fee Franchisee have paid, less any expenses Franchisor incurred relating to this Agreement. **Otherwise, the Initial Franchise Fee (and, if applicable, the “Territory Fee” paid under an ADA) is not refundable.**

4.2 Royalty.

(a) Beginning on the Opening Date, Franchisee must pay Franchisor a "Royalty" of 6% of Franchisee's Gross Revenues. Franchisor reserves the right to increase the amount of the Royalty upon 30 days' written notice to Franchisee.

(b) Royalties are due and payable on a weekly basis on every Wednesday (unless that day is a banking holiday, in which case the Royalties are due and payable on the next business day). Royalties will be calculated on the Gross Revenues received during the previous week and are to be accompanied by a revenue report in the form prescribed by Franchisor. **Royalties are fully earned by Franchisor when paid.**

4.3 Marketing, Advertising and Promotion.

(a) Beginning on the Opening Date, Franchisee must pay Franchisor a "Creative Fund Contribution" of 1.5% of Franchisee's Gross Revenues. Franchisor may increase the Creative Fund Contribution to any amount up to 2.5% of Franchisee's Gross Revenues upon thirty (30) days' written notice to Franchisee.

(b) Creative Fund Contributions are due and payable on a weekly basis on every Wednesday (unless that day is a banking holiday, in which case the Creative Fund Contributions are due and payable on the next business day). Creative Fund Contributions will be calculated on the Gross Revenues received during the previous week. Franchisor reserves the right to modify the amount of the Creative Fund Contribution upon 30 days' written notice to Franchisee.

(c) Within the first 90 days after the Opening Date, Franchisee must spend at least \$10,000 on the grand opening advertising and promotion of the Restaurant, using a grand opening advertising and promotional program that Franchisor designates or approves.

(d) In addition to grand opening advertising and promotional expenditures, beginning 60 days after the Opening Date, Franchisee must spend at least 1.5% of its monthly Gross Revenues on the local marketing, advertising and promotion of the Restaurant, using marketing and promotional materials pre-approved in the Confidential Operations Manual or otherwise authorized or approved by Franchisor.

(d) On a regional or system-wide basis, Franchisor may impose an additional assessment upon affected franchisees for special designated advertising or promotional activities if two-thirds of all affected Roll Em Up Taquitos franchised Restaurants agree to such additional assessment by affirmative vote.

(e) Franchisee must fully participate with any gift card, customer loyalty, referral and other contests and promotions Franchisor arranges for, requires or authorizes Roll Em Up Taquitos franchisees to participate in. Details regarding such contests and promotions will be set forth in the Confidential Operations Manual.

(f) Franchisor determines the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to regional or system-wide advertising (including advertising paid from Creative Fund Contribution contributions), public relations and promotional campaigns.

(g) Franchisor may designate geographic areas for the purpose of establishing local or regional advertising cooperatives ("Cooperatives"). If Franchisor does so and the Restaurant is within the territory of an existing Cooperative at the time the Restaurant opens for business, Franchisee will immediately become a member of the Cooperative. Each member will be entitled to one vote for each

franchised Roll Em Up Taquitos Restaurant they own. If a Cooperative applicable to the Restaurant is established during the term of this Agreement, Franchisee will become a member no later than 30 days after the date approved by Franchisor for the Cooperative to commence operation. Franchisee will not be required to be a member of more than one Cooperative.

4.4 Electronic Funds Transfer.

Franchisor requires payment for Required Inventory and Royalty by electronic funds transfer ("EFT") through the Automated Clearing House ("ACH") electronic network for financial transactions (or such other automatic payment mechanism Franchisor may designate) directly from Franchisee's account into Franchisor's operating account. Franchisee must execute or re-execute and deliver to Franchisor bank-required pre-authorized check forms and other instruments or drafts to enable Franchisor to draw directly from Franchisee's bank account all fees payable under the terms of this Agreement. Franchisee must also, in addition to those terms and conditions set forth in the Confidential Operations Manual, maintain a single bank account for such payments (with overdraft protection from Franchisee's operating account) and must maintain such minimum balance in such account as Franchisor may reasonably specify from time to time. Franchisee must not alter or close such account except upon Franchisor's prior written approval. Any failure of Franchisee to implement such EFT system in strict accordance with Franchisor's instructions will constitute a material default of this Agreement.

4.5 Fees Fully Earned (No Setoffs).

All payments made by Franchisee to Franchisor pursuant to this Article IV are fully earned and non-refundable (except as provided in section 4.1(d) above) when paid. All payments to be made by Franchisee to Franchisor will be made without setoff, deduction, defense, counterclaim or claims in recoupment.

4.6 Late Fee; Interest on Delinquent Payments.

(a) Any payments for Required Inventory, Royalty, and any other fee required under this Agreement not received by Franchisor when due will be a material breach of this Agreement and will be subject to a late charge of 5% of the amount past due. In connection therewith, Franchisor and Franchisee agree that the late charge is a reasonable and good faith estimate by Franchisor and Franchisee of such costs because (i) as a result of any such late payment, Franchisor will incur certain costs and expenses including, without limitation, administrative costs, collection costs, loss of interest, and other direct and indirect costs in an uncertain amount; and (ii) it would be impractical or extremely difficult to fix the exact amount of such costs in such event.

(b) All delinquent amounts will bear interest from the date payment was due at an annual percentage rate ("APR") of 18% (unless the APR allowed by the state in which the Restaurant is located is limited by law to a lower APR, in which case that lower APR will apply), and Franchisee must reimburse Franchisor immediately upon demand for all reasonable costs of collection relating to delinquent amounts.

4.7 No Accord or Satisfaction.

If Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt will be applied against the earliest amount due Franchisor. Franchisor may accept any check or payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere will constitute or be construed as an accord or satisfaction.

4.8 CPI Adjustments.

Any stated dollar amount in this Agreement may be adjusted in Franchisor's discretion based on changes in the CPI since the Effective Date.

V. INITIAL TERM AND RENEWAL TERMS

5.1 Initial Term.

The initial term of this Agreement (applicable solely to the Restaurant franchised hereunder) commences on the Effective Date and expires on the 10th anniversary of the Opening Date, unless sooner terminated pursuant to the provisions of this Agreement.

5.2 Renewal Terms.

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

(b) At the time of renewal, Franchisee must (i) then be solvent (which means that Franchisee is able to pay its debts as and when promised by Franchisee and that Franchisee has assets that are greater than its debts), (ii) not have abandoned the Restaurant, (iii) not be operating the Franchise in a manner that endangers public health or safety or materially harms the Roll Em Up Taquitos brand or reputation, and (iv) not have knowingly submitted false or incomplete reports to Franchisor during the initial term.

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

(i) Franchisee gives Franchisor written notice of Franchisee's intention not to renew this Agreement at least 180 days before the expiration of the initial term or any successor term.

(ii) During the 180 days prior to expiration of the Franchise, Franchisor permits Franchisee to sell the rights to operate the Franchised Business at the Restaurant to a purchaser who meets Franchisor's then current requirements for granting new Franchises or (if Franchisor is not granting a significant number of new Franchises) the then current requirements for granting renewal Franchises.

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

(iv) Franchisee and Franchisor agree not to renew the Franchise.

(v) Franchisor withdraws from distributing Franchisor's products or services through Franchises in the geographic market served by Franchisee, provided that:

(A) Upon expiration of the Franchise, Franchisor agrees not to seek to enforce any covenant of the non-renewed franchisee not to compete with Franchisor or its franchisees; and

(B) The failure to renew is not to convert the business conducted by Franchisee pursuant to this Agreement to operation by Franchisor's employees or agents for Franchisor's own account.

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

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

(d) As a condition to renewing Franchisee's rights, duties and obligations hereunder, not later than 90 days before the end of the term that is expiring, Franchisee and Franchisor must sign either (i) Franchisor's then-current standard Franchise Agreement modified by addendum to remove provisions that only apply to a new franchisee, such as initial franchise fee and initial training requirements ("Renewal Franchise Agreement") or (ii) an addendum to this Agreement extending its term for an additional three-year term. **IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE RENEWAL FRANCHISE AGREEMENT MAY CONTAIN OTHER TERMS THAT ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT.** The Renewal Franchise Agreement, when executed, will supersede this Agreement.

(e) At the time of renewal, Franchisee must have satisfied all monetary obligations owed by Franchisee to Franchisor and to Franchisor's affiliates and all other material obligations under this Agreement, and Franchisor may examine Franchisee's books and records to verify compliance with this requirement anytime during normal business hours within 60 days of Franchisee's renewal date.

(f) At the time of renewal, Franchisee and its Principal Equity Owners must execute a release, in the form prescribed by Franchisor, of all actual or potential claims Franchisee or any Principal Equity Owner may have against Franchisor or Franchisor's affiliates, and their respective officers, directors, agents and employees as of the effective date of the Renewal Franchise Agreement.

(g) Before or not later than 90 days after Franchisee's execution of a Renewal Franchise Agreement for an additional term, Franchisee must make such physical modifications to Franchisee's Restaurant as are reasonably necessary so that they are substantially consistent with the then current System requirements, and so that they can accommodate new Roll Em Up Taquitos Products, if any. Franchisee must also bring Franchisee's Restaurant and equipment, materials and supplies into compliance with the standards then applicable to new Roll Em Up Taquitos franchises.

(h) When Franchisee signs the Renewal Franchise Agreement, it must pay Franchisor a "Renewal Fee" equal to 25% of the initial franchise fee then being charged by Franchisor to new Roll Em Up franchisees.

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

(a) At Franchisor's option, to be exercised in Franchisor's sole and absolute discretion, if the renewal procedures described in section 5.2 above have not been completed, or in lieu of formal renewal of the Franchise, Franchisor may extend this Agreement on a month-to-month basis by notifying Franchisee Franchisor is doing so. Said month-to-month extension will continue until Franchisor gives Franchisee at least 30 days' notice that the Franchise rights must be formally renewed in accordance with section 5.2 or the Agreement will expire and be terminated.

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

VI. TRAINING AND ASSISTANCE

6.1 Initial Training.

(a) It is of paramount importance that Franchisee's Restaurant Manager (the Restaurant Manager must be either a sole proprietor or a Principal Equity Owner with at least 50% equity ownership of an entity Franchisee) and other Principal Equity Owners understand the Franchised Business and the System, and that Franchisee's Restaurant Manager has been trained how to operate the Franchised Business. Accordingly, Franchisor will provide to Franchisee's Restaurant Manager and other interested Principal Equity Owners an initial training program in southern California, providing an orientation to the System and instruction on how to operate the Franchised Business (collectively, "Initial Training"), followed up at the time the Restaurant is opened with on-site training provided by at least two representatives of Franchisor. Franchisee may not open and operate a Restaurant until Franchisee's Restaurant Manager has satisfactorily completed Initial Training. Franchisee acknowledges and agrees that only Franchisor may determine whether Franchisee and its Restaurant Manager satisfactorily completed Initial Training.

(b) The failure of Franchisee's designated Restaurant Manager to complete Initial Training to Franchisor's satisfaction will be grounds for termination of this Agreement; provided, however, that before this Agreement is so terminated, a Restaurant Manager who fails to successfully complete Initial Training will have the opportunity to either retake the Initial Training or Franchisee may designate one replacement for the Initial Training program. Franchisor may charge an initial training fee of \$1,500 to train a replacement Restaurant Manager.

(c) Franchisor will determine the contents and manner of conducting the Initial Training program in Franchisor's discretion, however, the training course will be structured to provide practical training in Roll Em Up Taquitos Products and the implementation and operation of the Franchised Business and may include such topics as Roll Em Up Taquitos procedures, standards, marketing and customer service techniques, reports and equipment maintenance.

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

6.2 Training and Assistance after Opening.

(a) After Franchisee opens and begins operating its Restaurant, Franchisor will provide Franchisee with access to, and may list Franchisee's Restaurant on, and integrate other information about Franchisee's Restaurant into, Franchisor's website, which may include access to a password protected, digital copy of the Confidential Operations Manual (any future updates or modifications to Franchisee's presence on the Roll Em Up Taquitos website may be at Franchisee's cost and expense).

(b) After Franchisor provides on-site opening assistance at the Restaurant pursuant to section 6.1(a) above, Franchisor will provide Franchisee with telephone and e-mail assistance at Franchisee's request or otherwise as Franchisor deems necessary to instruct in all phases of the operation of the

Franchised Business. Franchisor's representatives may visit Franchisee's Restaurant from time to time, but the frequency and duration of any such visits by Franchisor's representatives is in Franchisor's sole discretion. In addition, representatives of Franchisor will be available on an ongoing basis at Franchisor's international headquarters for consultation and guidance with respect to the operation and management of the Franchised Business. Franchisor does not provide Franchisee with assistance in contracting with agents or hiring employees.

(c) After Franchisee opens its Restaurant, and upon reasonable notice, Franchisor may require attendance of Franchisee's designated personnel at training courses, seminars, conferences or other programs other than Initial Training or mandatory meetings (described in section 6.3 below) that Franchisor deems to be relevant or appropriate to the operation of the Franchised Business. Franchisee specifically agrees that only persons trained by Franchisor or under Franchisee's supervision will have overall responsibility for the operation of the Restaurant and Franchised Business, and that Franchisee will send its Restaurant Manager to Franchisor for additional training if Franchisor requests this. Franchisor may at its discretion charge Franchisee an additional training fee of up to \$750 per day for Roll Em Up Taquitos training courses, seminars, conferences or other programs that Franchisor requires Franchisee or Franchisee's representatives to attend.

(d) Franchisor may but is not required to make available to Franchisee optional staff training courses, coaching and business mentoring programs, seminars, conferences, or other programs, in a suitable location selected by Franchisor. Franchisor may at its discretion charge Franchisee a separate fee of up to \$750 per day for this optional training.

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

(f) All costs and expenses (including travel, hotel and meal) of Franchisee's attendees at any post-opening training, conferences or meetings will be Franchisee's sole responsibility. All persons attending post-opening training, conferences or meetings on Franchisee's behalf must have a demonstrable relationship to the management and operation of the Franchise.

(g) In the event of a Transfer of the Franchise (which must be done in full compliance with section 12.2 of this Agreement), the transferee must be trained by Franchisor as a condition of Franchisor's consent to such Transfer. The transferred Franchise may not be opened or re-opened by the transferee until Franchisor accepts the transferee in writing as being qualified to operate the Franchise and Franchisor has otherwise consented to the Transfer in accordance with this Agreement.

6.3 Mandatory Meetings.

Not more often than once each year, Franchisor may conduct a system-wide or national meeting to discuss Roll Em Up Taquitos business activities or other matters relating to the Franchised Business. If Franchisor does so, attendance of a Principal Equity Owner at these meetings will be mandatory (and is highly recommended for Franchisee's Restaurant Manager and all of Franchisee's other Principal Equity Owners). Franchisor may limit the number of Franchisee's attendees at these meetings. Franchisee must pay the cost of travel, hotel and meal expenses for Franchisee's attendees at these mandatory meetings. The mandatory meetings referenced in this section 6.3 are in addition to any voluntary convention or sales conference that may be coordinated by Franchisor.

6.4 Proprietary Materials.

At Initial Training and other training programs and conferences, Franchisor may provide Franchisee with Proprietary Information, as well as training materials, training curricula and related materials for

Franchisee's use in training Franchisee's staff. All of these items are and will remain Franchisor's sole and exclusive property. To the extent that Proprietary Information is furnished in a printed "hard" copy rather than electronically, Franchisee will only grant authorized personnel access to the Proprietary Information and take adequate precautions to ensure that the Proprietary Information is kept in a locked receptacle at the Restaurant when not in use by authorized personnel. To the extent that the Proprietary Information is furnished in electronically or in an equivalent format, Franchisee will only share the access password with authorized personnel. Franchisee will promptly notify Franchisor if any part of its Proprietary Information that is maintained in a tangible media is lost or destroyed for any reason. Franchisee must not, nor allow its employees or others to, copy, reproduce, disseminate or otherwise reveal to third parties any Proprietary Information and related materials, without Franchisor's express prior written consent.

VII. OPENING OF RESTAURANT AND FRANCHISED BUSINESS

7.1 Franchisee's Restaurant.

The Franchised Business may only be operated from Franchisee's Restaurant. If Franchisee's Restaurant has not been identified when Franchisee signs this Agreement, the exact location of Franchisee's Restaurant will be inserted into a restated Exhibit 1 attached to this Agreement as soon as its location has been determined. To promote the orderly and timely service of Roll Em Up Taquitos customers, Franchisee may not cater or deliver Roll Em Up Taquitos Products outside Franchisee's Delivery Area without Franchisor's prior written consent.

7.2 Building Out Franchisee's Restaurant.

(a) Premises acceptable to Franchisor where Franchisee's Restaurant will be operated should be located and secured by Franchisee and reviewed and consented to by Franchisor within 180 days after the date this Agreement is executed by Franchisee. Within five business days after Franchisee presents a proposed site for the Restaurant, Franchisor will review and either consent to or disapprove the location (and if Franchisor disapproves, Franchisee must promptly propose an alternative location). If Franchisee has not located a site for Franchisee's Restaurant that is acceptable to Franchisor within 180 days after the Effective Date, Franchisor may cancel this Agreement because Franchisee failed to find an acceptable site within the allotted time. If Franchisor does so, Franchisor will refund Franchisee's Initial Franchise Fee and any Territory Surcharge paid by Franchisee, less any expenses Franchisor incurred in processing Franchisee's Franchise and this Agreement, and assisting Franchisee with Restaurant location services, up to the date of cancellation.

(b) Franchisee must configure and equip a Restaurant (and commence operation of the Franchised Business there) within 180 days after Franchisor consents to the Restaurant premises, using architects, project managers, contractors, subcontractors, architectural plans/blueprints (the architectural plans/blueprints provided by Franchisor's architect are prepared as a "work for hire" and as such Franchisor is the owner of such plans and asserts a copyright regarding such plans) and key equipment and Smallware suppliers designated by Franchisor (or one of Franchisor's affiliated companies) or otherwise reasonably acceptable to Franchisor. If after Franchisee has located and secured suitable premises (that Franchisor consents to) for its Restaurant, Franchisee has not commenced operation of the Franchised Business within 365 days after the Effective Date, Franchisor may terminate this Agreement effective on written notice and if Franchisor does so, Franchisee will not be entitled to receive any refund of the Initial Franchise Fee. Franchisor may give Franchisee an extension of time to open the Restaurant beyond the mandatory dates specified above in this section 7.2(b) if Franchisor deems in its sole discretion that Franchisee has made a diligent effort to open but was unable to do so due to reasons beyond Franchisee's reasonable control.

(c) Franchisor will provide direct and indirect assistance to Franchisee in the Restaurant site selection process. However, Franchisee has the sole responsibility for locating, securing, and obtaining

suitable premises for Franchisee's Restaurant. Franchisor reserves the sole right of final review and consent to any location of the Restaurant.

(d) in Franchisor's sole discretion, Franchisee and Franchisee's landlord may be required by Franchisor to execute a rider to Franchisee's lease, or other agreement or written understanding that (i) grants Franchisor an option to assume Franchisee's position as lessee under the lease for the Restaurant premises if Franchisee is in material default of either the lease for the Restaurant premises (including an obligation of the landlord to notify Franchisor if Franchisee is in such default) or this Agreement, (ii) grants Franchisor the right to assign the lease to a *bona fide* franchisee of the System after assuming the lease, (iii) addresses other reasonable requirements relating to restaurant operations, and (iv) requires the landlord to fully cooperate with Franchisor in completing de-identification of the Restaurant if this Agreement is terminated or expires without being renewed and Franchisor does not exercise its option to assume the lease for the Restaurant premises.

(e) Franchisor has the right to regularly inspect Franchisee's Restaurant and any other site where Franchisee conducts the Franchised Business.

7.3 Inventory, Fixtures and Equipment.

(a) Within the timeframes that Franchisor specifies before the Opening Date, Franchisee must also order from (and if necessary pre-pay to) Franchisor's affiliates, or other designated or approved suppliers, (i) the initial Required Inventory and other supplies and accessories necessary for Franchisee to provide Roll Em Up Taquitos Products to Franchisee's customers, (ii) number of pieces of required fixtures, equipment and Smallware, and (iii) other proprietary supplies, items and accessories as specified in the Confidential Operations Manual, with delivery scheduled for not later than two weeks before the Opening Date. Thereafter, Franchisee must buy replacement or additional Required Inventory, fixtures, equipment, Smallware, accessories and other authorized items only from Franchisor's affiliates, or other designated or approved suppliers.

(b) Franchisee must also purchase apparel containing the Marks, other materials containing the Marks, and any other signs containing the Marks from Franchisor's affiliates, or other designated or approved suppliers, with delivery scheduled for not later than two weeks before the Opening Date.

(c) Franchisee must also purchase supplies, paper goods, services, packaging, forms and other products and supplies to constitute Franchisee's complete initial inventory of such items as specified in the Confidential Operations Manual from responsible suppliers, with delivery scheduled for not later than two weeks before the Opening Date.

(d) Franchisor and its affiliated entities reserve the right to derive and receive revenues, rebates or other material consideration as a result of required purchases by System franchisees, and to retain for itself or use such revenues, rebates or other material consideration as Franchisor deems appropriate.

7.4 Marketing and Advertising Boundaries.

Franchisee may not directly promote, advertise or otherwise market the Franchised Business outside the boundaries of the Delivery Area or other advertising boundary that Franchisor designates, except with Franchisor's prior written consent. The marketing and advertising boundaries are determined by Franchisor and may be changed by Franchisor or overlap with the territories of other franchised Restaurants as market conditions or type of media warrant, all in Franchisor's sole discretion (and such marketing and advertising boundaries may exceed the Delivery Area provided herein). Such marketing and advertising boundaries may exceed the Delivery Area provided herein, in Franchisor's sole discretion.

VIII. OPERATION OF FRANCHISED BUSINESS

8.1 Operational Requirements.

(a) At all times, and subject to applicable state law and regulations, Franchisee must be, or employ, a Restaurant Manager (during the first six months after the Opening Date, the Restaurant Manager must be either a sole proprietor or a Principal Equity Owner owning at least 20% of the Franchisee entity) who will devote their entire time during normal business hours, as defined in the Confidential Operations Manual, to the management, operation and development of the Franchised Business. The Restaurant Manager must ensure that Franchisee fulfills its obligations to Franchisee's customers in a timely and professional manner and he or she may not engage in any other business requiring his or her active participation during normal business hours.

(b) Franchisee understands and agrees that the maintenance of the quality of the Roll Em Up Taquitos Products offered by each Roll Em Up Taquitos franchisee is of primary importance to Franchisor to properly promote and protect the public image of these goods and services, and to protect the Marks under which Roll Em Up Taquitos franchisees are licensed to operate. Franchisee therefore agrees to only provide at its Restaurant Roll Em Up Taquitos Products that are properly prepared in accordance with Franchisor's confidential recipes and procedures. Franchisee must only sell to customers at Franchisee's Restaurant Roll Em Up Taquitos Products and other food and beverages specified in Franchisor's then authorized menu, and related products and accessories supplied by designated vendors and approved suppliers for resale by Franchisee at Franchisee's Restaurant in accordance with this Agreement and the Confidential Operations Manual (as amended from time to time by Franchisor). Franchisee must only operate the Franchised Business at Franchisee's Restaurant, in strict accordance with the procedures set forth in the Confidential Operations Manual or otherwise provided to Franchisee by Franchisor in writing. Franchisee must always maintain an adequate level of supplies and Required Inventory to properly operate Franchisee's Restaurant. Franchisee must use the standard signs and formats that Franchisor prescribes in operating the Restaurant and conducting the Franchised Business.

(c) To protect and maintain the integrity, reputation and goodwill of the System and the Marks, Franchisor requires that Franchisee comply with the methodology Franchisor prescribes in providing Roll Em Up Taquitos Products to customers. To enhance uniformity in the delivery of goods and services to retail customers by Franchisor's franchisees and the strength of the Marks in inter-brand competition, and subject to applicable antitrust laws, Franchisor may recommend retail prices for specific Roll Em Up Taquitos Products and other products and services Franchisor authorize for sale at Franchisee's Restaurant. If Franchisor does so, Franchisee may not advertise or promote (whether by telephone, printed materials or any other media, including, without limitation, social media) retail prices that are inconsistent with these recommended prices. Otherwise, Franchisor does not determine maximum or minimum prices for Roll Em Up Taquitos Products and other products and services Franchisor authorize for sale at Franchisee's Restaurant.

(d) Franchisee's Restaurant must be open during the normal business hours that apply to the premises where the Restaurant is located. The obligation to remain open will not apply if Franchisee is subjected to an event of Force Majeure.

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

(f) Franchisee must comply with all health, administrative and governmental regulations relating to the storage, sale and shipment of Roll Em Up Taquitos Products. Franchisee must notify Franchisor in writing within 10 days after Franchisee receives actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the Franchised Business or that may adversely affect Franchisee's operations at the Restaurant or Franchisee's ability to meet its obligations hereunder.

(g) Upon the occurrence of any event that occurs at the Restaurant or in the Delivery Area that has caused or may cause harm or injury to customers or employees, or that may damage the System, Marks, or image or reputation of the Franchised Business or Franchisor or its affiliates, Franchisee must immediately inform Franchisor's designated contact person as instructed in the Confidential Operations Manual by telephone, e-mail, text or other electronic messaging medium authorized by Franchisor for this purpose. Franchisee must cooperate fully with Franchisor with respect to Franchisor's response to an incident described in this section 8.1(g).

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

(i) Franchisee may not engage in any co-branding in the Restaurant or otherwise in connection with the Franchised Business except with Franchisor's prior written consent. Franchisor is not required to approve any co-branding chain or arrangement except in Franchisor's discretion, and only if Franchisor recognizes that co-branding chain as an approved co-brand for operation within the System. "Co-branding" includes the operation of an independent business, product line or operating system owned or licensed by another entity (not Franchisor) that is featured or incorporated within Franchisee's Restaurant or the Franchised Business Franchisee operate in Franchisee's Delivery Area or is adjacent to Franchisee's Restaurant and operated in a manner which is likely to cause the public to perceive it to be related to the Restaurant and Franchised Business licensed to Franchisee hereunder.

8.2 Confidential Operations Manual.

(a) Franchisee must operate the Franchised Business in accordance with the Confidential Operations Manual, a copy of which will be provided to Franchisee either in print or through restricted access (available to the Restaurant Manager and other Principal Equity Owners) on Franchisor's website. To the extent that the Confidential Operations Manual is furnished in a printed "hard" copy rather than electronically, Franchisee will only grant authorized personnel access to the Confidential Operations Manual and take adequate precautions to ensure that the Confidential Operations Manual is kept in a locked receptacle at the Restaurant when not in use by authorized personnel. To the extent that the Confidential Operations Manual is furnished in electronically or in an equivalent format, Franchisee will only share the access password with authorized personnel. Franchisee will promptly notify Franchisor if any part of the Confidential Operations Manual that is maintained in a tangible media is lost or destroyed for any reason.

(b) Franchisee must keep the Confidential Operations Manual confidential and current, and the master copy of the Confidential Operations Manual maintained by Franchisor at its principal office will control in the event of a conflict related to the contents of the Confidential Operations Manual. Franchisor has the right to modify the Confidential Operations Manual at any time by the addition, deletion or other modification of the provisions thereof. All such additions, deletions or modifications are effective on the next business day after the digital copy maintained on Franchisor's website is changed.

(c) All additions, deletions or modifications to the Confidential Operations Manual are equally applicable to all similarly situated Roll Em Up Taquitos franchisees. As modified by Franchisor from time to time, the Confidential Operations Manual will be deemed to be an integral part of this Agreement and references to the Confidential Operations Manual made in this Agreement, or in any amendments or exhibits hereto, are deemed to mean the Confidential Operations Manual. However, the Confidential Operations Manual, as modified or amended by Franchisor from time to time, will not alter Franchisee's fundamental status and rights under this Agreement. If there is any discrepancy or dispute about the version of the Confidential Operations Manual that Franchisee may have printed and maintain, the master copy of the Confidential Operations Manual that Franchisor maintains at its headquarters and available on Franchisor's website will be the controlling version and will supersede all prior versions.

(d) If Franchisee loses printed portions of, or allows unauthorized access to or duplication of, the Confidential Operations Manual or any other confidential manuals or proprietary materials loaned to Franchisee by Franchisor, Franchisee must request a replacement within three business days, and Franchisee will be deemed to be in material breach of this Agreement and all other agreements Franchisee has with Franchisor and its affiliated entities.

(e) Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee must immediately return to Franchisor any printed portions of the Confidential Operations Manual then in Franchisee's possession. Except as specifically permitted by Franchisor, at no time may Franchisee, or Franchisee's employees or agents, (i) make, or cause to be made, any copies or reproductions of all or any portion of the Confidential Operations Manual, (ii) give online access to the Confidential Operations Manual to unauthorized persons, or (iii) disclose any part of the Confidential Operations Manual to any other person except Franchisee's authorized employees and agents when required in the operation of the Franchised Business. Franchisee must also permanently erase anything relating to Franchisor's Trade Secrets or other Proprietary Information from any computers and other media storage devices Franchisee retains after expiration, cancellation or termination of this Agreement.

8.3 Menu and Standards of Operation.

(a) A standard menu format is required by Franchisor and must be used by Franchisee. Any changes, additions or deletions in the menu format to be used at the Restaurant must be approved in writing by Franchisor prior to its use by Franchisee. Franchisee agrees to indemnify and hold Franchisor and Franchisor's affiliated entities, equity owners, managers, officers, employees and agents harmless from and against all losses, damages, costs or expenses, including reasonable attorneys' fees, resulting from any change Franchisee makes in the standard menu or for any deviation of Franchisee's products from the descriptions contained in Franchisor's approved menu. Franchisor may change the standard menu format at any time and from time to time.

(b) Franchisor is entitled to prescribe standard uniforms and attire for all of Franchisee's Roll Em Up Taquitos personnel to enhance the customer experience at the Restaurant and to protect Franchisor's reputation for quality service. Franchisee is required to obtain such uniforms and attire only from an e-store set up by Franchisor's affiliates or from other approved manufacturers or distributors.

(c) Franchisee agrees that Franchisor, Franchisee and everyone else involved in the System benefits from the maintenance of the highest standards of uniformity, quality, similar appearance and prominent display of the Marks at Franchisee's Restaurant and elsewhere in Franchisee's and Delivery Area. Therefore, Franchisee agrees to maintain the uniform standards of quality, appearance and display of the Marks in strict accordance with this Agreement, the architectural plans and the Confidential Operations Manual as it may be revised from time to time, and as Franchisor may otherwise direct in writing. In order that Franchisor may establish and maintain an effective network of franchisees, Franchisee specifically agrees it will not display the Marks except in the manner Franchisor authorizes.

8.4 Point of Sale System.

(a) Franchisee is required to use a commercially reasonable computerized point of sale cash collection system ("POS System") to track and process retail sales at the Restaurant using only the proprietary software provided by Franchisor or its affiliates. Upon 90 days prior notice, Franchisor may require Franchisee to use a designated brand of POS System. Until then, Franchisee may use any commercially reasonable POS System, provided the system is compatible with the proprietary software provided by Franchisor or its affiliates and includes equipment permitting credit card purchases by retail customers. Upon 90 days prior notice, Franchisor may also require that Franchisee acquire and use a suitable computer system and designated software to manage and record its sales and monitor its operations at the Restaurant.

(b) Franchisee is also required to maintain an e-mail account and communicate with Franchisor regularly concerning sales and operations at the Restaurant, in the manner Franchisor specifies in the Manual or otherwise in writing.

8.5 Maintenance of and Refurbishments to the Restaurant.

(a) Franchisor requires that Franchisee maintain, and from time to time refurbish, the Restaurant to conform to the then-current Trade Dress and color schemes applicable for a Restaurant. Such maintenance and refurbishment may require expenditures by Franchisee on, among other things, structural changes, installing new equipment, remodeling, redecoration and modifications to existing improvements and such modifications as may be necessary to comply with System-wide standards then in effect for Restaurants, or to accommodate new Roll Em Up Taquitos Products. In this regard, the following requirements are applicable:

(i) Franchisee must maintain all equipment, Smallware and furnishings used at the Restaurant in good working order and make repairs or perform maintenance on an as needed basis. And Franchisee must immediately and completely resolve to Franchisor's satisfaction any maintenance deficiencies Franchisor identifies.

(ii) Franchisee must make all upgrades to equipment, Smallware and any technology used in Franchisee's Restaurant that Franchisor may require.

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

(b) Franchisor will only require the types of modifications and expenditures described herein where there is good cause. In this context, "good cause" means that Franchisor make a good faith determination that Franchisee's Restaurant is substantially inconsistent with prevailing System-wide standards (for example, either in terms of the Trade Dress, the overall condition of the Restaurant, or the type, quality or condition of the equipment needed to adequately prepare, promote and sell Roll Em Up Taquitos Products) and that, as a result of its appearance or condition, Franchisee's Restaurant is either (i) not adequately positioned to promote and sell Roll Em Up Taquitos Products as then required or (ii) damaging the integrity of the Roll Em Up Taquitos image, brand or Marks.

8.6 Relocation of Franchisee's Restaurant.

(a) If Franchisee desires to relocate the Restaurant, Franchisee may do so provided that not less than 90 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice must be given as soon as possible), Franchisee makes a

written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location.

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

(c) Franchisee and the landlord may be required to execute a rider to Franchisee's lease for the new location for the Restaurant (or other agreement or written understanding) that (i) grants Franchisor an option to assume Franchisee's position as lessee under the lease for the relocated Restaurant premises if Franchisee is in material default of either the lease for the relocated Restaurant premises (including an obligation of the landlord to notify Franchisor if Franchisee is in such default) or this Agreement, (ii) grants Franchisor the right to assign the lease to a *bona fide* franchisee of the System after assuming the lease, and (iii) requires the landlord to fully cooperate with Franchisor in completing de-identification of the relocated Restaurant if this Agreement is terminated or expires without being renewed and Franchisor does not exercise its option to assume the lease for the relocated Restaurant premises.

8.7 Record Keeping and Reporting Requirements.

(a) Franchisee agrees to track, account for and report if requested by Franchisor on the financial performance of the Franchised Business.

(b) On or before the fifth day after the end of each calendar month during the term of this Agreement, of Franchisee must submit to Franchisor a monthly income statement, showing profits and losses, relating to the Outlet and Franchisee's operation of the Franchised Business.

(c) Within 90 days after the end of each of Franchisee's fiscal years (or any permitted extension for filing same), Franchisee must submit to Franchisor a copy of the Schedule C or equivalent portion of Franchisee's federal tax return relating to the Outlet and Franchisee's operation of the Franchised Business.

(d) On the Effective Date (and any time thereafter that this date changes), Franchisee must notify Franchisor of Franchisee's fiscal year end date.

(e) All financial or statistical information Franchisee provides to Franchisor must be accurate and correct in all material respects.

(f) Franchisor has the right to use any financial or statistical information that Franchisee provides Franchisor, as Franchisor deems appropriate. Franchisor will not identify Franchisee, Franchisee's Restaurant or Franchisee's Territory as the source of the information, and will not disclose any of this information except (i) with Franchisee's written consent, (ii) as required by law or compulsory order or (iii) in connection with audits or collections under this Agreement.

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

8.8 Signs and Display Materials.

All signs, display materials and other materials containing the Marks must be in full compliance with the specifications provided in, and in conformity with, the Confidential Operations Manual. Franchisor will

designate or approve the suppliers of such signs, display materials and other materials containing the Marks in accordance with Confidential Operations Manual guidelines.

8.9 Telephone Numbers.

At its sole expense, Franchisee must list the telephone number for Franchisee's Restaurant in accordance with procedures prescribed by the Confidential Operations Manual. At the time of termination or expiration of this Agreement, for any reason, Franchisee must transfer the telephone numbers for Franchisee's Restaurant to Franchisor or cancel them and de-list them from any applicable telephone directory or other telephone number listing service.

8.10 Insurance.

(a) Franchisee must have in effect on the Opening Date and maintain during the term of this Agreement comprehensive general liability insurance and other insurance that is legally required or reasonably prudent for Franchisee to operate Franchisee's business (for example, workers' compensation insurance). Policy coverage requirements and limitations and other terms relating to insurance may be set forth in the Confidential Operations Manual. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII which are authorized to do business in the state where Franchisee's Restaurant is located, unless otherwise approved in writing by Franchisor. Any policies of insurance that Franchisee maintains must contain a separate endorsement naming Franchisor and the Owner of the Marks (and Franchisor's other affiliated companies identified by Franchisor in writing), and their respective shareholders, members, managers, directors, officers, employees, and agents as additional insureds to the full extent of coverage provided under the insurance policies. Franchisee's insurance coverage will be primary as respects Franchisor, the Owner of the Marks, and other affiliated companies identified by Franchisor in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents. Any insurance or self-insurance maintained by Franchisor, the Owner of the Marks, and other affiliated companies identified by Franchisor in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents will be excess of Franchisee's insurance and will not contribute with it. Franchisee must provide Franchisor a copy of the policy and endorsement upon issuance and upon every renewal. Franchisee hereby grants Franchisor a waiver of any right of subrogation which any insurer of Franchisee may acquire against Franchisor by payment of any loss under such insurance. This provision applies regardless of whether Franchisor has received a waiver of subrogation endorsement from the insurer. Franchisee's obligation to obtain and maintain the foregoing policies of insurance in the amount specified will not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor will Franchisee's procurement of required insurance relieve it of liability under the indemnity provisions set forth in section 16.2 of this Agreement. Franchisee's insurance procurement obligations under this section 8.10 are separate and independent of Franchisee's indemnity obligations under section 16.2 of this Agreement.

(b) Within 30 days after the Opening Date and within 30 days after each succeeding anniversary of the Opening Date, Franchisee must deliver to Franchisor a certificate evidencing such insurance is in full force and effect. Such insurance certificate must contain a statement to the effect the certificate cannot be canceled without 30 days (10 days for non-payment) prior written notice to Franchisee and to Franchisor. Franchisee must notify Franchisor in writing immediately regarding any cancellation, non-renewal or reduction in coverage or limits.

(c) The failure of Franchisee, for any reason, to procure and maintain the insurance coverage required under this Agreement will be deemed a material breach of this Agreement.

8.11 Review and Inspection.

(a) Franchisor has the right to send representatives at reasonable intervals at any time (announced or unannounced) during normal business hours, to Franchisee's Restaurant (or any other

facility from which Franchisee sells Roll Em Up Taquitos Products or any other offices relating to Franchisee's conduct of the Franchised Business) to review and inspect Franchisee's operations, business methods, service, management and administration relating to the Franchised Business or its equivalent, to determine the quality thereof and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Confidential Operations Manual and to ensure Franchisee is in compliance with System standards prescribed by Franchisor and specified in the Confidential Operations Manual.

(b) Franchisor and its designated agents also have the right at all reasonable times, upon 10 days prior notice, to examine, copy and audit the books and records relating to the Restaurant and Franchisee's operation of the Franchised Business. If an examination or audit discloses any underpayment of any fee, Franchisee must promptly pay the deficient amount plus interest calculated daily from the due date until paid at an APR of 10%. If an examination or audit discloses an underpayment or understatement of any amount due Franchisor by 5% or more, or if the examination or audit is made necessary by Franchisee's failure to furnish required information or documents to Franchisor in a timely manner, or it takes Franchisor's auditors an unreasonable amount of time (more than eight hours) to assemble Franchisee's records for audit, Franchisee must reimburse Franchisor for the cost of having Franchisee's books and records examined or audited (this remedy will be in addition to any other rights or remedies Franchisor has under this Agreement or otherwise, including Franchisor's right to terminate this Agreement).

(c) Franchisee must fully cooperate in permitting Franchisor's representatives to access Franchisee's Restaurant (or any other facility from which Franchisee sells Roll Em Up Taquitos Products or any other offices relating to Franchisee's conduct of the Franchised Business) during normal business hours to conduct reviews and inspections, and to render such assistance as Franchisor's representatives may reasonably request. Upon notice from Franchisor or Franchisor's representatives, Franchisee must immediately begin such steps as may be necessary to correct any deficiencies noted during any such inspection.

8.12 Compliance with Laws.

Franchisee must (i) operate the Franchised Business in compliance with all applicable laws, rules and regulations of all governmental authorities, (ii) comply with all applicable wage, hour and other laws and regulations of the federal, state or local governments, (iii) prepare and file all necessary tax returns and (iv) pay promptly all taxes imposed upon Franchisee or upon Franchisee's business or property. Franchisee represents and warrants that it will obtain and always maintain all necessary permits, certificates or licenses necessary to conduct the Franchised Business in the locality within which the Restaurant is situated. Franchisee must immediately notify Franchisor of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Franchisee, or any entity affiliated with Franchisee, or any agent, employee, owner, director or partner of Franchisee, which notification must include all relevant details in respect thereof.

8.13 Web Site and Internet Marketing.

(a) During the term of this Agreement, Franchisee will use the Roll Em Up Taquitos website and any other Internet or social media only as specifically authorized by Franchisor in section 6.2(a) of this Agreement, the Confidential Operations Manual or otherwise in writing to market the Franchised Business conducted at Franchisee's Restaurant and in the Delivery Area. Franchisee may not register an Internet domain or social networking media outlet name using any of the Marks.

(b) All domain names used by Franchisee must be pre-approved by Franchisor who will control the usage and right to use of all domain names. Upon termination or expiration of, or transfer of the rights and obligations granted under, this Agreement, Franchisee will have no further need or right to use these domain names.

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

8.14 Technology and Operations Fee. During the term of this Agreement, Franchisee shall pay Franchisor its then-current monthly fee for the Roll Em Up App and/or any other technology that Franchisor implements, modifies, maintains, upgrades, or develops (the "Technology and Operations Fee"). The Technology and Operations Fee shall be due to Franchisor by the fifth (5th) business day of each month or as otherwise directed by Franchisor. Currently, the Technology and Operations Fee is five hundred dollars (\$500) per month.

8.15 Tattle Fee. During the term of this Agreement, Franchisee shall pay Franchisor its then-current monthly fee for Tattle Software, which collects, analyzes, and provides guidance on guest and menu insights. Franchisor may, in its sole discretion, change the software used for this or a similar purpose, and Franchisee must, upon notice from Franchisor, switch to the software Franchisor requires and pay Franchisor (or the software supplier) the applicable initial and ongoing fees. Currently, the fee for Tattle Software is \$65 per month.

IX. PROPRIETARY MARKS

9.1 License of the Marks.

(a) Franchisor hereby grants Franchisee the right during the term hereof to use and display the Marks in accordance with the provisions contained in this Agreement and in the Confidential Operations Manual, solely in connection with Franchisee's operation of the Franchised Business at the Restaurant and in the Delivery Area. Neither Franchisee nor any Principal Equity Owner nor any employee, agent, or representative thereof may use, display or permit the use or display of trademarks, trade names, service marks, insignias or logo types *other than* the Marks and other trademarks and service marks approved for use by Franchisor in connection with the Franchised Business. Neither Franchisee nor any Principal Equity Owner nor any employee, agent, or representative thereof may use or display the Marks in connection with the operation of any business or other activity that is outside the scope of the Franchised Business. Franchisee may only use the Marks and Franchisor's Intellectual Property on the Internet or other electronic media in the manner and as specifically authorized by Franchisor in the Confidential Operations Manual or otherwise in writing. Franchisee agrees to be responsible for and supervise all its employees and agents to insure the proper use of the Marks in compliance with this Agreement.

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

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

(d) Franchisee hereby grants Franchisor the right at any time to use the name, image and likeness of Franchisee and all Principal Equity Owners for commercial purposes in connection with the marketing and promotion of the Marks, Franchisor's Intellectual Property, Roll Em Up Taquitos Products, the Restaurant and any other Roll Em Up Taquitos restaurant or retail operations, and the System, without any form of compensation or remuneration. Franchisee also agrees (i) to have any affected employee of Franchisee who is not a Principal Equity Owner sign a release in the form contained in the Confidential Operations Manual that authorizes Franchisor to also use the employee's name, image and likeness for the purposes described in this section 9.1(d), without compensation or remuneration, and (ii) to provide Franchisor with a copy of such signed release. The terms of this section 9.1(d) survive termination or expiration of this Agreement.

[Franchisee's Initials: _____]

(e) Franchisee acknowledges that Franchisor prescribes uniform standards respecting the nature and quality of Roll Em Up Taquitos Products provided by Franchisee in connection with which the Marks are used. Nothing herein gives Franchisee any right, title or interest in or to any of the Marks, except a mere privilege and license during the term hereof to display and use the same and Franchisee agrees that all of Franchisee's use of the Marks under this Agreement inures to Franchisor's benefit and the benefit of the Owner of the Marks.

(f) Franchisee agrees that all materials associated with Franchisor, Roll Em Up Taquitos Products or other services, artwork, graphics, layouts, slogans, domain names, other names, titles, text or similar materials incorporating, or being used in connection with, the Marks which may be created by Franchisee, Franchisee's employees, agents and subcontractors and any other party with whom Franchisee may contract to have such materials produced pursuant to this Agreement will become the sole property of the Owner of the Marks, including copyright and trademark rights. In furtherance thereof, Franchisee hereby and irrevocably assigns to Franchisor all such materials, artwork, graphics, layouts, slogans, names, titles, text or similar materials, whether presently or hereafter existing. Furthermore, Franchisee agrees on behalf of itself, its employees, its agents, its subcontractors and any other party with whom Franchisee may contract to have such materials produced, to promptly execute all appropriate documents in this regard. As between Franchisee and Franchisor, the Suggestions and all Intellectual Property Rights in and to the Suggestions are owned exclusively by Franchisor, except as otherwise set forth herein. Franchisee's Suggestions will not entitle Franchisee to any Intellectual Property Rights in and to the System; the System will not become a joint work of authorship because of Franchisee's Suggestions under any circumstances. Franchisee's Suggestions will be considered as a "work for hire" (as defined under the United States Copyright Act), and such Suggestions will be owned by and for the benefit of Franchisor. To the extent that any such Suggestions by Franchisee may not constitute a work for hire, Franchisee hereby grants, assigns and transfers all right, title and interest in and to such Suggestions, including all rights in and to the Intellectual Property therein, to Franchisor and agrees to execute all further documents and things reasonably required by Franchisor to effect and record such assignment. If Franchisee has any such rights that cannot be assigned to Franchisor, Franchisee waives the enforcement of such rights, and if Franchisee has any rights which cannot be assigned or waived, Franchisee hereby grants to Franchisor an exclusive, irrevocable, perpetual, worldwide, fully paid license (with right to sublicense through multiple tiers) to such rights. Franchisee acknowledges there are, and may be, future rights that Franchisee may

otherwise become entitled to with respect to the Suggestions not yet existing, as well as new uses, media, means and forms of exploitation throughout the universe exploiting current or future technology yet to be developed, and Franchisee specifically intends the foregoing assignment of rights to Franchisor will include all such now known or unknown uses, media and forms of exploitation throughout the universe.

(g) If necessary, Franchisee agrees to join with Franchisor and share the expenses in any application to enter Franchisee as a registered or permitted user, or the like, of the Marks with any appropriate governmental agency or entity. Upon termination of this Agreement for any reason whatsoever, Franchisor may immediately apply to cancel Franchisee's status as a registered or permitted user and Franchisee hereby consents to the cancellation and agrees to join in any cancellation petition. Franchisee will bear the expense of any cancellation petition.

9.2 Franchisee's Business Name.

(a) In connection with Franchisee's operation of the Restaurant, Franchisee agrees that at all times and in all advertising, promotions, signs and other display materials, on Franchisee's letterheads, business forms, and at the Restaurant and other authorized business sites, in all of Franchisee's business dealings related thereto and to the general public, Franchisee will identify the Franchised Business solely under a trade name containing the Mark "Roll Em Up Taquitos" and authorized by Franchisor ("Business Name") together with the words "INDEPENDENTLY OWNED AND OPERATED" on Franchisee's letterhead, contract agreements, invoices, authorized social media or Internet sites, advertising and other written materials containing the Marks as Franchisor may direct.

(b) Franchisee must file and keep current a fictitious business name statement, assumed name certificate or similar document regarding Franchisee's Business Name in the county or other designated jurisdiction in which Franchisee is conducting business and at such other places as may be required by law. Before Franchisee commences engaging in the Franchised Business under the Marks, Franchisee must supply evidence satisfactory to Franchisor that Franchisee has complied with relevant laws regarding the use of fictitious or assumed names.

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

(d) Franchisee further agrees it will not identify itself as (i) Franchisor, (ii) a subsidiary, parent, division, shareholder, partner, agent or employee of Franchisor or the Owner of the Marks, or (iii) any of Franchisor's other franchisees.

(e) If Franchisee is an entity and not an individual proprietor, Franchisee cannot use any of the Marks in its legal name.

9.3 Trade Secrets and Proprietary Information.

(a) Under this Agreement, Franchisor is licensing Franchisee access to Franchisor's Proprietary Information, Trade Secrets and other confidential data and information. Franchisee acknowledges that the material and information now and hereafter provided or revealed to Franchisee pursuant to this Agreement (including in particular, but without limitation, the contents of the Confidential Operations Manual) are Franchisor's confidential trade secrets and are revealed in confidence, and Franchisee expressly agrees to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. Franchisor expressly reserves all rights with respect to the Marks, Proprietary Information, methods of operation and other proprietary information, except as may be expressly granted to

Franchisee hereby or in the Confidential Operations Manual. Franchisor will disclose to Franchisee certain Trade Secrets as reasonably needed for the operation by Franchisee of the Franchised Business by loaning to Franchisee, for the term of this Agreement, the Confidential Operations Manual and other written materials containing the Trade Secrets, through training and assistance provided to Franchisee hereunder, and by and through the performance of Franchisor's other obligations under this Agreement.

(b) Franchisee acknowledges that Franchisor is the sole owner of all Proprietary Information, including Franchisor's Trade Secrets; that such information is being imparted to Franchisee only by reason of Franchisee's special status as a franchisee of the System; and that Franchisor's Proprietary Information is not generally known to Franchisor's industry or the public at large and are not known to Franchisee except by reason of such disclosure. To the extent that Trade Secrets are furnished in a printed "hard" copy rather than electronically, Franchisee will only grant authorized personnel access to the Trade Secrets and take adequate precautions to ensure that the Trade Secrets are kept in a locked receptacle at the Restaurant when not in use by authorized personnel. To the extent that the Trade Secrets are furnished in electronically or in an equivalent format, Franchisee will only share the access password with authorized personnel. Franchisee will promptly notify Franchisor if any part of its Trade Secrets that is maintained in a tangible media is lost or destroyed for any reason. Franchisee further acknowledges that Franchisee will acquire no interest in the Proprietary Information and Trade Secrets disclosed to Franchisee, other than the right to use them in the development and operation of the Franchised Business during the term of this Agreement.

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

(d) Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from and against all "Losses" (as defined in section 16.2 below), which Franchisor may sustain as a result of any unauthorized use or disclosure of Proprietary Information or Marks by Franchisee or its employees and agents. Franchisee further agrees and acknowledges that the disclosure or use of Proprietary Information or Marks in a manner not authorized by this Agreement will cause immediate and irreparable damage to Franchisor that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Franchisor has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such unauthorized disclosures or use without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. Franchisee further agrees that no bond or other form of security is required to obtain such equitable relief and Franchisee hereby consents to the issuance of such injunction and to the ordering of specific performance. Franchisee further agrees and acknowledges that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Franchisor, including, but not limited to monetary damages.

(e) 18 USC Section 1833(b) states: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Accordingly, Franchisor and Franchisee will each have the right to disclose in confidence Trade Secrets to Federal, State, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. Franchisor and Franchisee also have the right to disclose Trade Secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected

from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. Section 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. Section 1833(b).

9.4 Modification of Marks and Trade Dress.

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

9.5 Mark Infringement Claims and Defense of Marks.

(a) If Franchisee receives notice or otherwise becomes aware of any claim, suit or demand, threatened or pending, against Franchisee by any party other than Franchisor, the Owner of the Marks or any of Franchisor's affiliates on account of any alleged infringement, unfair competition or similar matter arising from Franchisee's use of the Marks in accordance with the terms of this Agreement, or any misuse of the Marks by third parties on the Internet or otherwise, Franchisee must notify Franchisor within 10 days of any such claim, suit, demand or misuse. Franchisee will have no power, right or authority to settle or compromise any such claim, suit or demand by a third party or to intervene to stop misuse, without Franchisor's prior written consent. Franchisor will defend, compromise or settle at Franchisor's discretion any such claim, suit or demand and take steps to stop misuse at Franchisor's cost and expense, using attorneys selected by Franchisor or the Owner of the Marks, and Franchisee agrees to cooperate fully in such matters.

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

(c) Franchisee hereby indemnifies Franchisor and holds Franchisor harmless from and against all judgments resulting from any claim, suit or demand arising from Franchisee's unauthorized and improper use of the Marks or Franchisor's Intellectual Property.

X. MARKETING AND PROMOTION

10.1 Marketing and Promotion of the Brand.

As it deems reasonable and appropriate, Franchisor will expend amounts on national, regional or local marketing, advertising, cooperative advertising, market research, public relations and promotional campaigns designed to promote and enhance the value of the Marks and general public recognition and acceptance thereof, and on regional, local or national media or other marketing techniques or programs designated to promote the retail sale of Roll Em Up Taquitos Products, the Marks and other aspects of the Roll Em Up Taquitos brand, creative and production costs, and for other purposes deemed appropriate by Franchisor to enhance and promote the general recognition of Roll Em Up Taquitos franchises.

10.2 Advertising Content and Costs.

With respect to all regional, national or system-wide advertising, Franchisor determines the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal

exposure), location and all other matters relating to advertising, public relations and promotional campaigns.

XI. NON-COMPETITION COVENANTS

11.1 Exclusive In-Term Dealing.

(a) Franchisee acknowledges it will receive valuable specialized training and access to Proprietary Information, including, without limitation, information regarding Roll Em Up Taquitos Products and the operational, sales, promotional and marketing methods and techniques of the System and Franchisor's Trade Secrets. In consideration for the use and license of such valuable information, Franchisee agrees that it will not during the term of this Agreement operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareholder, manager, member, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to Roll Em Up Taquitos Products or the Franchised Business, without Franchisor's express prior written consent, which consent may be withheld in Franchisor's sole and absolute discretion.

(b) It is the intention of both Franchisee and Franchisor that Franchisee maximizes the Franchised Business within the Territory, and any action of Franchisee that diverts business to another entity or diminishes the Franchised Business being conducted in the Territory or Delivery Area will be a material breach of this Agreement. Accordingly, neither Franchisee nor any Principal Equity Owner may, either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity, (i) divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or (ii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

11.2 Post Termination Non-Competition Covenants.

(a) For a period of one year after termination of this Agreement or its expiration without renewal pursuant to section 5.2 of this Agreement ("Expiration Date"), Franchisee agrees that neither Franchisee nor any Principal Equity Owner may (either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity) operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareowner, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to Roll Em Up Taquitos Products or the Franchised Business, within a radius of 25 miles of Franchisee's Territory or any other authorized retail location selling Roll Em Up Taquitos Products, without Franchisor's express prior written consent, which consent may be withheld in Franchisor's sole and absolute discretion. Following termination or expiration of this Agreement, Franchisee must always refrain from any use, direct or indirect, of any Proprietary Information.

(b) If any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits Franchisor's rights under section 11.2(a) above, then section 11.2(a) will be deemed amended (or deleted) to conform to the requirements of such laws and regulations, but in such event (unless deleted) the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of the law or regulation.

11.3 General Provisions Regarding Non-Competition Covenants.

(a) Franchisee acknowledges that the restrictions contained in this Article XI are reasonable and necessary in order to protect Franchisor's legitimate interests, and in the event of violation of any of these restrictions, Franchisor is entitled to recover damages including, without limitation, Royalty and other fees that would have been payable if such business were included in the Franchised Business, and an equitable accounting of all earnings, profits and other benefits arising from such violation, which

rights and remedies will be cumulative and in addition to any other rights or remedies to which Franchisor is entitled at law or in equity.

(b) Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from and against all Losses which Franchisor may sustain because of any breach of this Article XI by Franchisee, any Principal Equity Owner, or Franchisee's Restaurant Manager. Franchisee further agrees that a breach of the non-competition covenants set forth above will cause immediate and irreparable damage to Franchisor that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Franchisor has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such breach or continued breach without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. Franchisee further agrees that no bond or other security will be required in obtaining such equitable relief and hereby consent to the issuance of such injunction and to the ordering of specific performance. Franchisee further acknowledges that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Franchisor, including monetary damages.

(c) This Article XI applies to Franchisee's Restaurant Manager, Principal Equity Owners and each of Franchisee's other managers, directors, officers, general partners and affiliates.

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

XII. ASSIGNMENT

12.1 Assignment by Franchisor.

Franchisor has the right to Transfer this Agreement, and all of Franchisor's rights and privileges hereunder to any other person, firm or corporation ("Franchisor's Assignee"); provided that, in respect to any Transfer ("Assignment by Franchisor") resulting in the subsequent performance by Franchisor's Assignee of the functions of franchisor hereunder (i) at the time of Assignment by Franchisor, Franchisor's Assignee will be financially responsible and economically capable of performing the obligations of franchisor hereunder; and (ii) Franchisor's Assignee must expressly assume and agree to perform such obligations. If there is an Assignment by Franchisor in compliance with the terms set forth in the preceding sentence, Franchisor will be relieved of all obligations or liabilities after the effective date of the assignment.

12.2 Assignment by Franchisee.

(a) This Agreement is being executed in reliance upon and in consideration of the singular personal skills and qualifications of Franchisee and its Principal Equity Owners and the trust and confidence Franchisor reposes in Franchisee and in them. Therefore, neither Franchisee's interest in this Agreement and the Franchise granted hereunder, nor more than 50% of the equity interest in Franchisee (if Franchisee is an entity), nor all or substantially all of the assets of the Franchised Business, nor any controlling interest or non-controlling interest in the Franchised Business may be assigned, transferred, shared or divided, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner (collectively, "Assignment by Franchisee"), without Franchisor's prior written consent and, except for any transfer of a non-controlling interest, subject to Franchisor's right of first refusal provided for in section 12.3 hereof. Franchisor's consent to a specific Assignment by Franchisee is not cumulative and will not apply to any subsequent assignments, in respect of each of which Franchisee must comply with this section 12.2.

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

(i) The name and address of the proposed assignee ("Franchisee's Assignee");

(ii) If requested by franchisor, a copy of all agreements related to the sale, assignment, or transfer of the Franchise, the assets of the Franchised Business, or the interest in the Franchised Business; and

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

(c) Within 30 days after the receipt of all necessary information and documentation required pursuant to section 12.2(b) above, or as specified by written agreement between Franchisor and Franchisee, Franchisor will notify Franchisee of the approval or disapproval of the proposed Assignment by Franchisee. The notice will be in writing and delivered to Franchisee by business courier in accordance with section 16.1 hereof. Should Franchisor elect not to exercise its right of first refusal, or should such right of first refusal be inapplicable, as herein provided, the proposed Assignment by Franchisee will be deemed approved, unless disapproved by Franchisor in writing and for reasons permitted by the law governing this Agreement. If the proposed sale, assignment or transfer is disapproved, Franchisor will include in the notice of disapproval a statement setting forth the reasons for the disapproval. Franchisor may impose, among other things, the following conditions precedent to Franchisor's consent to any such Assignment by Franchisee (these conditions are consistently applied to similarly situated franchisees operating under the Franchise brand):

(i) Franchisee's Assignee must complete Franchisor's application for a Franchise, and in connection therewith, Franchisee and Franchisee's Assignee must fully disclose in writing all terms and conditions of the Assignment by Franchisee;

(ii) Franchisee's Assignee and the principal equity owners of Franchisee's Assignee demonstrate they have the skills, qualifications, moral and ethical reputation, and economic resources necessary, in Franchisor's sole judgment, to conduct the business contemplated by this Agreement;

(iii) Franchisee's Assignee and each principal equity owner of Franchisee's Assignee expressly assume in writing for Franchisor's benefit all of Franchisee's obligations under this Agreement;

(iv) Franchisee's Assignee executes the then current form of Franchise Agreement being used by Franchisor for the remainder of the term of this Agreement or, in Franchisor's sole discretion, for the initial term of the then current form of Franchise Agreement (unless Franchisor has a reasonable basis not to allow this, Franchisee may elect to have Franchisee's Assignee assume this Agreement for the remainder of its term);

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

(vi) Franchisee's Assignee agrees that (A) a Restaurant Manager successfully trained by Franchisor must at all times be employed to operate the Restaurant and (B) Franchisor's Initial Training program described in section 6.1 hereof and any other training or orientation programs then required by Franchisor will be satisfactorily completed by Franchisee's Assignee's Restaurant Manager and other necessary personnel within 30 days after the execution by Franchisee's Assignee of a Franchise Agreement, provided, however, that Franchisee's Assignee must agree to pay for all of their expenses incurred in connection therewith, including any fee Franchisor charges for training (at the rate in effect at the time of transfer), travel, hotel and meal expenses; and

(vii) Not later than 10 days before the transfer, Franchisee must pay Franchisor a non-refundable "Transfer Fee" of \$5,000 (the Transfer Fee is not payable if Franchisor exercises its right of first refusal pursuant to section 12.3 of this Agreement). The Transfer Fee is subject to adjustment in Franchisor's discretion based on corresponding changes in the CPI since the Effective Date.

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

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

(f) Upon Franchisor's consent to any Assignment by Franchisee, Franchisee must bring all accounts with Franchisor current and transfer to Franchisee's assignee all service agreements or contracts signed by customers of the Franchised Business conducted at Franchisee's Restaurant. Also, Franchisee must execute (i) an agreement among Franchisee, Franchisor and Franchisee's assignee effecting the Assignment by Franchisee, which will include a mutual release between Franchisee and Franchisor and (ii) an assignment of the lease for the Restaurant premises (including an assignment to the assignee of Franchisee's rights, title and interest to telephone numbers and utilities respecting the Restaurant).

12.3 Right of First Refusal.

(a) Except for a Transfer (i) to Franchisee's heirs, personal representatives or conservators in the case of death or legal incapacity as provided in section 12.6 hereof or (ii) between or among individuals (including their immediate family members) who have guaranteed obligations under a Small

Business Administration loan, Franchisee's right to Transfer Franchisee's entire interest in the Franchise granted by this Agreement under section 12.2 hereof is subject to Franchisor's right of first refusal, which will be exercised in accordance with the terms of this section 12.3.

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

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

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

12.4 Transfers to Certain Family Members.

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

12.5 Transfers to Affiliated Entities.

Franchisee or a Principal Equity Owner may without Franchisor's consent, upon 30 days prior written notice to Franchisor, Transfer the Franchised Business or an equity interest in Franchisee's franchised entity to an entity that is (i) organized for the purpose of operating the Franchised Business and (ii) owned in the same proportionate amount of ownership as prior to such Transfer, provided that adequate provision is made for the management of the Franchised Business. No Transfer under this section 12.5 will be subject to Franchisor's right of first refusal set forth in section 12.3 hereof or the Transfer Fee set forth in section 12.2(b)(vii) hereof. However, Franchisee must comply with sections 12.2(b)(i) through (vi) and (to the extent applicable) section 12.2(c) above, as well as provide full disclosure of the terms

of said transfer and deliver to Franchisor no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction. Also, Franchisee acknowledges and agrees that any Transfer to an affiliate will not relieve Franchisee from its obligations under this Agreement.

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

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

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

(c) No Transfer under this section 12.6 will be subject to (i) Franchisor's right of first refusal set forth in section 12.3 hereof or (ii) the Transfer Fee set forth in section 12.2(b)(vii) above, although such refusal right and Transfer Fee will be applicable to any subsequent Transfer by Franchisee's (or a Majority Equity Owner's) heirs, personal representatives or conservators. However, Franchisee must comply with sections 12.2(b)(i) through (vi) and (to the extent applicable) section 12.2(c) above, as well as provide Franchisor with full disclosure of the terms of said transfer not later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction.

12.7 Consent of Franchisor to Transfers.

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

business operations of the Franchised Business, the System or Franchisor or any of Franchisor's affiliates.

XIII. DEFAULT AND TERMINATION

13.1 General.

(a) This Agreement may be terminated only for good cause, which means a failure of a party to substantially comply with the lawful requirements imposed upon it by this Agreement after being given notice at least 30 days in advance of the termination and a reasonable opportunity, which in no event will be less than 30 days from the date of the notice of noncompliance, to cure the failure (provided that this section 13.1(a) does not apply when there are grounds for immediate termination without notice pursuant to section 13.2 below).

(b) If Franchisor is in material breach of this Agreement, Franchisee may terminate this Agreement by giving Franchisor prior written notice setting forth the asserted breach of this Agreement and giving Franchisor 30 days in which to cure the default. A material breach of this Agreement by Franchisor means any unauthorized action or omission seriously impairing or adversely affecting Franchisee or the relationship between Franchisor and Franchisee created by this Agreement. However, if Franchisor becomes insolvent or declares bankruptcy, Franchisee will continue to have the right to operate under this Agreement unless a state or federal court issues an order otherwise. If because of the nature of the breach, it would be unreasonable for Franchisor to be able to cure the default within 30 days, Franchisor will be given additional time (up to 30 additional days) as is reasonably necessary to cure said breach, upon condition that Franchisor must, upon receipt of such notice from Franchisee, immediately commence to cure such breach and continue to use best efforts to do so.

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

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

13.2 Immediate Termination.

(a) Franchisor has the right to immediately terminate this Agreement upon notice to Franchisee without an opportunity to cure if:

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

(ii) Franchisee Abandons the Franchise by failing to operate the Restaurant for five consecutive business days during which Franchisee is required to operate the business under the terms of this Agreement, or any shorter period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Franchise, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond Franchisee's control;

(iii) Franchisor and Franchisee agree in writing to terminate the Franchise;

(iv) Franchisee makes any material misrepresentations relating to the acquisition of the Franchise or Franchisee engages in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System;

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

(vi) after curing any failure in accordance with section 13.3 below, Franchisee engages in the same noncompliance whether or not such noncompliance is corrected after notice;

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

(viii) the Franchised Business or the business premises of the Franchise are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lien holder or lessor, provided that a final judgment against Franchisee remains unsatisfied for 60 days (unless an appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within five days of such levy;

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

(x) Franchisee fails to pay any franchise fees or other amounts due to Franchisor or its affiliate within five (5) days after receiving written notice that such fees are overdue;

(xi) an audit or investigation conducted by Franchisor discloses that Franchisee knowingly maintained false books or records, or submitted false reports to Franchisor, or knowingly understated Franchisee's Gross Revenues or withheld the reporting of any of Franchisee's Gross Revenues; or

(xii) Franchisor makes a reasonable determination that Franchisee's continued operation of the Franchise will result in an imminent danger to public health or safety.

(b) The parties recognize that some breaches may involve conduct which undermines the basis for the Agreement such that the expectation of full and proper contract performance cannot be restored, even if the specific activity giving rise to the claim of breach has ended. In such cases, no period of "cure" will be required. However, the termination will not take effect for 10 days to enable the parties to consider whether other alternatives may be possible.

(c) If Franchisee's rights under this Agreement are terminated by Franchisor because of an event described in section 13.2(a) above, section 14.1 below is not applicable, and Franchisor may immediately commence an action under section 14.2 or 14.3 below, as applicable, to collect damages or otherwise enforce its rights.

13.3 Termination After Notice.

(a) Except as provided in section 13.2 above, Franchisor may terminate this Agreement only for good cause (as defined in section 13.1(a) above) after giving Franchisee prior written notice setting forth

the asserted breach of this Agreement and giving Franchisee 30 days in which to cure the default. Upon receipt of a notice of default, Franchisee must immediately commence diligently to cure said breach, and if Franchisee cures said breach within 30 days, Franchisor's right to terminate this Agreement will cease. If because of the nature of the breach, it would be unreasonable for Franchisee to be able to cure the default within 30 days, Franchisee will be given additional time (up to 30 additional days) as is reasonably necessary in Franchisor's determination to cure said breach, upon condition that Franchisee must, upon receipt of such notice from Franchisor, immediately commence to cure such breach and continue to use Franchisee's best efforts to do so.

(b) If Franchisee's rights under this Agreement are terminated by Franchisor for material breach, Franchisor may, at its option, declare Franchisee in default of all of the other franchise agreements or other agreements Franchisee has with Franchisor, and terminate Franchisee's rights under those other agreements as well.

(c) If Franchisee's rights under this Agreement are terminated by Franchisor for Franchisee's failure to make any payment due under this Agreement, section 14.1 below is not applicable, and Franchisor may immediately commence an action under section 14.2 below to collect damages or otherwise enforce its rights.

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

(e) If Franchisee and Franchisor agree to mutually terminate this Agreement, Franchisee must return a signed counterpart of any document Franchisor prepares to evidence the termination not later than 10 days after Franchisee receives it, or the mutual agreement to terminate will be voidable by Franchisor, and Franchisor may thereafter immediately and unilaterally terminate this Agreement and require payment of all sums due and payable to Franchisor at the date of termination.

13.4 Description of Default.

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

13.5 Statutory Limitations.

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

13.6 Extended Cure Period.

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

13.7 Franchisor's Right to Cure Franchisee's Defaults.

In addition to all other remedies herein granted, if Franchisee defaults in the performance of any of its obligations or breaches any term or condition of this Agreement or any related agreement involving third parties, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to Franchisee, cure the default for Franchisee's account and on Franchisee's behalf, and all costs or expenses including attorney's fees incurred by Franchisor on account thereof will be due and payable by Franchisee to Franchisor on demand.

13.8 Waiver and Delay.

No waiver by Franchisor of any breach or series of breaches or defaults in performance by Franchisee and no failure, refusal or neglect of Franchisor either to exercise any right, power or option given to Franchisor hereunder or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or the Confidential Operations Manual, constitutes a waiver of the provisions of this Agreement or the Confidential Operations Manual with respect to any subsequent breach thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

13.9 Collection Costs.

Franchisor is entitled to reimbursement from Franchisee upon Franchisor's demand of all costs Franchisor has incurred (including reasonable attorneys' fees and investigator's fees) to enforce Franchisor's rights under this Agreement, including actions to collect any amounts due and delinquent hereunder.

13.10 Continuance of Business Relations.

Any continuance of business relations between Franchisee and Franchisor after termination of this Agreement will not be construed as a renewal, extension or continuation of this Agreement.

XIV. DISPUTE RESOLUTION

14.1 Initial Steps to Resolve a Dispute; Mediation.

(a) Franchisor and Franchisee have entered a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, considering the overall best interests of the System, as contemplated by this Agreement. To that end, Franchisee and Franchisor acknowledge that Franchisee and Franchisor need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between Franchisee and Franchisor are important aspects of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof (collectively, "Dispute") by first having Franchisor's executive officers and Franchisee's Principal Equity Owners meet (without their respective legal counsel) in person at Franchisor's principal executive office (or in Franchisor's discretion by videoconference) within five business days after a party notifies the other party that a Dispute has arisen to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement ("Settlement Conference"). Franchisor may proceed to terminate this Agreement in either of the following two situations without a settlement meeting or mediation proceeding: (i) if there is any breach of this Agreement by Franchisee that may result in an immediate termination of this Agreement pursuant to section 13.2 above, or (ii) if Franchisee fails to pay any sums due Franchisor under this Agreement which may result in termination of this Agreement pursuant to section 13.3 above. Also, if a party refuses to participate in the settlement meeting or mediation within the respective time frames set forth in this section 14.1, the other party may immediately commence an arbitration proceeding pursuant to section 14.2 below.

(b) If the parties are unable to settle the Dispute at the Settlement Conference, within 10 business days after the date this conference took place (or should have taken place), Franchisee and Franchisor may submit the Dispute to non-binding mediation in California conducted by a mediator, and at a location, mutually agreeable to both parties; provided however the mediator must be a franchise attorney who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law. If the Dispute is not referred to mediation within 10 business days after the Settlement Conference took place (or should have taken place), the Dispute may be immediately submitted to binding resolution through arbitration proceedings pursuant to section 14.2 below. Any mediation proceedings may take place at any mutually agreed location and should be completed within 60 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter.

(c) Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission because of its use in the mediation.

14.2 Arbitration.

(a) Except as specifically provided in sections 13.2(c) and 13.3(c) above, any Dispute between Franchisor (or its affiliated entities) and Franchisee (or its Principal Equity Owners or affiliated entities) not settled through the procedures described in section 14.1 above, or any determination of the scope or applicability of this agreement to arbitrate, will be resolved through binding arbitration by and before JAMS, Inc. ("JAMS"), in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than \$250,000) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is \$250,000 or more), or if the parties in dispute mutually agree, through binding arbitration by any other mutually agreeable arbitrator. It is explicitly agreed by each of the parties hereto that no arbitration of any Dispute may be commenced except in accordance with this section 14.2.

(b) All hearings and other proceedings will take place at the JAMS Inland Empire business location in Riverside County, California, or if Franchisor so elects, at another JAMS business location nearest where Franchisee's (or an applicable Principal Equity Owner's) principal place of business is then located.

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

(d) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS

OR CONTROVERSIES INVOLVING ANY OTHER FRANCHISEES OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION.

(e) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY.

(f) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement.

(g) The provisions of this section 14.2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after (and notwithstanding) the expiration or termination of this Agreement. Furthermore, this section 14.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.

[Franchisor's Initials: _____ Franchisee's Initials: _____]

14.3 Injunctive Relief.

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

14.4 Legal Fees and Expenses.

The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other "Expenses" (as defined in section 16.2(e) below) incurred by the prevailing party in bringing or defending such arbitration, action or proceeding or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 14.4 is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

14.5 Survival.

The terms of this Article XIV survive termination, expiration or cancellation of this Agreement.

XV. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

15.1 Franchisee's Obligations.

(a) In the event of termination, cancellation or expiration of this Agreement whether by reason of Franchisee's breach, default, non-renewal, lapse of time or other cause, in addition to any other obligations provided for in this Agreement, Franchisee must forthwith discontinue the use or display of the Marks in any manner whatsoever, and Franchisee may not thereafter operate or do business under the Marks or any other Yi Fang brand or any other name or in any manner that might tend to give the general public the impression that Franchisee is in any way associated or affiliated with Franchisor, or any of the businesses conducted by Franchisor or the Owner of the Marks, including without limitation repainting the business premises in a distinctively different color and removing or rearranging distinctive elements of the Trade Dress. Franchisee must contact online review sites and other online directories and websites which has mentioned Franchisee's Restaurant during the 18 months prior to the date this Agreement terminates, is cancelled or expires, and request the removal of all use of the trademarks in connection with the former franchised Restaurant (and the physical address of the former Restaurant) and all use of former reviews from the period Franchisee was a Roll Em Up Taquitos franchisee. And, Franchisee also must comply with section 15.2 respecting the return to Franchisor of certain materials and must not thereafter use, in any manner, or for any purpose, directly or indirectly, any of Franchisor's trade secrets, procedures, techniques, or materials acquired by Franchisee by virtue of the relationship established by this Agreement, including, without limitation, (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements thereto, or (ii) any equipment, videotapes, videodiscs, forms, advertising matter, devices, insignias, slogans or designs used from time to time in connection with the Franchised Business.

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

(i) Remove at Franchisee's expense all signs erected or used by Franchisee and bearing the Marks, or any word or mark indicating that Franchisee is associated or affiliated with Franchisor;

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

(iii) Permanently discontinue all advertising of Franchisee that states or implies Franchisee is associated or affiliated with Franchisor or the System (if Franchisee engages in any business thereafter, Franchisee must use trade names, service marks or trademarks that are significantly different from those under which Franchisee had done business and must use sign formats that are significantly different in color and type face; and take all necessary steps to ensure that Franchisee's present and former employees, agents, officers, shareholders and partners observe the foregoing obligations); and

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

(c) If Franchisee fails or omits to make or cause to be made any removal or change described in section 15.1(b)(i) through 15.1(b)(iv) above, then Franchisor will have the right within 15 days after written notice to enter Franchisee's Restaurant or other premises from which the Franchised Business is being conducted without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at Franchisee's expense, which expenses Franchisee agrees to pay to Franchisor promptly upon demand; and Franchisee hereby irrevocably appoints Franchisor as Franchisee's lawful attorney upon termination of this Agreement with authority to file any document in the name of and on Franchisor's behalf for the purpose of terminating all of Franchisee's rights in any trade name Franchisee has used that contains any of the Marks.

15.2 Franchisor's Rights.

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

(b) Franchisor may direct that all applicable suppliers immediately cease providing Franchisee with equipment, Smallware, inventory, marketing materials, email access, website access, accessories and other items comprising or to be used to provide Roll Em Up Taquitos Products.

(c) Franchisee is obligated to return, at no expense to Franchisor, all copies of the Confidential Operations Manual and all other Roll Em Up Taquitos proprietary materials and any other items that were supplied by Franchisor for Franchisee's use without additional charge in connection with the operation of the Franchised Business. Franchisee must also permanently erase anything relating to Franchisor or the Franchised Business from any computers and other media storage devices Franchisee retains after expiration, cancellation or termination of this Agreement.

(d) Within 30 days after the termination, expiration or non-renewal of this Agreement, Franchisor has the option, but not the obligation, to purchase all or any portion of Franchisee's reusable inventory, apparel containing the Marks, proprietary equipment, parts, fixtures and furnishings owned and used by Franchisee in Franchisee's franchised operation. Franchisor will be permitted to deduct and withdraw from the purchase price to be paid to Franchisee all sums then due and owing to Franchisor. The purchase price for Franchisee's inventory of apparel containing the Marks will be at Franchisee's cost for said items. The purchase price for the proprietary equipment, parts, fixtures and furnishings will be the fair market value thereof as Franchisee and Franchisor mutually determine. In determining the fair market value of such items, Franchisee and Franchisor agree to exclude any factor or increment for goodwill or going concern value. The purchase price to be paid to Franchisee will be paid in cash at the closing of any purchase. The closing will occur no less than 30 days from the date Franchisor exercises its option to purchase unless Franchisee and Franchisor are unable to agree on the fair market value of the assets to be purchased. If Franchisee and Franchisor are unable to reach agreement within a reasonable time as to the fair market value of the items Franchisor has agreed to purchase, Franchisor will designate an independent appraiser, and the appraiser's determination will be binding. Franchisee and Franchisor must each pay 50% of the fee charged by the independent appraiser.

XVI. GENERAL TERMS AND PROVISIONS

16.1 Notices.

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

(i) If to Franchisor:

ROLL EM UP FRANCHISE GROUP, LLC
5634 LISBOA ST
CHINO HILLS CA 91709-4118
Phone: 1-951-751-6100

(ii) If to Franchisee:

Phone:

(b) Notices between Franchisee and Franchisor will be deemed given the earlier of (i) the next business day after deposit with a reliable overnight courier, properly addressed and marked for delivery on the next business day or (ii) when delivered in person by an agent of the sending party.

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

(d) Any notices sent to Franchisee which include a statement of intent to terminate or not renew the Franchise must provide (i) the reasons why and (ii) the effective date of such termination or nonrenewal or expiration.

16.2 Indemnity.

(a) Franchisee hereby agrees to protect, defend and indemnify Franchisor, and all of Franchisor's past, present and future owners, affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against all Losses arising out of or in connection with any "Proceeding" (as defined in section 16.2(f) below) concerning Franchisee's intentional tort or negligence, or the intentional tort or negligence of Franchisee's agents, servants or representatives, relating to Franchisee's development, maintenance or operation of the Restaurant and the Franchised Business, except if caused by Franchisor's intentional misfeasance, gross negligence or material default of any terms of, or Franchisor's obligations arising under, this Agreement.

(b) Franchisor hereby agrees to protect, defend and indemnify Franchisee, its Principal Equity Owners, other owners, affiliates, officers, directors, employees and attorneys and each of them, from any Losses any of them may incur as a result of any third party Proceeding arising out of Franchisor's intentional misfeasance, gross negligence or material breach of Franchisor's obligations under this Agreement, except if caused by the intentional misfeasance of, gross negligence of, or material breach by, Franchisee (or any of its Principal Equity Owners, or other owners, affiliates, officers, directors, employees or attorneys of Franchisee) of any terms of, or Franchisee's obligations arising under, this Agreement.

(c) For the indemnification to be effective, each indemnified party ("Indemnified Party") will give the indemnifying party ("Indemnifying Party") reasonable notice of each claim or loss for which the Indemnified Party demands indemnity and defense, except that failure to provide such notice will not release the Indemnifying Party from any obligations hereunder except to the extent that the Indemnifying Party is materially prejudiced by such failure. The Indemnifying Party will assume, at its sole cost and expense, the defense of such Proceeding through legal counsel reasonably acceptable to the Indemnified Party, except that the Indemnified Party may at its option and expense select and be

represented by separate counsel. The Indemnifying Party will have control over the Proceeding, including the right to settle in its reasonable discretion (but only if the settlement includes a full release of all claims against the Indemnified Party), and provided further, the Indemnifying Party will not, absent the written consent of the Indemnified Party, consent to the entry of any judgment or enter into any settlement that: (i) provides for any admission of liability on the part of the Indemnified Party or relief other than the payment of monetary damages for which the Indemnifying Party will be solely liable; or (ii) adversely affects the rights of the Indemnified Party under this Agreement, or (iii) does not release the Indemnified Party from all Proceedings and "Losses" (as defined in section 16.2(d) below) in respect thereof. In no event will the Indemnified Party be liable for any Losses that are compromised or settled in violation of this section 16.2. The Indemnifying Party's duty to defend is independent of its duty to indemnify. Each indemnified party must submit all its claims to its insurers in a timely manner. Any payments made by an indemnified party will be net of benefits received by any indemnified party from insurance coverage in respect of such claims.

(d) The term "Losses" means, refers to, and includes all "Expenses" (as defined in section 16.2(e) below), liabilities, obligations, losses, fines, penalties, costs, or damages including all reasonable out of pocket fees and disbursements of legal counsel in the investigation or defense of any of the same or in asserting any party's respective rights hereunder but excluding punitive damages (unless resulting from third party claims).

(e) The term "Expenses" means, refers to, and includes, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding casts, telephone charges, postage, delivery Royalty and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses will also include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreements, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent.

(f) The term "Proceeding" means, refers to, and includes any threatened pending or completed suit, claim, demand, action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative.

(g) The indemnification provided in this section 16.2 is a continuing right and will survive the expiration or termination of this Agreement. The parties hereto further acknowledge and agree that they intend the indemnification provided in this section 16.2 to be interpreted and enforced in a manner providing the fullest extent of indemnification to the Indemnified Party now or hereafter permitted by law.

16.3 Franchisee's Relationship to Franchisor as Franchisee.

(a) It is expressly agreed by the parties they intend by this Agreement to establish between themselves the relationship of franchisee and franchisor. It is further agreed neither Franchisee nor any Principal Equity Owner has the authority to create or assume in Franchisor's name or on Franchisor's behalf, any obligation, express or implied, or to act or purport to act as agent or representative on Franchisor's behalf for any purpose whatsoever. Neither Franchisee (nor any Principal Equity Owner) nor Franchisor is the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent. Franchisee agrees that neither it nor any Principal Equity Owner will hold itself out as Franchisor's agent, employee, partner or co-venturer, or as the Owner of the Marks.

(b) All employees or agents hired or engaged by or working for Franchisee will be only the employees or agents of Franchisee and will not for any purpose be deemed employees or agents of Franchisor or the Owner of the Marks, nor subject to Franchisor's control; and in particular, Franchisor will have no authority to exercise control over the hiring or termination of these employees, independent contractors, or others who work for Franchisee, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the Marks. Franchisee and Franchisor agree to file their own tax, regulatory and payroll reports with respect to their respective employees or agents and operations.

16.4 Customer Reviews.

Franchisee agrees to diligently consider customer reviews and respond to customer indications of dissatisfaction with services rendered by Franchisee, its employees and agents, in a diligent and professional manner and Franchisee agrees to cooperate with representatives of Franchisor or the Owner of the Marks in any investigation undertaken by Franchisor of complaints respecting Franchisee's activities.

16.5 No Third-Party Beneficiaries.

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

16.6 Survival of Covenants.

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

16.7 Successors and Assigns.

Subject to restrictions on Assignment by Franchisee contained herein, this Agreement is binding upon Franchisor and Franchisee and inures to the benefit of their respective successors and assigns.

16.8 Joint and Several Liabilities.

If Franchisee consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to Franchisor are joint and several.

16.9 Titles for Convenience Only.

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

16.10 Gender.

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

16.11 Severability; Partial Invalidity.

Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between (i) any provisions of this Agreement or the Confidential Operations Manual and (ii) any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement or the Confidential Operations Manual thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement or the Confidential Operations Manual is

held to be indefinite, invalid or otherwise unenforceable, that specific language will be deemed deleted but the remaining parts thereof will continue in full force and effect.

16.12 Counterparts.

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

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

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

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

(c) Neither Franchisee nor any Principal Equity Owner nor any employee of either is named as a "Specially Designated National" or "Blocked Person" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control and published at www.treas.gov/offices/enforcement/ofac/sdn/. Franchisee acknowledges that Franchisee is not directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States of America, nor does Franchisee or any Principal Equity Owner act directly or indirectly on behalf of the government of any country that is subject to an embargo imposed by the United States of America. Franchisee agrees that Franchisee will notify Franchisor in writing immediately of the occurrence of any event that renders the foregoing representations and warranties of this section 16.13 incorrect.

[Franchisee's Initials: _____]

16.14 Governing Law.

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

16.15 Entire Agreement.

(a) The parties to this Agreement each acknowledge and warrant to each other that they wish to have all of the terms of this business relationship defined solely in and by this written Agreement and the Confidential Operations Manual. Recognizing the costs on all parties which attend uncertainty, the signatories to this Agreement each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings (which have been or may in the future be exchanged between them) serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, the signatories each agree and promise each other that this Agreement, the Confidential Operations Manual, and the representations made by Franchisor in the Roll Em Up Taquitos franchise disclosure document ("FDD") that was provided to Franchisee, supersede and cancel any prior or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements, understandings or any other term), by any of the parties or by anyone acting on their behalf, with respect to the rights and obligations of the parties to this Agreement or the relationship between them. Each signatory to this Agreement agrees and promises the other that they have placed, and will place, no reliance on any such discussions or writings.

(b) In accordance with the foregoing section 16.15(a), the parties to this Agreement agree that this Agreement, and the Confidential Operations Manual, constitutes the entire agreement between the parties and contain all of the terms, conditions, rights and obligations of the parties with respect to the Franchised Business contemplated by this Agreement and any other aspect of the relationship between the parties; provided however, that nothing in this Agreement or in any related agreement or writing is intended to disclaim the representations made in the FDD that was provided to Franchisee.

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

XVII. EFFECTIVENESS OF AGREEMENT

This Agreement will become effective only upon the execution thereof by Franchisee and by Franchisor. HOWEVER, THIS AGREEMENT IS NOT BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY FRANCHISOR.

XVIII. ACKNOWLEDGMENTS AND REPRESENTATIONS

18.1 Acknowledgments and Representations.

(a) Franchisee hereby represents and warrants that the following statements in this section 18.1 are true and accurate.

(b) Franchisee does not seek to obtain the Franchise for purely speculative purposes and has no present intention to sell or transfer or attempt to sell or transfer the Franchised Business or the Franchise within 12 months after the Opening Date.

(c) Franchisee understands and acknowledges the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Confidential Operations Manual and the necessity of operating the Franchised Business under the standards set forth in the Confidential Operations Manual. Franchisee represents that it has the capabilities, professionally, financially and otherwise, to comply with Franchisor's standards.

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

(e) Franchisee's execution of this Agreement will not constitute or violate any other agreement or commitment to which Franchisee is a party.

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

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

(h) Franchisee agrees that complete and detailed uniformity among Franchisor's franchisees under varying conditions may be inadvisable, impractical or impossible, and accordingly agree that Franchisor, in its sole discretion, may modify or vary aspects of the System as to any franchisee or group of franchisees based on, for example, local sales potential, demographics, competition, business practices or other conditions. Franchisee further agrees that Franchisor has no obligation to disclose or offer the same or similar variances to Franchisee. Franchisee is aware that other Roll Em Up Taquitos franchisees may operate under different agreements and, consequently, that Franchisor's obligations and rights as to those franchisees may differ materially in certain circumstances.

(i) Franchisee received an FDD and a copy of this Agreement at least 15 calendar days before it signed this Agreement.

(j) Franchisee made no payment to Franchisor before Franchisee signed this Agreement.

(k) Franchisee acknowledges that in operating the System, Franchisor must take consider the needs of the entire System and the need to protect the Marks, even if Franchisor's actions are contrary to Franchisee's individual interests as a franchisee.

18.2 Additional Information Respecting Franchisee and Franchisee's Principal Equity Owners.

(a) Franchisee must fully complete the schedule attached as Exhibit 2 with required information about Franchisee's Principal Equity Owners.

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

_____.

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

FRANCHISEE:

By: _____

[PRINTED NAME AND TITLE]

FRANCHISOR:

ROLL EM UP FRANCHISE GROUP, LLC

By: _____
Ryan Usrey, CEO

List of Exhibits to Franchise Agreement:

Exhibit 1 – Territory, Location of Restaurant and Delivery Area

Exhibit 2 – Names and Addresses of Principal Equity Owners

Exhibit 3 - Guarantee of Franchise Agreement

EXHIBIT 1 – TERRITORY, LOCATION OF RESTAURANT AND DELIVERY AREA

The Territory is either ☐ a radius of ____ miles around the Restaurant or ☐ the geographical area surrounding the Restaurant as depicted in a map attached to this Exhibit 1.

The Restaurant is located at:

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

The Delivery Area is the geographical area surrounding the Restaurant as depicted in a map attached to this Exhibit 1.

EXHIBIT 2 - NAMES AND ADDRESSES OF PRINCIPAL EQUITY OWNERS

If Franchisee is an entity, list below the names, residential addresses and respective percentage equity ownership interests of each Principal Equity Owner:

1. _____

_____ %

2. _____

_____ %

3. _____

_____ %

4. _____

_____ %

5. _____

_____ %

6. _____

_____ %

EXHIBIT 3 - GUARANTEE OF FRANCHISE AGREEMENT

In consideration of the execution by Franchisor of the Franchise Agreement (the "Franchise Agreement") dated _____, 20 ____ between Roll Em Up Franchise Group LLC ("Franchisor") and _____ ("Franchisee") and for other good and valuable consideration, each of the undersigned "Principal Equity Owners" (as defined in the Franchise Agreement), and their spouses (if applicable), for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

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

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

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

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

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

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

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

The Lanham Act (15 U.S.C. §1051 et seq.) governs any issue involving Franchisor's proprietary trademarks. To the extent applicable, the laws of the state where the Restaurant is located govern all issues involving modification of this Guarantee while it is in effect. Otherwise, this Guarantee and the

legal relations among the parties hereto will be governed by and construed in accordance with the laws of the State of California. Nothing in this Guarantee is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of California or any other state, which would not otherwise apply.

Any litigation arising out of or related to this Guarantee will be instituted exclusively in the Superior Court of the State of California, County of Riverside or the United States District Court for the Central District of California, Riverside, California. Guarantors hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of *forum non conveniens*). Guarantors further hereby waive and covenant never to assert or claim that such courts lack personal jurisdiction over Guarantors. In the event both such courts lack jurisdiction to enter any requested injunctive relief, an action or proceeding requesting such relief may be brought before any court having jurisdiction to grant such relief.

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

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

PRINCIPAL EQUITY OWNERS

SPOUSES OF PRINCIPAL EQUITY OWNERS
(if applicable)

x _____

x _____

Printed Name of Principal Equity Owner

Printed Name of Spouse

x _____

x _____

Printed Name of Principal Equity Owner

Printed Name of Spouse

x _____

x _____

Printed Name of Principal Equity Owner

Printed Name of Spouse

x _____

x _____

Printed Name of Principal Equity Owner

Printed Name of Spouse

x _____

x _____

Printed Name of Principal Equity Owner

Printed Name of Spouse

ROLL EM UP TAQUITOS

AREA DEVELOPMENT AGREEMENT

EXHIBIT A-2

ROLL EM UP TAQUITOS

AREA DEVELOPMENT AGREEMENT

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AREA DEVELOPMENT AGREEMENT

This Area Development Agreement ("Agreement") is made on _____, 20____ (the "Effective Date") by and between Roll Em Up Franchise Group, LLC, a California limited liability company doing business as "Roll Em Up Taquitos" ("Franchisor") and _____ ("Franchisee").

Franchisor is the franchisor of the Roll Em Up Taquitos franchise system. Franchisee (or its affiliated entity) is concurrently executing a Franchise Agreement with Franchisor, under the terms of which Franchisee is being granted a right to open and operate a Roll Em Up Taquitos franchised business at a retail outlet location that Franchisor has consented to ("Restaurant"), providing "Roll Em Up Taquitos Products" (as defined in the Franchise Agreement) to retail customers under the Roll Em Up Taquitos trademarks and in accordance with Franchisor's business format.

In consideration of the mutual promises, covenants, agreements and conditions contained in this Agreement, and other good and valuable consideration, Franchisee and Franchisor hereby agree as follows.

I. GRANT OF RIGHTS TO OPEN ADDITIONAL RESTAURANTS

1.1 Additional Restaurants.

(a) Subject to the terms and conditions contained herein, Franchisor hereby grants to Franchisee the right to, and Franchisee hereby agrees to, establish and operate itself or through affiliated entities additional Restaurants (a minimum of two) in accordance with the schedule of openings attached hereto as Exhibit 1 (the "Development Schedule").

(b) So long as Franchisee's obligations under the Development Schedule are being met on a timely basis and until this Agreement terminates, Franchisor will not itself operate a Restaurant within the geographical area (the "Development Area") indicated in the Development Schedule, nor allow any of its affiliates, or other Roll Em Up Taquitos franchisees, to do so.

(c) Franchisee's rights to open and operate Restaurants under this Agreement do not extend to a "Non-Traditional Venue" (defined as a business operated under the "Roll Em Up Taquitos" marks that is located within another primary business or in conjunction with other businesses or at institutional settings, including toll roads, stadiums, airports, colleges and universities, schools, hospitals, military and other governmental facilities, office facilities, and any site for which the lessor, owner or operator thereof has indicated its intent to prefer or limit the operation of its facilities to a master concessionaire or contract service provider).

(d) If Franchisor becomes insolvent or declares bankruptcy or is no longer authorized to offer and sell franchises in Franchisee's state because of a lapse of applicable franchise registration or other reason, Franchisee will continue to have the right to operate under this Agreement unless a state or federal court issues an order otherwise.

1.2 Franchise Agreements.

(a) When Franchisee (or its affiliated entity) opens an additional Restaurant under the Development Schedule, Franchisee (or its affiliated entity) must execute Franchisor's then current form of Franchise Agreement for that additional Restaurant, which may contain different terms than the first Franchise Agreement that Franchisee executed with Franchisor, including, without limitation, different royalty and advertising fees. So long as Franchisee is in good standing under this Agreement, Franchisee (or its affiliated entities) will continue to have the right to open and operate Restaurants in the Development Area in accordance with the Development Schedule.

(b) Each Franchise Agreement executed pursuant hereto will provide that Franchisor and its affiliates may not open or operate, or franchise or license the operation of, any other Restaurant within the protected "Territory" of the Restaurant (a defined area surrounding the Restaurant) opened by Franchisee (or its affiliated entity) pursuant to such Franchise Agreement.

1.3 Term.

The term of this Agreement commences on the Effective Date and, unless sooner terminated by Franchisee's material breach hereof, will continue until termination as provided in section 2.4 hereof. There will be no extensions or renewal periods relating to the Development Schedule unless done so in writing. Upon termination of this Agreement, Franchisee (and its affiliated entities) will no longer have the right to open future Restaurants under the Development Schedule.

1.4 No Subfranchising Rights.

Neither Franchisee nor any of its affiliated entities has the right under this Agreement to execute subfranchised Roll Em Up Taquitos franchise agreements with anyone.

II. DEVELOPMENT OBLIGATIONS

2.1 Development Obligations.

(a) Franchisee (or its affiliated entity) must construct, equip and open each additional Restaurant not later than the date specified in Exhibit 1 applicable to the Restaurant, and thereafter continue to operate the Restaurant or assign it with Franchisor's consent to another Roll Em Up Taquitos Franchisee.

(b) Any Restaurant developed hereunder that is open and operating and which has been assigned to an affiliate of Franchisee, or to another Roll Em Up Taquitos Franchisee, or to a third party with Franchisor's consent will continue to be considered as partial satisfaction of Franchisee's obligations under the Development Schedule for so long as the assignee remains in good standing under the Franchise Agreement relating to that Restaurant.

2.2 Timing of Execution of Leases and Franchise Agreements.

(a) Notwithstanding anything to the contrary contained herein, on or before the date that is 90 days before the date a Restaurant is required to be opened, Franchisee (or its affiliated entity) must execute a lease and Franchise Agreement for the Restaurant and pay the balance of the Initial Franchise Fee under the Franchise Agreement for that Restaurant.

(b) Regarding the location, equipping, opening and operation of an additional Restaurant that Franchisee (or its affiliated entity) is opening under the Development Schedule, Franchisee (or its affiliated entity) must comply with the Franchise Agreement that is applicable to that Restaurant.

2.3 Force Majeure.

(a) The term "*Force Majeure*" means natural disasters (such as tornadoes, earthquakes, hurricanes, floods, fires or other natural catastrophes); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, or other person will be a *Force Majeure*, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act that is otherwise a *Force Majeure*. For the avoidance of doubt, Franchisee's financial inability to perform or Franchisee's insolvency will not be a *Force Majeure* hereunder.

(b) Subject to Franchisee's continuing compliance with section 2.3(c) below, should Franchisee be unable to meet Franchisee's development obligation for a scheduled additional Restaurant solely as the result of a *Force Majeure* which results in Franchisee's inability to construct or operate the Restaurants pursuant to the terms of this Agreement, the date on which the scheduled additional Restaurant is to be opened will be extended by an amount of time equal to the time period during which the *Force Majeure* exists.

(c) In the event of the occurrence of a *Force Majeure*, Franchisee must notify Franchisor in writing within 10 business days following commencement of the alleged *Force Majeure* of the specific nature and extent of the *Force Majeure*, and how it has impacted Franchisee's performance hereunder. Franchisee must continue to provide us with updates and all information as may be requested by Franchisor, including Franchisee's progress and diligence in responding to and overcoming the *Force Majeure*.

(d) Franchisor will not be liable to Franchisee for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Franchisee due to any conduct not due to Franchisor's gross negligence or intentional misfeasance.

2.4 Termination of Agreement and Limited Additional Development Rights.

(a) Once Franchisee opens all additional Restaurants specified in the Development Schedule, this Agreement becomes moot and unless a new Development Schedule is agreed to by the parties, this Agreement will automatically terminate. However, all rights under each Franchise Agreement that Franchisee (or its affiliated entity) executed for the additional Restaurants remain in full force and effect. If Franchisee desires to engage in further development in excess of the obligations committed to under the Development Schedule, Franchisee must at the earlier of (i) 180 days prior to the scheduled expiration of the term hereof or (ii) the date on which acceptance of the proposed site for the last Restaurant required to meet the Development Schedule is issued, notify Franchisor in writing of Franchisee's desire to develop additional Restaurants and present its plan for such development over a new term, setting forth the number of proposed Restaurants and the deadlines for the development of each of them within such proposed term. Franchisor has the sole discretion to determine whether such additional development is desirable, and if Franchisor agrees to allow Franchisee to develop additional Restaurants, it will be subject to the conditions set forth in section 2.4(b) below. Otherwise, the development rights granted under this Agreement may not be extended.

(b) Franchisee's rights to additional development described in this section 2.4 are subject to Franchisee's fulfillment of the following conditions:

(i) Franchisee (and each of Franchisee's affiliates that have developed or operate Restaurants) must have fully performed all of Franchisee's obligations under this Agreement and all other agreements between Franchisee (or the applicable affiliate) and Franchisor.

(ii) Franchisee must have demonstrated to Franchisor Franchisee's financial capacity to perform the additional development obligations set forth in any restated or revised Development Schedule. In determining if Franchisee is financially capable, Franchisor will apply the same criteria to Franchisee as Franchisor apply to prospective Roll Em Up Taquitos Area Development developers at that time.

(iii) Franchisee and Franchisor must agree to, and initial, a restated or revised Development Schedule.

III. TERRITORY FEE

3.1 Territory Fee.

In consideration of the exclusive development rights granted to Franchisee herein, Franchisee will pay to Franchisor upon execution of this Agreement a non-refundable "Territory Fee" of \$_____ (calculated by multiplying (i) the total number of additional Restaurants to be developed under the Development Schedule of this Agreement by (ii) \$40,000). The Territory Fee will be fully earned by Franchisor for administrative and other expenses incurred by Franchisor and for development opportunities lost or referred because of the rights granted to Franchisee by this Agreement. The Territory Fee is not refundable.

3.2 Franchise Agreements for Additional Restaurants.

Each additional Restaurant to be opened pursuant hereto will require execution by Franchisee (or its affiliated entity) and Franchisor of a separate Franchise Agreement (using Franchisor's then current form thereof) granting Franchisee (or its affiliated entity) the right to operate that additional Restaurant, and payment of \$40,000 (the Initial Franchise Fee due under the Franchise Agreement) for each additional Restaurant opened under the Development Schedule. For each additional Restaurant opened by Franchisee in the Development Area after the Development Schedule has been satisfied, Franchisee will pay the full Initial Franchise Fee due under the Franchise Agreement for that additional Restaurant.

IV. TRANSFER OR ASSIGNMENT

4.1 Assignment by Franchisor.

Franchisor has the right to Transfer this Agreement, and all of Franchisor's rights and privileges hereunder to any other person, firm or corporation ("Franchisor's Assignee"); provided that, in respect to any Transfer ("Assignment by Franchisor") resulting in the subsequent performance by Franchisor's Assignee of the functions of franchisor hereunder (i) at the time of Assignment by Franchisor, Franchisor's Assignee will be financially responsible and economically capable of performing the obligations of franchisor hereunder; and (ii) Franchisor's Assignee must expressly assume and agree to perform such obligations. If there is an Assignment by Franchisor in compliance with the terms set forth in the preceding sentence, Franchisor will be relieved of all obligations or liabilities after the effective date of the assignment.

4.2 Assignment by Franchisee.

(a) This Agreement is being executed in reliance upon and in consideration of the singular personal skills and qualifications of Franchisee and its Principal Equity Owners and the trust and confidence Franchisor reposes in Franchisee and in them. Therefore, neither Franchisee's interest in this Agreement and the area development rights granted hereunder, nor more than 50% of the equity interest in Franchisee (if Franchisee is an entity), nor all or substantially all of the assets of the Franchised Business, nor any controlling interest or non-controlling interest in the Franchised Business may be assigned, transferred, shared or divided, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner (collectively, "Assignment by Franchisee"), without Franchisor's prior written consent. Franchisor's consent to a specific Assignment by Franchisee is not cumulative and will not apply to any subsequent assignments, in respect of each of which Franchisee must comply with this section 4.2.

(b) Prior to any Assignment by Franchisee, Franchisee must notify Franchisor of Franchisee's intent to sell, transfer or assign the Franchise, the Restaurant, all or substantially all the assets of the Franchised Business, or a controlling or non-controlling interest in the Franchised Business. The notice must be in writing, delivered to Franchisor in accordance with section 8.1 hereof and include the following:

- (i) The name and address of the proposed assignee ("Franchisee's Assignee");

(ii) If requested by franchisor, a copy of all agreements related to the sale, assignment, or transfer of the Franchise, the assets of the Franchised Business, or the interest in the Franchised Business; and

(iii) Franchisee's Assignee's application for approval to become the successor area developer. The application must include all forms, financial disclosures and related information generally used by Franchisor when interviewing prospective new franchisees if those forms are readily made available to Franchisee. If the forms are not readily available, Franchisee must request that Franchisor deliver the forms to Franchisee by business courier in accordance with section 8.1 hereof within 15 calendar days. As soon as practicable after the receipt of Franchisee's Assignee's application, Franchisor will notify Franchisee and Franchisee's Assignee, in writing, of any additional information or documentation necessary to complete the transfer application. If Franchisor's then-existing standards for the approval of new or renewing area developers are not readily available to Franchisee when Franchisee notifies Franchisor of Franchisee's intent to sell, transfer, or assign the Franchise, all or substantially all of the assets of the Franchised Business, or the controlling interest in the Franchised Business, Franchisor will communicate the standards to Franchisee within 15 calendar days.

(c) Within 30 days after the receipt of all necessary information and documentation required pursuant to section 4.2(b) above, or as specified by written agreement between Franchisor and Franchisee, Franchisor will notify Franchisee of the approval or disapproval of the proposed Assignment by Franchisee. The notice will be in writing and delivered to Franchisee by business courier in accordance with section 8.1 hereof. Should Franchisor elect not to exercise its right of first refusal, or should such right of first refusal be inapplicable, as herein provided, the proposed Assignment by Franchisee will be deemed approved, unless disapproved by Franchisor in writing and for reasons permitted by the law governing this Agreement. If the proposed sale, assignment or transfer is disapproved, Franchisor will include in the notice of disapproval a statement setting forth the reasons for the disapproval. Franchisor may impose, among other things, the following conditions precedent to Franchisor's consent to any such Assignment by Franchisee (these conditions are consistently applied to similarly situated franchisees operating under the Franchise brand):

(i) Franchisee's Assignee must complete Franchisor's application for a Franchise, and in connection therewith, Franchisee and Franchisee's Assignee must fully disclose in writing all terms and conditions of the Assignment by Franchisee;

(ii) Franchisee's Assignee and the principal equity owners of Franchisee's Assignee demonstrate they have the skills, qualifications, moral and ethical reputation, and economic resources necessary, in Franchisor's sole judgment, to conduct the business contemplated by this Agreement;

(iii) Franchisee's Assignee and each principal equity owner of Franchisee's Assignee expressly assume in writing for Franchisor's benefit all of Franchisee's obligations under this Agreement;

(iv) Franchisee's Assignee executes the then current form of Area Development Agreement being used by Franchisor for the remainder of the term of this Agreement or, in Franchisor's sole discretion, for the initial term of the then current form of Area Development Agreement (unless Franchisor has a reasonable basis not to allow this, Franchisee may elect to have Franchisee's Assignee assume this Agreement for the remainder of its term);

(v) Franchisee must have complied fully as of the date of any such Assignment by Franchisee with all of Franchisee's material obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor; and

(vii) Not later than 10 days before the transfer, Franchisee must pay Franchisor a non-refundable "Transfer Fee" of \$10,000 (the Transfer Fee is not payable if Franchisor exercises its right of first refusal pursuant to section 12.3 of this Agreement). The Transfer Fee is subject to adjustment in Franchisor's discretion based on corresponding changes in the CPI since the Effective Date.

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

(e) Any attempt by Franchisee to assign or any purported Assignment by Franchisee in violation of this section 4.2 is void and will (i) constitute a material breach of this Agreement, (ii) cause this Agreement (and in Franchisor's sole discretion any or all other agreements between Franchisee and Franchisor, or between Franchisee and Franchisor's affiliates) to be subject to immediate termination without further notice, and (iii) confer no rights or interest whatsoever under this Agreement upon any other party.

4.3 Transfers from Franchisee to an Affiliated Entity.

Upon not less than 30 days' prior written notice to Franchisor, Franchisee may without Franchisor's consent assign and transfer this Agreement to an entity that is (i) organized to operate as a developer of Restaurants and (ii) entirely owned by Franchisee. Any assignment and transfer to an affiliated entity must be evidenced by a written instrument, in form reasonably satisfactory to Franchisor, under the terms of which said business entity expressly assumes all of Franchisee's obligations hereunder, whether accrued at the time of such assignment or arising thereafter, and the assignee agrees to be bound by all the terms and provisions of this Agreement to the same extent and in the same manner as Franchisee is. No transfer under this section 4.3 will be subject to the Transfer Fee set forth in section 4.2(c)(vii). A copy of said instrument, executed by both Franchisee and said business entity must be delivered to Franchisor before the effective date of the transfer.

V. NON-COMPETITION

5.1 Restriction on Competitive Activities.

During the term of this Agreement and for one year after it is terminated or expires, Franchisee and each of its "Principal Equity Owners" (persons owning more than 20% of Franchisee) must comply with the non-competition covenants contained in the last effective Franchise Agreement executed by Franchisee (or its affiliated entity) and Franchisor.

5.2 Website and Unauthorized Advertising.

During the term of this Agreement, neither Franchisee nor any of its Principal Equity Owners may establish a website or register an Internet domain name using, or otherwise advertise on the Internet or anywhere else, the trademark "Roll Em Up Taquitos", or any combination or derivations thereof, or similar marks, or any other trademarks of ours, except as Franchisor specifically authorizes in writing.

VI. DEFAULT AND TERMINATION

6.1 General.

In addition to a termination pursuant to section 2.4 above, this Agreement may be terminated by Franchisor if Franchisee (i) fails to substantially comply with any obligation, duty or promise under this Agreement, including failure to open a Restaurant within the time specified in the Development Schedule, after being given a notice of default and reasonable opportunity to cure the default (no more than 30 days), or (ii) is in material breach of any Franchise Agreement that Franchisee (or its affiliated entity) entered into with Franchisor.

6.2 Operation of Opened Restaurants after Termination or Expiration.

If Franchisor terminates this Agreement for the reasons described in section 6.1 above, Franchisee (or its affiliated entities) will be able to maintain ownership and operation of the Restaurants which Franchisee has developed so long as Franchisee is not in material breach of the applicable Franchise Agreements; however, Franchisee will forfeit (i) any further exclusive rights under the Development Schedule and this Agreement, and (ii) any rights to have a credit applied against the Initial Franchise Fee for Restaurants that were not developed.

VII. DISPUTE RESOLUTION

7.1 Initial Steps to Resolve a Dispute; Mediation.

(a) Franchisor and Franchisee have entered a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, considering the overall best interests of the entire System, as contemplated by this Agreement. To that end, Franchisee and Franchisor acknowledge that Franchisee and Franchisor need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between Franchisor and Franchisee are important aspects of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having Franchisor's executive officers and Franchisee's Principal Equity Owners meet in person within five business days after a party notifies the other party that a Dispute has arisen at Franchisor's principal executive office (without their respective legal counsel) to conduct a good faith discussion and negotiation of the issues with a view to arriving at settlement ("Settlement Conference"). If a party refuses to participate in the Settlement Conference or mediation within the respective time frames set forth in this section 7.1, the other party may immediately commence an arbitration proceeding pursuant to section 7.2 below.

(b) If the parties are unable to settle the Dispute at the Settlement Conference within 10 business days after the date this conference took place (or should have taken place), Franchisee and Franchisor may submit the Dispute to non-binding mediation in California conducted by a mediator, and at a location, mutually agreeable to both parties; provided however the mediator must be a franchise attorney who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law. If the Dispute is not referred to mediation within 10 business days after the Settlement Conference took place (or should have taken place), the Dispute may be immediately submitted to binding resolution through arbitration proceedings pursuant to section 7.2 below. Any mediation proceedings should be completed within 60 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter.

(c) Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the

conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission because of its use in the mediation. The fees charged by a mediator and any other related fees and costs will be divided equally between the parties.

7.2 Arbitration.

(a) Any Dispute between Franchisor (or its affiliated entities) and Franchisee (or its Principal Equity Owners or affiliated entities) not settled through the procedures described in section 7.1 above, or any determination of the scope or applicability of this agreement to arbitrate, will be resolved through binding arbitration by and before JAMS, Inc. ("JAMS"), in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than \$250,000) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is \$250,000 or more), or if the parties in dispute mutually agree, through binding arbitration by any other mutually agreeable arbitrator. It is explicitly agreed by each of the parties hereto that no arbitration of any Dispute may be commenced except in accordance with this section 7.2.

(b) All hearings and other proceedings will take place at the JAMS Inland Empire business location in Riverside County, California, or if Franchisor so elects, at another JAMS business location nearest where Franchisee's (or an applicable Principal Equity Owner's) principal place of business is then located.

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

(d) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER FRANCHISEES OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, FRANCHISEE EXPRESSLY AGREES TO WAIVE ANY SUBSTANTIVE OR PROCEDURAL RIGHTS IT MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.

(e) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY.

(f) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement.

(g) The provisions of this section 7.2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after (and notwithstanding) the expiration or termination of this Agreement. Furthermore, this section 7.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.

[Franchisor's Initials: _____ Franchisee's Initials: _____]

7.3 Injunctive Relief.

Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in California, without the necessity of first complying with sections 7.1 and 7.2 above or posting any bond, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of \$1,000 will be a sufficient bond (this amount may be adjusted by changes in the Consumer Price Index since the Effective Date). If an arbitration proceeding has already commenced pursuant to section 7.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 7.1 or 7.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief under this section 7.3. Franchisee acknowledges that its failure to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to Franchisor or other affiliated persons or entities, and Franchisor or Franchisor's affiliates are empowered to seek injunctive relief to protect the Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

7.4 Legal Fees and Expenses.

The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other reasonable expenses incurred by the prevailing party in bringing or defending such arbitration, action or proceeding or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 7.4 is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

7.5 Survival.

The terms of this Article VII survive termination, expiration or cancellation of this Agreement.

VIII. NOTICES

8.1 Notices.

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

(i) If to Franchisor:

ROLL EM UP FRANCHISE GROUP, LLC
5634 LISBOA ST
CHINO HILLS CA 91709-4118
Phone: 1-951-751-6100

(ii) If to Franchisee:

Phone:

(b) Unless previously delivered in person by an agent of the sending party, notices between Franchisee and Franchisor will be deemed given the next business day after deposit with a reliable overnight courier, properly addressed and marked for delivery on the next business day.

(c) Any change in the addresses listed in section 8.1(a) above must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier or in person by an agent of the sending party.

IX. GENERAL TERMS AND PROVISIONS

9.1 Governing Law.

The laws of the state where the Development Area is located govern this Agreement, without regard to conflicts of laws. If any provision of this Agreement is impermissible under the governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision.

9.2 Modification.

This Agreement cannot be modified or changed except by a written instrument signed by all parties hereto.

9.3 Waiver and Delay.

No waiver by Franchisor of any breach or series of breaches or defaults in performance by Franchisee and no failure, refusal or neglect by Franchisor either to exercise any of its rights hereunder or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement, will constitute a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

9.4 Severability; Partial Invalidity.

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

9.5 Titles for Convenience Only.

Section titles used in this Agreement are for convenience only and will not be deemed to affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

9.6 No Third-Party Beneficiaries.

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

9.7 Survival of Covenants.

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

9.8 Successors and Assigns.

Subject to the restrictions on any assignment by Franchisee contained herein, this Agreement is binding upon (i) Franchisor and inures to the benefit of its successors and assigns and (ii) Franchisee and inures to the benefit of its successors and assigns.

9.9 Counterparts.

This Agreement may be executed in any number of copies, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument.

9.10 Entire Agreement.

This Agreement contains all the terms and conditions agreed upon by Franchisee and Franchisor regarding the subject matter hereof, provided however, that nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Roll Em Up Taquitos franchise disclosure document that was provided to Franchisee. No other agreements oral or otherwise will be deemed to exist or to bind any of the parties hereto and all prior agreements and understandings are superseded hereby. Franchisee acknowledges that it executed this Agreement without reliance upon any unauthorized representation or promise.

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

FRANCHISEE:

By: _____

[PRINTED NAME AND TITLE]

FRANCHISOR:

ROLL EM UP FRANCHISE GROUP, LLC

By: _____
Ryan Usrey, CEO and Manager

EXHIBIT 1 - DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE

The initial Restaurant (or Restaurant 1) is to be opened and operated under the concurrently signed Franchise Agreement. A second and third additional Restaurant (and any other additional Restaurant committed to be open by Franchisee) must be opened at sites Franchisor reviews and consents to, all of which will be located in the "Development Area" described either [] in the map immediately following this Exhibit 1 or [] as follows:

Franchisee must open (and thereafter maintain) Restaurants in accordance with the following schedule (if more than five Restaurants are committed to be opened, the schedule will be expanded appropriately):

NUMBER OF STORE	DATE BY WHICH STORE MUST BE OPENED
1	
2	
3	
4	
5	

Franchisor may defer a scheduled opening date in the table above if Franchisor determines, in its sole discretion, that Franchisee made a diligent effort to open a Restaurant according to the schedule but was unable to do so for reasons beyond Franchisee's reasonable control.

ROLL EM UP TAQUITOS

FINANCIAL STATEMENTS

EXHIBIT B



**ROLL EM UP FRANCHISE
GROUP, LLC**

CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2023, 2022 AND 2021



ROLL EM UP FRANCHISE GROUP, LLC

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Independent Auditor's Report

To the Members
Roll Em Up Franchise Group, LLC
Irvine, California

Opinion

We have audited the accompanying consolidated financial statements of Roll Em Up Franchise Group, LLC, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, member's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Roll Em Up Franchise Group, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The consolidated financial statements of the Company as of December 31, 2021 were audited by other auditors whose report dated March 21, 2022 expressed an unmodified opinion on those statements.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Keza & Dunlay

St. George, Utah
April 15, 2024

ROLL EM UP FRANCHISE GROUP, LLC
CONSOLIDATED BALANCE SHEETS
As of December 31, 2023, 2022 and 2021

	2023	2022	2021
Assets			
Current assets			
Cash and cash equivalents	\$ 22,789	\$ 145,720	\$ 457,832
Accounts receivable	197,018	134,814	340,000
Due from related parties	131,660	97,816	38,146
Assets held for sale	1,826,671	-	-
Deferred commissions, current	60,000	83,700	114,000
Total current assets	<u>2,238,138</u>	<u>462,050</u>	<u>949,978</u>
Non-current assets			
Right of use assets, net	1,340,109	395,591	498,789
Property and equipment, net	412,443	70,036	81,854
Deferred commissions, non-current	249,100	102,300	32,000
Other assets	30,000	10,000	30,000
Total non-current assets	<u>2,031,652</u>	<u>577,927</u>	<u>642,643</u>
Total assets	<u>\$ 4,269,790</u>	<u>\$ 1,039,977</u>	<u>\$ 1,592,621</u>
Liabilities and Member's Equity			
Current liabilities			
Credit card liability	\$ 11,504	\$ 8,072	\$ -
Accrued liabilities	542,140	31,998	-
Customer deposits	243,233	163,233	-
Liabilities held for sale	1,003,312	-	-
Operating lease liability, current	165,561	-	-
Finance lease liability, current	48,295	75,254	72,109
Notes payable, current	120,023	-	-
Deferred revenue, current	200,000	180,000	200,000
Total current liabilities	<u>2,334,068</u>	<u>458,557</u>	<u>272,109</u>
Non-current liabilities			
Deferred revenue, non-current	2,486,920	2,003,000	1,290,000
Accrued liabilities, non-current	150,000	-	-
Related party notes payable, non-current	60,000	-	-
Notes payable, non-current	983,828	-	-
Operating lease liability, non-current	1,001,302	-	-
Finance lease liability, non-current	94,075	231,525	306,779
Total non-current liabilities	<u>4,776,125</u>	<u>2,234,525</u>	<u>1,596,779</u>
Total liabilities	<u>7,110,193</u>	<u>2,693,082</u>	<u>1,868,888</u>
Member's equity	<u>(2,840,403)</u>	<u>(1,653,105)</u>	<u>(276,267)</u>
Total liabilities and member's equity	<u>\$ 4,269,790</u>	<u>\$ 1,039,977</u>	<u>\$ 1,592,621</u>

The accompanying notes are an integral part of these financial statements

ROLL EM UP FRANCHISE GROUP, LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues			
Initial franchise fees	\$ 341,899	\$ 180,080	\$ -
Royalty fees	490,893	61,531	-
Product sales	168,932	24,085	-
Other revenue	<u>15,062</u>	<u>153,229</u>	<u>-</u>
Total operating revenues	1,016,786	418,925	-
 Cost of revenue	 <u>120,554</u>	 <u>167,401</u>	 <u>-</u>
Gross profit (loss)	<u>896,232</u>	<u>251,524</u>	<u>-</u>
 Operating expenses			
General and administrative	657,515	948,650	250,840
Salaries and wages	758,487	-	-
Advertising and marketing	112,339	109,805	21,240
Professional fees	234,577	170,836	15,587
Rent expense	266,130	-	-
Depreciation	<u>80,953</u>	<u>120,268</u>	<u>8,600</u>
Total operating expenses	<u>2,110,001</u>	<u>1,349,559</u>	<u>296,267</u>
Loss from operations	(1,213,769)	(1,098,035)	(296,267)
 Other expense			
Interest expense	<u>25,599</u>	<u>14,802</u>	<u>-</u>
Total other expense	<u>25,599</u>	<u>14,802</u>	<u>-</u>
Net loss	<u>\$ (1,239,368)</u>	<u>\$ (1,112,837)</u>	<u>\$ (296,267)</u>

The accompanying notes are an integral part of these financial statements

ROLL EM UP FRANCHISE GROUP, LLC
CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY
For the years ended December 31, 2023, 2022 and 2021

Balance as of January 1, 2020	\$ -
Member's contributions	20,000
Net loss	<u>(296,267)</u>
Balance as of December 31, 2021	(276,267)
Member's contributions	(263,998)
Net loss	<u>(1,112,840)</u>
Balance as of December 31, 2022	(1,653,105)
Member's contributions	52,070
Net loss	<u>(1,239,368)</u>
Balance as of December 31, 2023	<u><u>\$ (2,840,403)</u></u>

The accompanying notes are an integral part of these financial statements

ROLL EM UP FRANCHISE GROUP, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash flows used in operating activities:			
Net loss	\$ (1,239,368)	\$ (1,112,840)	\$ (296,267)
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Depreciation	80,953	120,268	8,600
Bad debt	16,641	-	-
Amortization of right of use asset	209,869	-	-
Change in operating assets and liabilities:			
Accounts receivable	(78,845)	205,186	(340,000)
Contract costs	(123,100)	(40,000)	(146,000)
Other assets	(20,000)	20,000	(30,000)
Credit card liability	3,432	8,072	-
Accrued liabilities	40,143	31,998	-
Customer deposits	80,000	163,233	-
Operating lease liability	(123,497)	-	-
Deferred revenue	1,123,919	693,000	1,490,000
Net cash provided by operating activities	<u>(29,853)</u>	<u>88,917</u>	<u>686,333</u>
Cash flows from investing activities:			
Purchases of property and equipment, net	-	(5,252)	(81,854)
Loan to related parties	26,156	(59,670)	(38,146)
Net cash used in investing activities	<u>26,156</u>	<u>(64,922)</u>	<u>(120,000)</u>
Cash flows from financing activities:			
Member distributions	-	(263,998)	20,000
Member contributions	52,070	-	-
Principal payments on notes payable	(142,868)	-	-
Principal payments on financing lease liability	(28,436)	(72,109)	(128,501)
Net cash provided by financing activities	<u>(119,234)</u>	<u>(336,107)</u>	<u>(108,501)</u>
Net change in cash and cash equivalents	<u>(122,931)</u>	<u>(312,112)</u>	<u>457,832</u>
Cash and cash equivalents at beginning of period	145,720	457,832	-
Cash and cash equivalents at end of period	<u>\$ 22,789</u>	<u>\$ 145,720</u>	<u>\$ 457,832</u>
Supplemental disclosures of cash flow			
Cash paid for interest	\$ 28,643	\$ 14,802	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -
Non-cash financing and investing activities:			
Finance lease right-of-use assets acquired	\$ -	\$ -	\$ 507,389
Equipment acquired with issuance notes payable	423,360	-	-
Assets held for sale acquired with issuance notes payable	1,826,671	-	-
Assumed liabilities held for sale	\$ 1,003,312	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

ROLL EM UP FRANCHISE GROUP, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Roll Em Up Franchise Group, LLC (the "Company") was incorporated in California on September 2, 2020 as Roll Em Up Franchise Group, Inc. It was subsequently converted to a limited liability company on April 12, 2021. The Company is engaged in selling and managing franchises for retail restaurant operations under the "Roll-Em-Up Taquitos" name. Roll-Em-Up Taquitos is a fast casual street food restaurant group specializing in hand rolled taquitos, street corn, churro donuts and other consumable food items prepared in accordance with proprietary recipes using proprietary sauces, spices, and preparation techniques.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission ("SEC"), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

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

(d) Reclassification

Certain items in the prior year have been reclassified to conform to the current year's presentation.

(e) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included within cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions. As of December 31, 2023, 2022 and 2021, the Company had cash and cash equivalents of \$22,789, \$145,720 and \$457,832, respectively.

(f) Accounts Receivable

Accounts receivable represents amounts due from franchisees for brand contribution fees. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover losses. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Company on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. For the years ended December 31, 2023, 2022 and 2021, management determined no allowance for doubtful accounts receivable was necessary. As of December 31, 2023, 2022 and 2021, the Company had net accounts receivable of \$197,018, \$134,814 and \$340,000, respectively.

ROLL EM UP FRANCHISE GROUP, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

(g) Revenue Recognition

The Company's primary revenues consist of initial franchise fees, and royalties and market fees that are based on a percentage of gross revenues.

On January 1, 2021, the Company adopted ASC 606, *Revenue from Contracts with Customers* using the modified retrospective method. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial fee and ongoing royalties, marketing fees, and technology fees, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that royalties and marketing fees from locations operated by a franchisee, which are based on a percentage of gross revenue, are to be recognized at the time the underlying sales occur. In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon provision of those respective pre-opening services (generally upon commencement of operations).

(h) Income Taxes

The entity is structured as a limited liability company (LLC) under the laws of the State of California. A limited liability company is classified as a partnership for federal and state income tax purposes and, accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's consolidated financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2023, 2022, the 2021 tax year is subject to examination.

ROLL EM UP FRANCHISE GROUP, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

(i) Leasing

The Company adopted ASC 842, *Leases*, as of January 1, 2022, using the full retrospective method. The Company has finance leases for vehicles and operating leases for office and retail space. The lease liabilities reflect the present value of the Company's estimated future minimum lease payments over the lease term, discounted using a collateralized incremental borrowing rate. The impact of ASC 842 is non-cash in nature and does not affect the Company's cash flows.

The Company has made an accounting policy election not to recognize right-of-use assets and lease liabilities that arise from any of its short-term leases. All leases with a term of 12 months or less at commencement, for which the Company is not reasonably certain to exercise available renewal options that would extend the lease term past 12 months, will be recognized on a straight-line basis over the lease term.

(j) Long Lived Assets

Long lived assets, such as property and equipment, are recorded at cost and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the difference between the carrying amount of the asset and the fair value of the asset. No impairment has been recognized to date.

(k) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, long term notes receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(l) Concentration of Risk

The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Due From Related Parties

During the years ended December 31, 2023, 2022 and 2021, the Company, incurred costs on behalf of entities related to the Company by common ownership. The outstanding balances owed the Company respectively were \$131,660, \$97,816, and \$38,146. All amounts are due upon call and are classified a short term of nature.

(3) Property and Equipment

Property and equipment consisted of the following as of December 31:

	2023	2022	2021
Computer equipment – 5-year useful lives	\$ 13,302	\$ 13,302	\$ 8,051
Furniture and fixtures – 7-year useful lives	61,836	48,437	48,437
Leasehold improvements – 15-year useful lives	38,500	33,000	33,000
Office equipment – 5-year useful lives	1,078	1,078	1,078
Vehicles – 5-year useful lives	401,874	-	-
Accumulated depreciation	(104,147)	(25,781)	(8,711)
	<u>\$ 412,443</u>	<u>\$ 70,036</u>	<u>\$ 81,854</u>

ROLL EM UP FRANCHISE GROUP, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

For the years ended December 31, 2023, 2022 and 2021, depreciation expense totaled \$80,853, \$120,268, and \$8,600, respectively.

(4) Accrued Liabilities

The Company is a party to software development agreement with a specified obligation. As of December 31, 2023, the Company owed \$44,409. The amount recorded in accrued liabilities, is due immediate, and classified as current in nature. Also included in accrued liabilities are \$490,000 of accrued settlement liabilities (see Note 11). Included in the non-current portion of accrued liabilities is an additional \$150,000 of accrued settlement obligations (See note 11).

(5) Customer Deposits

Customer deposits consist of deposits received from prospective franchisors for agreements not yet executed. As of December 31, 2023 and 2022, the Company had customer deposits of \$243,233 and \$163,233, respectively. These deposits are classified as current. As of December 31, 2021, the Company had no deposits from customers.

(6) Finance Leases

During the year ended December 31, 2021, the Company leased two vehicles under finance lease obligations which expire in 2026. In accordance with ASC 842, the Company recorded the appropriate finance lease liability and corresponding right of use assets. The implicit interest rate in the leases is 4.28% per annum. The Company disposed of one of the vehicles under finance lease during 2023. As of December 31, 2023, 2022 and 2021, the Company had finance lease right of use assets of \$191,892, \$395,591, and \$498,789 respectively. As of December 31, 2023, 2022 and 2021, the Company had the following finance lease liabilities:

	2023	2022	2021
Finance lease liabilities, current	\$ 48,294	\$ 75,254	\$ 72,109
Finance lease liabilities, non-current	94,075	231,525	306,779
	<u>\$ 142,370</u>	<u>\$ 306,779</u>	<u>\$ 378,888</u>

As of December 31, 2023, the maturities of the Company's finance lease liabilities were as follows:

For the year ended December 31,	
2024	\$ 48,294
2025	50,401
2026	43,675
2027	-
Thereafter	-
	<u>\$ 142,370</u>

(7) Operating Leases

During the year ended December 31, 2023, pursuant to a settlement agreement (see Note 11) the Company assumed an operating lease for a franchised location in Amarillo, Texas. The lease is a 7-year lease, with average payments due of \$6,853 monthly. The Company recorded an operating lease liability for this lease and the amount of \$439,715 as of December 31, 2023.

In addition, during the year ended December 31, 2023, the Company entered into a real estate lease for commercial office space. The lease is a 5-year lease with average payments of \$16,872 due monthly. As of December 31, 2023, the Company recorded an operating lease for the lease in the amount \$727,148. Accordingly, as of December 31, 2023, 2022 and 2021, the Company had the following operating lease liabilities:

ROLL EM UP FRANCHISE GROUP, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

	2023	2022	2021
Operating lease liabilities, current	\$ 165,561	\$ -	\$ -
Operating lease liabilities, non-current	1,001,302	-	-
	<u>\$ 1,166,863</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2023, the maturities of the Company's operating lease liabilities were as follows:

For the year ended December 31,	
2024	\$ 165,561
2025	221,122
2026	247,014
2027	278,387
2028	108,752
Thereafter	146,027
	<u>\$ 1,166,863</u>

(8) Franchise Agreements

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalties, technology fees, and marketing fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the "Roll-Em-Up" system for a period of ten years. Under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current.

The Company has estimated the following current and non-current portions of deferred contract costs as of December 31, 2023, 2022, and 2021:

	2023	2022	2021
Deferred commissions, current	\$ 60,000	\$ 83,700	\$ 114,000
Deferred commissions, non-current	249,100	102,300	32,000
	<u>\$ 309,100</u>	<u>\$ 186,000</u>	<u>\$ 146,000</u>

The Company has estimated the following current and non-current portions of deferred revenue as of December 31, 2023, 2022, and 2021:

	2023	2022	2021
Deferred revenue, current	\$ 200,000	\$ 180,000	\$ 200,000
Deferred revenue, non-current	2,486,920	2,003,000	1,290,000
	<u>\$ 2,486,920</u>	<u>\$ 2,183,000</u>	<u>\$ 1,490,000</u>

(9) Assets and Liabilities Held for Sale

During the year ended December 31, 2023, The Company purchased back a franchised operating location located in Las Vegas, Nevada. Under the terms of the purchase agreement, the Company acquired leasehold improvements, right of use assets, and goodwill for \$90,000, \$1,003,313, and \$733,359 respectively. As consideration for the assets, the Company assumed notes payable of \$205,000 and \$595,000 (see Note 10) and assumed the location's lease, resulting in an operating lease liability assumed of \$1,003,312. As of December 31, 2023, the Company was actively negotiating for the sale of the location and accordingly has recorded the acquired assets as assets held for sale and has recorded the lease liability and \$595,000 note payable as liabilities held for sale. As of the report date, the Company had entered into negotiations for with a potential buyer for the location.

ROLL EM UP FRANCHISE GROUP, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

(10) Notes Payable

The Company's notes payable consisted of the following as of December 31, 2023, 2022, and 2021:

	2023	2022	2021
Note payable with a bank in relation to the purchase of a food truck. The note accrues interest at an annual rate of 7.99% and requires monthly payments of \$5,873 over a term of four years.	\$ 223,798	\$ -	\$ -
Note payable with a bank in relation to the purchase of a vehicle. The note accrues interest at an annual rate of 5% and requires monthly payments of \$1,058 over a term of five years.	80,053	-	-
Note payable with an individual associated with purchase of franchise location. The note accrues interest at an annual rate of 7% and requires monthly payments of \$2,306 over a term of five years.	595,000	-	-
Note payable with an individual associated with purchase of franchise location. The note accrues interest at an annual rate of 7% and requires monthly payments of \$6,695 over a term of five years.	205,000	-	-
	1,103,851	-	-
	(120,023)	-	-
Less: current maturities	\$ 983,828	\$ -	\$ -

(11) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

(a) *TW Ventures Settlement*

During the year end of December 31, 2023, the Company entered into a settlement agreement with an area developer for the purchase back of all franchise units previously sold to the developer. Pursuant to the terms of the settlement agreement, the Company is required to pay \$650,000 cash over eighteen-month period. In addition, the Company assumed the operations of the area developer's open location and assumed an operating lease liability for that location. The Company made payments of 150,000 cash during 2023, with the remaining settlement balance of \$500,000 being recorded in accrued liabilities. \$350,000 cash is due in 2024, with the remaining balance payable in 2025, accordingly liabilities of \$350,000 and \$150,000 have been classified as current and non-current, respectively.

ROLL EM UP FRANCHISE GROUP, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

(b) PMR Demand Note

During the year ended December 31, 2023, PMR Group, an area developer franchisor, filed a demand notice with the Company, demanding a settlement payment in the amount of \$800,000, release from all obligations and that the Company assumes its location lease. The franchisor had made payments to the Company totaling \$140,000. The Company intends to vigorously defend its position and has filed a notice of breach against the franchisor for abandoning its location and for breach of terms of the underlying franchise agreements. The Company believes it will prevail. The Company has recorded a liability of \$140,000, an amount equal to the amount previously received from PMR Group but has not determined additional accrual of legal expense to be necessary at this time.

(12) Future Operations

The Company's financial statements are prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of obligations in the normal course of business. The Company has accumulated significant losses to date and experience negative cash flow operations in 2023. As of the balance sheet date, the Company's short-term cash obligations exceed their cash and accounts receivable. In addition, the liquidation value of fixed assets is not estimated to provide material relief.

Management has evaluated these conditions and believes it's future plans for cost containment, royalty growth, and additional franchise sales will provide necessary relief for the difference between short term obligations and assets.

(13) Subsequent Events

Management has reviewed and evaluated subsequent events through April 15, 2024, which is the date the consolidated financial statements were issued.

ROLL EM UP TAQUITOS

LIST OF FRANCHISE OUTLETS

LIST OF FRANCHISE OUTLETS

As of December 31, 2023, the following franchised outlets were open and operating.

Franchisee	Address	Phone Number
GES Group	1550 W Valley, Ste. 131 Colton, CA 92324	909-233-2580
The Aurora Group	870 N Main St. Corona, CA 92878	626-945-2952

On December 31, 2023, the following franchisees had signed franchise agreements, but had not yet opened their outlets:

Franchisee	City & State	Phone Number
GES Group	Palm Desert, CA	909-549-4277
5 Squared LLC	Roseville, CA	626-945-2952
HenderTaqui LLC	Henderson, NV	702-533-9375
Mad Skillz LLC	Las Vegas, NV	702-826-3022

ROLL EM UP TAQUITOS

LIST OF TERMINATED FRANCHISES

LIST OF TERMINATED FRANCHISES

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

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

ROLL EM UP TAQUITOS

STATEMENT OF FRANCHISEE

EXHIBIT E

STATEMENT OF FRANCHISEE

Roll Em Up Franchise Group, LLC and you are executing a Franchise Agreement, under the terms of which you will operate a Roll Em Up Taquitos franchised outlet. *This Statement of Franchisee must be completed, signed and dated on the same day you sign your initial Roll Em Up Taquitos Franchise Agreement.* However, this Statement of Franchisee does not need to be completed if this Franchise Agreement is for an additional outlet being opened under an Area Development Agreement.

The following dates are true and correct:

1. _____, 20____ The date that I received a Franchise
(Date) (Initials) Disclosure Document ("FDD") about the Roll Em Up Taquitos franchise.

2. _____, 20____ The date that I signed the Roll Em Up
Taquitos (Date) (Initials) Franchise Agreement
(must be at least 15 days after the date in A.1).

3. _____, 20____ The earliest date that I delivered
cash, check or other (Date) (Initials) consideration to a Roll Em Up Taquitos franchise sales representative (must be at least 15 days after the date in A.1).

I/we certify the above is true and correct to the best of my/our knowledge.

Franchisee

By: _____ Date: _____

By: _____ Date: _____

ROLL EM UP TAQUITOS

**STATE FRANCHISE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

EXHIBIT F

STATE FRANCHISE ADMINISTRATORS

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

California:

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

Hawaii:

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

Illinois:

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

Indiana:

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

Maryland:

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

Michigan:

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Bldg., 1st Flr.
525 W. Ottawa St.
Lansing, MI 48933
(517) 373-7117

Minnesota:

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

New York:

NYS Department of Law
Investor Protection Bureau
28 Liberty St., 21st Flr.
New York, NY 10005
(212) 416-8222

North Dakota:

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

Rhode Island:

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

South Dakota:

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

Virginia:

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

Washington:

Dept. of Financial Institutions
Securities Division
P.O. Box 41200
Olympia, WA 98504-1200
(360) 902-8760

Wisconsin:

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

AGENTS FOR SERVICE OF PROCESS

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

California:

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

Hawaii:

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

Illinois:

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

Indiana:

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

Maryland:

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

Michigan:

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

Minnesota:

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

New York:

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

North Dakota:

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

Rhode Island:

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

South Dakota:

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

Virginia:

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

Washington:

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

Wisconsin:

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

ROLL EM UP TAQUITOS

STATE SPECIFIC ADDENDA

EXHIBIT G

CALIFORNIA

APPENDIX FOR CALIFORNIA FRANCHISEES

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

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

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

4. The franchise agreement contains a liquidated damage clause. Under California Civil Code Section 1671, certain liquidated damage clauses are enforceable.

5. The franchise agreement requires binding arbitration. The arbitration will occur at Orange County, California with the costs being borne equally by both parties but reimbursable to the prevailing party. 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 provision of a franchise agreement that restricts venue to a forum outside the State of California.

6. 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.

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

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

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

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

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

12. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive

specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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

14. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT FOR CALIFORNIA FRANCHISEES

The Franchise Agreement is amended as follows:

1. In sections 4.6(b), "18%" is amended to "10%".
2. In sections 13.1 and 13.3, "30 days" is amended to "60 days".
3. Section 15.2(d) is restated to read in full as follows:

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

"(i) if Franchisee declines a *bona fide* offer of renewal from Franchisor;

"(ii) if Franchisor does not prevent Franchisee from retaining control of the Outlet or other principal place of the Franchised Business;

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

"(iv) if Franchisor and Franchisee mutually agree in writing to terminate and not renew the Franchise; or

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

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

5. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of

all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

Date: _____

Date: _____

FRANCHISEE:

FRANCHISOR:

ROLL EM UP FRANCHISE GROUP, LLC

BY: _____

BY: _____

Ryan Usrey, Chief Executive Officer

ITS: _____

ROLL EM UP TAQUITOS

STATE EFFECTIVE DATES

EXHIBIT H

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

ROLL EM UP TAQUITOS

RECEIPTS

EXHIBIT I

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Roll Em Up Franchise Group, 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.

If Roll Em Up Franchise Group, 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, D.C. 20580 and the appropriate state agency listed in Exhibit F.

We have no franchise brokers. The name, address and telephone number of the franchise seller for this offering is: Ryan Usrey, 25843 Jefferson Ave., Murrieta, CA 92562; telephone number: 1-951-751-6100.

Issuance Date: June 5, 2024

Roll Em Up Franchise Group, LLC authorizes the person identified in Item 1 to receive service of process for it in your state. I received a disclosure document issued June 5, 2024 that included the following Exhibits:

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

DATED: _____
(Do not leave blank)

If a business entity:

If an individual:

(Name of Business Entity)

(Signature of Prospective Franchisee)

(Signature of Primary Contact Owner)

(Print Name)

(Print Name and Title)

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

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Roll Em Up Franchise Group, 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.

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- "F" State Franchise Administrators and Agents for Service of Process
- "G" State Specific Addenda
- "H" State Effective Dates
- "I" Receipts

DATED: _____
(Do not leave blank)

If a business entity:

If an individual:

(Name of Business Entity)

(Signature of Prospective Franchisee)

(Signature of Primary Contact Owner)

(Print Name)

(Print Name and Title)

Please date and sign this page, and then return it by e-mail to ryan@rollemup.com or by first class mail to Roll Em Up Franchise Group, LLC, Attn: Ryan Usrey, 25843 Jefferson Ave., Murrieta, CA 92562.