FRANCHISE DISCLOSURE DOCUMENT

ROLY POLY
Purveyor of Fine Sandwiches
Soups & Salads

ROLY POLY FRANCHISE SYSTEMS, LLC
(a Georgia limited liability company)
13 Emerald Drive
Key West, Florida 33040
(305) 296-7631
www.rolypoly.com
rolypolyhq@aol.com

You will operate a Unit offering rolled sandwiches and other food and beverage products on an eat-in, take-out and delivery basis.

The total investment necessary to begin operation of a franchised unit ranges from $106,550 to $226,700. This includes $25,000 that must be paid to us or an affiliate.

The total investment for a developer who signs an Area Development Agreement will be higher, depending on the number of units included in the Area Development Agreement (minimum of 2 to sign an Area Development Agreement). The development fee is equal to $7,500 times the number of Units a developer will develop under the Area Development Agreement.

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

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 Julie Reid in our franchise administration department at (305) 296-7631.

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

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

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

Date of Issuance: ~~February 22, 2019~~March 13, 2020

How to Use This Franchise Disclosure Document

~~STATE COVER PAGE~~

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

~~Call~~Registration does not mean that the state recommends the franchise ~~administrator listed in Exhibit I for~~or has verified the information ~~about the franchisor, or about franchising~~ in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit I.

~~MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR~~

~~BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.~~

~~Please consider the following RISK FACTORS before you buy this franchise:~~

~~1. THE AREA DEVELOPMENT AGREEMENT AND FRANCHISE AGREEMENT REQUIRE THAT ALL DISAGREEMENTS BE SETTLED BY ARBITRATION IN FLORIDA. OUT OF STATE ARBITRATION OR LITIGATION MAY COST YOU MORE THAN ARBITRATING OR LITIGATING IN YOUR HOME STATE AND MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT.~~

~~2. THE AREA DEVELOPMENT AGREEMENT AND FRANCHISE AGREEMENT STATE THAT FLORIDA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.~~

~~3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.~~

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

~~State registration effective dates are listed on the following State Registrations Page.~~

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.

~~ROLY POLY FRANCHISE SYSTEMS, INC.~~**Special Risks to Consider About *This* Franchise**

~~**STATE REGISTRATIONS PAGE**~~

~~This Disclosure Document is registered, on file, exempt from registration, or otherwise effective in the following states with franchise registration and disclosure laws:~~

~~**STATE**~~	~~**EFFECTIVE DATE**~~
~~California~~	~~March 1, 2019~~
~~Illinois~~	~~February 28, 2019~~
~~Indiana~~	~~February 28, 2019~~
~~Maryland~~	~~March 8, 2019~~
~~Michigan~~	~~February 27, 2019~~
~~New York~~	~~March 11, 2019~~
~~Rhode Island~~	~~March 10, 2019~~
~~Utah~~	~~February 27, 2019~~
~~Virginia~~	~~March 5, 2019~~
~~Washington~~	~~March 7, 2019~~
~~Wisconsin~~	~~February 26, 2019~~

~~This Disclosure Document is also for use only in the following states without franchise registration laws:~~

~~Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Iowa, Kansas, Kentucky, Maine, Massachusetts, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Vermont, Washington, D.C., West Virginia and Wyoming~~

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

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

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

TABLE OF CONTENTS

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "**Roly Poly**" or "**we**" or "**us**" means Roly Poly Franchise Systems, LLC, the franchisor. "**You**" means the person, partnership, corporation or other entity who buys the franchise. If we require a guarantor or guarantors to guarantee your performance, "you" includes each such guarantor.

Roly Poly is a Georgia limited liability company that was formed on December 3, 1996. Our principal business address is 13 Emerald Drive, Key West, Florida 33040. We acquired most of our initial assets from Roly Poly Rolled Sandwiches, L.L.C., formerly a Georgia limited liability company (the "**Predecessor**"), which has since been liquidated. The Predecessor operated a unit, of the type you will operate, in Atlanta, Georgia from October 1996 until mid-1998, when it sold that unit to a franchisee. The Predecessor had the same business address as we did.

We do not have any affiliates that offer franchises or provide you goods or services.

We do not have any parent companies.

We do business as "**Roly Poly Rolled Sandwiches**."

Our agent for service of process is disclosed in Exhibit J.

We grant the right to use our trademarks and trade names and our system (the "**Roly Poly System**") for you to open a Unit that offers "**Roly Poly Rolled Sandwiches**" and related food, beverage and non-food products and services on an eat-in, take-out or delivery basis (a "**Unit**"). We call the total of food, beverage and non-food products and services we permit you to offer from your Unit the "**Roly Poly Menu**" and we call each item on it a "**Menu Item**." The general market for Units is among people who desire high-quality, reasonably-priced fast-food sandwiches in areas such as retail, restaurant or entertainment districts or near relatively densely populated work or residential areas such as close to office buildings, apartment complexes or colleges or universities. Your competitors include other fast-food restaurants and places that offer delivery or take-out foods, such as some fast food restaurants and some supermarkets. Your ability to compete with these competitors will depend on various factors, including the geographical area and site of your Unit, general economic conditions, and your particular capabilities.

We target our franchise marketing efforts to owner-operators with prior experience in the fast food or restaurant fields, which experience may be beneficial to you in the operation of a Roly Poly franchise. However, you are not required to have prior experience in these areas.

Our Franchise Agreement is Exhibit A to this Disclosure Document. Our Franchise Agreement has a main body, a part called "**Additional Terms and Conditions**" and schedules, and each of these components is an integral part of the Franchise Agreement.

We may offer you the opportunity to develop more than one Unit. To develop more than one Unit, you must enter into an Area Development Agreement with us, and you must also enter into a separate Franchise Agreement for each Unit you open, which Franchise Agreement will be our then-current form of Franchise Agreement in use at the time you are ready to sign. Our Area Development Agreement is Exhibit B to this Disclosure Document.

We do not operate Units, although the Predecessor previously did. The Predecessor did not conduct business in any other line of business or offer franchises in any other line of business. We have not conducted business in any other line of business and have not offered franchises in any other line of business, and we do not engage in any business other than offering licenses to operate Units. We have offered franchises to operate Units since January 1997.

The restaurant industry is heavily regulated in the United States. Many of the laws that apply to business generally, like the Americans with Disabilities Act, federal wage and hour laws, and the Occupation, Health and Safety Act, also apply to restaurants. In addition, the Affordable Care Act of 2010 and regulations subsequently issued by the U.S. Food and Drug Administration require certain restaurants and other retail establishments to disclose to consumers, on the menu, certain nutritional information regarding menu items. Other laws have particular applicability to restaurants, including food safety, health and sanitation laws, liquor license laws, and liquor liability and dram shop laws. In California, local and county health departments inspect restaurants and other retail food facilities to ensure compliance with safe food handling practices and adequacy of kitchen facilities.

Your development and operation of Units will also be subject to compliance with applicable zoning, land use and environmental regulations as well as federal and state minimum wage laws governing such matters as working conditions, overtime and tip credits and other employee matters. It is likely that a significant number of your Unit's food service and preparation personnel will be paid at rates related to the federal minimum wage and, accordingly, further increases in the federal, state or local minimum wage will affect your labor costs.

Some states and municipalities also might require specific licensure or training in sanitation and safety laws before permitting a restaurant to serve the public. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards that limit emissions of ozone, carbon monoxide and particulate matters, including emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

We highly recommend that you check with your state and local agencies to determine which laws apply to the operation of a Unit in your area. You should consider these laws and regulations when evaluating your purchase of a franchise.

ITEM 2

BUSINESS EXPERIENCE

President: Linda L. Wolf

Roly Poly, Alpharetta, Georgia and Key West, Florida, Owner/President, October 1996 to Present.

Vice-President: Julie A. Reid

Roly Poly, Alpharetta, Georgia and Key West, Florida, Owner/Vice President, October 1996 to Present.

Director of Purchasing: Jane Ferguson

Roly Poly, Alpharetta, Georgia, Director of Purchasing, October 2015 to present. Director of Operations, May 2003 to October 2015.

ITEM 3

LITIGATION

~~Summers-Wood, L.P. d/b/a Roly Poly Texas, et al., v. Roly Poly Franchise Systems, L.L.C., et al. v. Wood Holdings, L.L.C. and Wanda Wood (401st Judicial District Court of Collin County, Texas, Cause No. 401-02200-05) (the "Texas Action"). On July 11, 2005, our former master developer for the state of Texas, Summers-Wood, L.P., along with its owners (collectively, "Plaintiffs"), asserted claims for, among other things, breach of contract, fraud, interference with business or contract relationships, breach of fiduciary duty, trade practices violations, negligent misrepresentation, unfair competition, and conversion/money had and received, against us, Matthew S. Blodgett, Tamatha J. Blodgett and Blodgett Management, Inc. (collectively, the "Blodgetts"). The Blodgetts, along with one of Summers-Wood, L.P.'s owners, were the master developer for the state of Texas following Summers-Wood, L.P. The claims in the Texas Action arose out of our termination for insolvency, among other things, of the Master Development Agreement between us and Summers-Wood, L.P. Plaintiffs sought damages in an amount not to exceed $5 million, as well as an award of costs, interest and attorneys' fees. On March 27, 2007, we filed our amended counterclaim against Plaintiffs, asserting claims for indemnification, breach of contract, tortious interference, negligent misrepresentation and unjust enrichment based on Plaintiffs' misrepresentations made to Texas franchisees and prospective franchisees. On May 15, 2007, we also asserted third party claims against Wood Holdings, L.L.C. and Wanda Wood ("Third Party Defendants"), based on Third Party Defendants' Franchise Agreement and Guaranty. On January 31, 2007, the Court of Appeals for the Fifth District of Texas at Dallas rendered a judgment of dismissal as to Defendants Linda Wolf and Julie Reid individually, based on lack of personal jurisdiction. Based on the Blodgetts' bankruptcy, the Court administratively closed the case from November 2007 through February 2009. The case is now reopened (following Plaintiffs' dismissal of the Blodgetts). With no admission of liability by any party, the parties entered into a settlement agreement on November 3, 2009. In order to avoid the distraction and expense of litigation, we consented to pay Plaintiffs and Third-Party Defendants a total sum of $330,000. On November 13, 2009, the Court signed an Order of Dismissal with Prejudice.~~

~~Other than this one action, no~~No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

The initial franchise fee is $22,500. You pay this on the same day you sign the Franchise Agreement. We do not refund your payment of the initial franchisee fee, except that if you or your designated manager does not complete our initial training program (either pre-training or grand opening training) to our reasonable satisfaction and we terminate the Franchise Agreement for this reason, we will refund your initial fee, after deducting our expenses in providing training and any other products or services to you before the date of termination. The estimated amount of expenses that we may incur ranges from $0 to $11,000.

You must also pay a $2,500 pre-training tuition fee to us on the same day you sign the Franchise Agreement. We remit the pre-training tuition fee to our Affiliate. This fee covers the cost for you and your designated manager to attend pre-training at a designated Roly Poly location. Neither we nor our Affiliate refund your payment of this tuition fee, except that if we do not provide any pre-training to you or your designated manager, then we will refund the tuition fee after deducting our expenses in any training products or services to you before the date of termination. You and your designated manager must attend and successfully complete pre-training at the same time; if you hire a designated manager after you have begun pre-training, or your designated manager does not attend the full pre-training program with you for any reason, you will owe additional training fees.

If we agree with you to enter into an Area Development Agreement, on signing the Area Development Agreement, you must pay a development fee equal to $7,500 times the number of Units you will develop under the Area Development Agreement. We will credit each $7,500 of your initial development fee against the $22,500 initial franchise fee due under each Franchise Agreement for each Unit you open (you sign a new Franchise Agreement each time we approve your proposed site for a new Unit). The development fee you pay under the Area Development Agreement is non-refundable even if you do not open any or all of the Units scheduled to be opened under your Area Development Agreement.

ITEM 6

OTHER FEES

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Continuing or Minimum Fee[1/]	4% of your Gross Volume of Business[2/] but not less than $500[3/] each month.	Payable monthly on the 10th day of each month[4/]	See Item 11
Advertising[1/]	The greater of $75[3/] per month or 1% of your Gross Volume of Business[2/]. No fee during first year of your Franchise Agreement term.	Payable monthly on the 10th day of each month[4/]	See Item 11
Audit	Cost of audit plus late fee on any deficiency[5/]	After audit	The charge applies only if an audit reveals a deficiency of 2% or more of the fees due to Roly Poly.
Renewal[1/]	50% of then current franchise fee	Before renewing your franchise for a subsequent term	See Item 17
Transfer	$2,500[3/]	Payable by new franchisee before consummation of transfer[7/]	Fee is to reimburse Roly Poly for related expenses and may be less than maximum amount
Transfer Training Fee	$5,000	Payable by new franchisee before consummation of transfer	Payable to Roly Poly instead of fee for pre-training (see Item 5)
Pre-training for new or replacement designated manager	$1,500 for 5 days of training each new or replacement designated manager	Payable by you on selection and approval of new designated manager	Payable to Roly Poly if you hire your designated manager after you have begun pre-training or if you hire a replacement designated manager (see Item 11)
Additional Training[6/]	Our then current daily fee (currently $215 per instructor-day)[6/]	Invoiced on training	For voluntary additional training you request or training we consider necessary due to problems with your Unit[6/]
Meetings	Travel, room and board costs (payable to third parties)[6/]	Per service providers' payment terms	We may require you or your designated manager to attend at least one meeting per year (for up to two business days) at which Roly Poly franchisees discuss operating methods.
Good Repair and Remodeling	Half the amount of then-current initial franchise fee (currently $11,250, which is half of the current initial franchise fee of $22,500) (payable to third parties)	Per goods or service providers' payment terms; we may require this remodeling only once, and only after the fifth anniversary of the effective date of the Franchise Agreement	To refurbish your Unit to meet our then-current requirements for Units.
Late Fee Payments[1/]	$100 plus interest.	If monthly payment is overdue, on demand	The flat fee, plus damages may be assessed each month your payment

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
			is late. The interest rate cannot exceed the maximum allowed by state law.
Legal Fees and Expenses	Actual costs and expenses	On demand	The prevailing party in an arbitration between you and ROLY POLY is entitled to recover from the non-prevailing party its actual costs and expenses.

Note 1: We impose these fees and you must pay them to us unless we direct you to pay another person. These fees are non-refundable. All fees are uniformly imposed on all franchisees acquiring franchises through this Disclosure Document. However, the Continuing or Minimum Fee varies from that described above for franchisees acquiring franchises in states other than those described in the cover pages of this Disclosure Document. We have no advertising cooperative.

Note 2: "**Gross Volume of Business**" means the aggregate gross amount of all revenues from whatever source derived (in whatever form and including agreements to pay that prove to be uncollectible) which arise from or are derived by franchisee or by any other person from business conducted from the Unit, or from the sale of any products associated with the use of the Licensed Marks, whether such business is conducted in compliance with or in violation of the terms of the Franchise Agreement, excluding only sales or other tax receipts (the collection of which is required by law). Revenues you earn from delivery services and any off-premises sales of Menu Items, such as by means of pushcarts or other forms of mobile sales, are included in your Gross Volume of Business.

Note 3: We may adjust for inflation at least annually all amounts we may require you to pay or spend under the Franchise Agreement.

Note 4: Interest begins to accrue as of the due date at a rate of the daily equivalent of 18% of the overdue amount per year or, if less, the highest rate permitted by law.

Note 5: The cost of an audit includes the cost of an independent accountant and the travel expenses of the accountant and any of our other agents involved in conducting the audit. Depending on the particular auditing services performed, the cost of an audit may range from $500 to $10,000.

Note 6: If you request training in addition to our pre-training and grand opening training or if we think additional training is necessary due to problems in the operation of your Unit, you must pay us our then-current per instructor-day fee (currently $215 per instructor-day) for additional training, plus our reasonable travel and hotel costs to visit your Unit. Note that you are not required to pay any additional fee or charge to us for the assistance and/or materials described in Item 11 in (4) and (5) under the first paragraph or (2), (3), (4) and (5) under the second paragraph. For any *mandatory* ongoing training or meetings, except as described in the first sentence of this Note 6, we will pay for the costs of materials and instruction, although you must pay the travel and salary costs for you and your designated manager and any employees who attend. These costs are not payable to us, but to the provider of the particular services. Depending on your location, travel and room and board costs may range from $0 to $1,500.

ITEM 7

ESTIMATED INITIAL INVESTMENT

Your Estimated Initial Investment to Open One Unit (Note 1)

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	$22,500 (Note 1)	Lump Sum	On Signing Franchise Agreement (Note 1)	Roly Poly
Initial Tuition Fee	$2,500 (Note 1)	Lump Sum	On Signing Franchise Agreement (Note 1)	Roly Poly
Travel and Living Expenses for Pre-training and grand opening training	$500 to $1,000 (Note 2)	As Incurred	During Pre-training	Airlines, Hotel and Restaurants
Initial Rent and Security Deposit (Note 3)	$4,500 to $11,000	Determined by Lessor	On Lease Signing	Lessor or Leasing Agent
Construction and Leasehold Improvements	$25,000 to $90,000 (Note 4)	Determined by Vendors	Before Opening	Vendors and Contractors
Signage, Menu Boards (Note 5)	$5,000 to $10,000	Determined by Vendor	Before Opening	Vendors
Equipment (Note 6)	$32,500 to $47,500	Lump Sum or Lease from Vendor	Before Opening	Vendors
Initial Inventory of Products (Note 7)	$4,000 to $8,000	Lump Sum	Before Opening	Vendors
Cash Register/POS Equipment	$2,000 to $5,000	As Incurred	As Incurred	Vendors
Utility Deposits	$1,000 to $3,000 (Note 8)	As Incurred	Before Opening (On Application)	Utilities companies
Business Licenses	$50 to $200 (Note 9)	As Incurred	Before Opening	Local governmental authority
Architect	$500 to $3,000	As Incurred	As Incurred	Vendors
Insurance	$1,500 to $3,000	As Incurred	As Incurred	Vendors
Additional Funds (6 months)	$5,000 to $20,000 (Note 10)	As Incurred	As Incurred	Employees, Suppliers, Utilities
TOTAL	**$106,550 to $226,700 (Note 11)**	**(Does not include real estate costs)**		

Note 1: The chart assumes you open one Unit. However, if you enter into an Area Development Agreement for the right to develop several Units, on signing the Area Development Agreement, you must pay a development fee equal to $7,500 times the number of Units you will develop under the Area Development Agreement. We will credit each $7,500 of your initial development fee against the $22,500 initial franchise fee due under each Franchise Agreement for each Unit you open. Also, if you enter into an Area Development Agreement, your initial investment will be higher and depend on the number of Units scheduled to be opened under your Area Development Agreement. None of the amounts disclosed above is refundable, except part of the initial franchise fee, and rent and utility deposits.

Note 2: The estimate for travel, food and lodging assumes one to two people attending pre-training at a designated Roly Poly franchised Unit. It includes $50 for gas and incidental expenses for a person living near the Unit and, for a person living outside driving distance of the Unit, $300 for round trip airfare, $400 total for 6 nights in a budget hotel and $300 remaining for 6 days of incidental expenses (we will provide you lunch daily). Note that Roly Poly will provide grand opening training at your Unit for 2 days before opening and for the following 10 days including grand opening day, for a total of 12 days. Therefore, you will not incur any travel or living expenses for grand opening training.

Note 3: If you do not own adequate space, you must lease or sub-lease the retail space for your Unit. We expect most Units to occupy between 800 and 1,400 square feet of space. The location should be in an area easily accessible to people by foot, car or public transportation. It is also helpful for Units to be located at a place from which it is convenient to make deliveries to such places as office buildings, apartment complexes, dormitories or other places people are concentrated. The rent of your location will vary, depending on its size and the local market.

Note 4: Depending on the condition of the site of your Unit, it may be necessary for you to do a build-out of sufficient electrical and plumbing facilities and of the walls, ceiling and floor and to add basic fixtures such as for lighting. We also require you to have a paint scheme and tile-flooring pattern that meets our specifications. The cost for the build-out of your Unit will vary according to the size and condition of your site, prices you are able to obtain for goods and services and other factors. You may hire the contractors of your choice for the build-out of your Unit.

Note 5: We require your Unit to include signs, menu boards and, subject to local zoning or similar restrictions, an awning. Each of these items must bear the "**Roly Poly Rolled Sandwiches**" name. See Item 8 of this Disclosure Document concerning menu boards.

Note 6: Your Unit must include certain refrigeration and food preparation equipment, adequate storage racks and shelving, a large table or counter at which customers can place orders and seating for customers. Subject to following our standards, you may be able to lease some or all of this equipment from suppliers. Your Unit must also include a television and music system. We expect that the driver(s) will provide their own vehicles and hence, you will not incur the cost to purchase or lease any delivery vehicles.

Note 7: This estimate is for your costs of acquiring an initial stock of food and beverage supplies. Your costs will be higher or lower based on the supply sources you use and your sales volume.

Note 8: Utility deposits may or may not be required, depending on your locality.

Note 9: The cost of business licenses will vary from state to state and locality to locality.

Note 10: The "Additional Funds" estimates your further initial start-up expenses for the first six months of business. It generally takes no more than six months to learn to operate the business and to attract a customer base. Your experience may be different, and we cannot guarantee that the initial investment period for your Unit will not be longer. The Additional Funds estimate includes required yellow and white page advertising, as well as insurance and estimated payroll costs for two full-time equivalent employees (if you work for yourself your payroll costs may be substantially lower, and if your Unit requires more than two full-time employees or you must pay overtime wages your costs may be higher). Our estimates assume you are paid $500 per week to manage the Unit and that you have no debt service obligations. These figures are estimates only, and we cannot guarantee that you will not have additional expenses starting your business. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for high quality, reasonably priced sandwiches; the prevailing wage rate; competition; and the sales level you reach during the initial period.

Note 11: We have relied on the past experience of franchisees in establishing their Units. Your results may vary from the experience of the franchisees. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase all products and services, including food products, for your Unit according to our specifications and certain products (including food products and all logo items) and services from our designated suppliers. For beverage products, you must use the brand names we designate but you may acquire these from any source.

You must obtain preliminary plans for the layout of your Unit from our approved architect. Once you locate a site for your Unit but before you sign a lease, you must also obtain at least two build-out quotes for your Unit from contractors that you choose and present them to us for approval.

Your Unit must have signs, menu boards, customer tables and seating that meet our specifications. We have designated suppliers for these items. Your Unit must include a paint scheme and tile floor with a design meeting our specifications, but we do not restrict the sources from which you may acquire the paint or tile.

Your Unit must include certain equipment, including a refrigeration unit (generally of at least 72 cubic feet), two sandwich units, two electric sandwich presses, a meat and cheese slicer, a microwave oven, a yogurt machine, adequate shelving, a counter where you can place your cash register and customers may place orders, and a television and music system. We have approved brands and suppliers for certain of these items.

You must acquire and operate computer hardware and software systems (including, electronic cash registers and other peripheral equipment for the POS system and equipment) at your Unit, in accordance with our specifications, as may be revised periodically.

You must obtain and maintain the types of insurance indicated in the Confidential Operating Manual in the amounts we designate. This insurance, which must name Roly Poly as an additional named insured, includes employer's liability and workers' compensation insurance required by law, comprehensive general liability insurance of at least $2 million with an aggregate of at least $4 million (which amounts we may increase or decrease occasionally) covering the operation of your franchised business, and auto insurance for vehicles you use for deliveries. As of the date of this Disclosure Document, we require, in addition to the other continued use of insurance described above, comprehensive general liability insurance in an amount of at least $2 million per occurrence, with an aggregate of at least $4 million.

We set all of our specifications and name our designated suppliers based on maintaining the uniform image for quality of the Roly Poly System. We will make our specifications and list of designated suppliers available to you for the purpose of your building, equipping and operating your Unit, but we do not make available our criteria for determining designated suppliers and we do not maintain a system for our franchisees nominating alternative suppliers. We are not currently an approved supplier of any goods or services to you, except that you must only use advertising and promotional materials and menus and menu boards in the forms we have supplied you on a cost pass through basis or approved in advance. None of our officers currently own an interest in any of our suppliers. During fiscal year ~~2018~~2019, we had total revenues of $~~390,724~~274,064, of which $0 or 0% was derived from required purchases or products or services by our franchisees. This information was obtained from our ~~2018~~2019 fiscal year audited financial statements.

You may use advertising materials you develop only if you obtain our prior approval in writing for each advertising material; if we disapprove your proposed advertising materials, we will do so within 14 days from the date we receive a copy of your proposed advertising. You are not required to use all advertising materials we make available to you, but if you do, we may charge you our reasonable costs in producing and delivering the advertising materials to you.

We estimate that the goods and services you must purchase in accordance with our specifications and general quality standards will represent approximately 100% of the total amount of goods and services you acquire in establishing and operating your franchised business.

We may negotiate volume discount purchase arrangements for the benefit of our franchisees. Also, our food suppliers may issue rebates to us on franchisee purchases of their branded products, which we deposit in the Neighborhood Marketing Fund; during fiscal year ~~2018~~2019, our food suppliers issued a total of approximately $~~27,514~~41,710 in rebates, all of which went directly into the Neighborhood Marketing Fund. We do not receive any other material benefits from any supplier based on having designated them an approved supplier or based on your purchases from them.

We reserve the right to revoke any approvals described in this Item. If we revoke an approval, we will provide a written notice of revocation to you.

We have no purchasing or distribution cooperatives.

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.

Note: Section (§) references in the chart below are to the body of the Franchise Agreement. References in the form "T&C's ¶__" are to the Additional Terms and Conditions to the Franchise Agreement, which form an integral part of it. Sections of the Area Development Agreement are indicated by "ADA §____."

OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
a. Site selection and acquisition/lease	§ 6.1 ADA, §§ 5.1 & 5.2	Items 7 and 11
b. Pre-opening purchases/leasing	§ 6.5	Item 8
c. Site development and other pre-opening requirements	§§ 6.1 - 6.5	Items 7, 8 and 11
d. Initial and ongoing training	§§ 4.1, 4.2, 4.3, 6.10 & 6.11	Item 11
e. Opening	§ 6.4 ADA § 4.2	Item 11
f. Fees	§§ 5.1 - 5.3 ADA, § 3	Items 5, 6 and 11
g. Compliance with standards and policies/Confidential Operating Manual	T&C's, ¶ 4.A	Item 11
h. Trademarks and proprietary information	T&C's, ¶ 2 ADA, § 7	Items 13 and 14
i. Restrictions on products/services offered	§§ 2.4, 6.6, 6.7 & 6.9	Item 16
j. Warranty and customer service requirements	§ 6.12	Items 12 and 17
k. Territorial development and sales quotas	§§ 2.3 & 6.9 ADA, §§ 1.2 and 4.2	Item 12
l. Ongoing product/service purchases	§ 6.5	Items 8 and 15
m. Maintenance, appearance and remodeling requirements	§§ 3.2.2, 6.1 - 6.3 & 6.12 and T&C's, ¶ 6.D(4)	Items 11 and 17
n. Insurance	T&C's, ¶ 7	Item 8
o. Advertising	§7	Item 11

OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
p. Indemnification	T&C's, ¶ 9.A ADA, § 9.4	None
q. Owner's participation/ management/staffing	§§ 6.10 & 6.11	Items 11 and 15
r. Records/reports	T&C's, ¶ 5	Item 6
s. Inspections/audits	§ 6.12.2 and T&C's, ¶¶ 5.C & 5.D	Item 6
t. Transfer	T&C's, ¶ 6 ADA, § 7	Item 17
u. Renewal	§3.2	Item 17
v. Post-termination obligations	§ 10 ADA, §§ 6, 9.3 & 9.4	Item 17
w. Non-competition covenants	§ 8.1.2 & 8.2 ADA, §§ 9.2 & 9.3	Item 17
x. Dispute resolution	T&C's, ¶ 13.B ADA, § 12.1	Item 17
y. Other - Days/hours of operation	§ 6.13	None

ITEM 10

FINANCING

Neither Roly Poly nor any person affiliated with Roly Poly offers direct or indirect financing. We do not guarantee your note, lease or any other obligations.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Before you open your Unit, we will provide you the assistance we describe below on substantially the same basis that we provide assistance to our other franchisees. We will provide you:

(1) Guidelines on selecting a site for your Unit and information about the size and location of a Unit, preliminary plans, and standards and specifications for equipment, furnishings, signs, fixtures, opening inventory, supplies, leasehold improvements, and other related items used in typical Units. We do not provide you with any of the equipment, furnishings, signs, fixtures, opening inventory, supplies or leasehold improvements, but we reserve the right to require you to contract with a third-party vendor of our designation who provides you with and installs certain restaurant equipment, signs and/or point of sale equipment (Franchise Agreement, § 4.1).

(2) Our pre-training and grand opening training programs for you and your designated manager (and for grand opening training, also for employees that you select), which we describe later in this Item 11. (Franchise Agreement, § 4.1.1 and 4.2.1). Pre-training is for 6 days at a designated Roly Poly location and grand opening training is for 12 days at your Unit.

(3) One copy, on loan, of our Confidential Operating Manual, which may include various volumes and currently contains 572 pages (the "**Confidential Operating Manual**"). (Franchise Agreement, § 4.1.5). The Confidential Operating Manual is confidential and proprietary and remains our property. We may modify the Confidential Operating Manual. The Table of Contents of our Confidential Operating Manual is Exhibit E to this Disclosure Document. The Roly Poly System and our Confidential Operating Manual and other training programs do not include any personnel policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Confidential Operating Manual or otherwise for your optional use. You will determine to what extent, if any, these policies and procedures might apply to your operations at your Unit. We neither dictate nor control labor or employment matters for licensees and their employees and we are not responsible for the safety and security of Unit employees or customers.

(4) An initial supply of accounting and other forms for reporting your sales and other matters concerning the operation of your Unit. (Franchise Agreement, § 4.2.2).

(5) Any other assistance we consider appropriate. (Franchise Agreement, § 4.1.6 and 4.2.3).

During the operation of your franchise, we will provide you with the following assistance to the same extent, if any, we provide this assistance to our other franchisees. We will provide you:

(1) Any updates or modifications we make to the Roly Poly Menu, including periodic or seasonal specials. (Franchise Agreement, § 4.3.1).

(2) Advice or assistance in local advertising and marketing provided via our website (www.rolypoly.com) or via other methods as we determine. (Franchise Agreement, § 4.3.2).

(3) Once we determine we have a sufficient number of franchisees and if we think there is need, we may conduct annual training sessions, in your region or at a location in close proximity to the largest concentration of Units. (Franchise Agreement, § 4.3.3). We may make your attendance compulsory at annual meetings of up to two days. For other meetings or training after you open, we will not require you to participate. We describe our training program later in this Item 11.

(4) A 24-hour phone number you may call for the purpose of seeking our advice or guidance. (Franchise Agreement, § 4.3.4). If feasible for us, during normal business hours, we will try to answer your calls whenever we receive them. If any event, we will try to respond to all questions within 24 hours.

(5) Once we determine we have a sufficient number of franchisees, we may hold annual meetings of franchisees for up to two days to discuss and compare operating method, franchisees' experiences and other aspects of the Roly Poly System, in your region or at a location in close proximity to the largest concentration of Units. (Franchise Agreement, § 4.3.5). We may make you or your designated manager's attendance at these meetings mandatory.

(6) General advice on operating problems, new techniques or operating methods and advice and guidance on new and improved methods of operations. (Franchise Agreement, §§ 4.3.6 & 4.3.7).

(7) Lists of our suggested prices for Roly Poly Menu Items. (Franchise Agreement, § 4.3.8). We do not require you to adhere to our suggested retail prices.

(8) The opportunity to participate in any volume discount group purchasing programs we may arrange. (Franchise Agreement, § 4.3.9).

(9) Inspections of your Unit and those of our other franchisees to help ensure the integrity and system uniformity of the Roly Poly System. (Franchise Agreement, § 4.3.10).

(10) Any other assistance we consider appropriate. (Franchise Agreement, § 4.3.11).

Neighborhood Marketing Fund

We maintain and administer the Neighborhood Marketing Fund described in this section. We require you to contribute to our Neighborhood Marketing Fund (the "**Fund**" or "**Neighborhood Marketing Fund**") each month the greater of $75 or 1% of your Gross Volume of Business for the prior month (Franchise Agreement, § 7.2). We will not require you to contribute to the Fund for any advertising fees that would otherwise accrue during the first 11 months after you sign the Franchise Agreement (i.e., your earliest required payment will be in month 13 for fees accrued in month 12).

We manage the Fund at our discretion and use the proceeds in the Fund for in-store displays, local print, radio, television or other media advertising. We may develop advertising ourselves or we may hire advertising agencies to do so. We are not required to spend each year all monies that accrue in the Fund in that year. We may carry over into the next fiscal year of the Fund any amounts remaining at the end of each fiscal year. We may also make advances to the Fund and charge the Fund reasonable interest on these advances. We may not use the Fund for advertising that is intended as a solicitation for the sale of franchises. We are not required to make expenditures or place any advertising in your DMA that is equivalent or proportionate to your contribution or to ensure that your Unit benefits directly or *pro rata* from the placement of advertising. We began collecting the advertising fee and contributing it to the Fund in 1999. As of the date of this Disclosure Document, we are not collecting or requiring our franchisees to contribute to the Fund. However, we may collect and require such contributions in the future. Of the monies spent from the Fund in ~~2018~~2019, approximately ~~40~~30% was for production (mainly in-store promotions), ~~30~~35% was for media placement, and ~~30~~35% for administration. We have never received payment for providing goods or services to the Fund. We may in the future charge the fund reasonable fees for our expenses in developing advertising or administering the Fund.

We do not have the Fund independently audited. However, we will make its unaudited financial statements available to you at your written request. We maintain the Fund in an account separate from our other accounts.

In addition to or in lieu of contributions to the Fund, we may require you to make contributions to a local advertising cooperative for Units in your local or regional area covering the geographical areas we designate, but we may not require the total contributions you must make to the Fund and to any advertising cooperative to exceed 3% of your Gross Volume of Business. Any Units which we own and operate in an area covered by your cooperative will contribute to the cooperative on the same basis as your Unit. As of the date of this Disclosure Document, we have not established any advertising cooperatives. You must participate in any cooperative we establish and abide by the bylaws the cooperative adopts. We will require that any cooperative make its bylaws available to you for review and the cooperative be administered by its members as determined in the bylaws. We will require that any cooperative prepare and distribute periodical financial statements to its members. We may dissolve, change or merge any cooperative in our discretion.

As of the date of this Disclosure Document, we have not established any advertising councils composed of franchisee. We reserve the right to form an advertising council in the future.

We do not require you to spend any specific amount on local advertising. We do require you to obtain listings in all local "white" and "yellow page" directories, and we encourage you to distribute printed copies of the Roly Poly Menu.

Third-Party Delivery

We have the right to designate one or more third-party online and/or delivery vendors in our sole and absolute discretion. You can request the approval of a third-party online and/or delivery vendor by notifying us in writing and submitting such information and the draft agreement with such third-party delivery service as we may request. We may require you to pre-pay any reasonable charges connected with our review and evaluation of any proposal. We will notify you of our decision within a reasonable time after our receipt of all required information and the third-party delivery service agreement. We may approve, or revoke or deny approval, of any third-party delivery service in our sole and absolute discretion. Designation of a third-party delivery service may be conditioned on factors, including without limitation, our right to obtain and verify gross sales placed through the third-party delivery service platform and amount of service charges paid to the third-party delivery service, the third-party delivery service standard for handling food, order and delivery. Except as noted above related to sales made to third-party online and/or delivery vendors, there are no restrictions on the retail customers or trade area you may serve from your Unit, but as a practical matter you will mainly serve customers who choose to visit the Unit. See Item 12.

Cash Register Equipment

You must acquire and operate an approved electronic cash register. Currently, the only approved electronic cash register is the Square Point of Sale system. You may purchase the Square Point of Sale system from any authorized reseller. We anticipate the cost of the Square Point of Sale system will be between $2,000 and $5,000 based on the number of terminals you purchase. We require our franchisees to maintain a modem or other electronic connection between us and them that allows for point of sale recording of transactions (Franchise Agreement, § 6.15). The Franchise Agreement permits us to require you to allow us access by modem or other electronic connections to your daily total sales records, sales of each type of Menu Item and similar information. Thus, we will have independent access to the information generated and stored on your Square Point of Sale system. We may use this information for the purpose of making operating comparisons among Units and for evaluating Menu Items. There is no limit in the Franchise Agreement concerning our right of access to this kind of information. We have no obligation to provide on-going maintenance, repairs, upgrades or updates to your cash register equipment. There are no limitations in the Franchise Agreement on frequency or cost of any upgrades or updates that we may require to your cash register equipment. We estimate that the annual cost to maintain, upgrade or update your cash register equipment and the costs of support contracts will range from $0 to $500. Except for the cash register equipment and any other equipment that we may require to allow for electronic connection of point of sale transactions, no other hardware or software are required.

Site Selection and Opening

You must locate and select the proposed site for your Unit. We provide our then current general guidelines for selection of a site, but we do not provide sites to you or determine your site. You must submit your proposed site and lease agreement to us for our approval (Franchise Agreement, § 6.1). Your preliminary plans for the site must be prepared by our approved architect (Franchise Agreement § 6.1.2). You must also provide Roly Poly with two build-out quotes before signing your lease. If you sign an Area Development Agreement, we must approve each proposed site under our then current site review guidelines before you sign a Franchise Agreement or begin to build out or operate a Unit at the proposed site. In approving site locations and leases, we consider the general location, the nature of surrounding stores, offices and residential areas, the size, and other physical characteristics of the premises, the rental terms and the duration of the lease, but we may consider other issues in the future. We will give you our written approval or disapproval of your proposed site no later than 30 days after receipt of the proposed site under the Development Agreement or Franchise Agreement. However, we will attempt to give you our approval or disapproval of the proposed site within two weeks. Once a site is agreed, we will determine your Delivery Area based on our then current Delivery Area guidelines, which current set the Delivery Area based on the geographic area we think a single Unit can serve with timely delivery of fresh products, given local population density and traffic patterns, such as a zip code area or a one-mile radius, but we may consider other issues in the future.

If we cannot reach an agreement on a site under the Area Development Agreement, you may default under the Development Schedule of your Area Development Agreement. If we cannot reach an agreement on a site under the Franchise Agreement, you may default under the Franchise Agreement for failure to commence business within 150 days of execution of the Franchise Agreement. Your grand opening must occur before either 150 days from the effective date of your Franchise Agreement or the date your lease requires, whichever is earlier (Franchise Agreement, § 6.4). You must have at least two build-out estimates from at least two different contractors of your choosing, that we approve before signing a lease (Franchise Agreement, § 6.1.1). We must also approve the build-out plan for your Unit.

We anticipate that our franchisees will typically open their Units within one to three months after the effective date of their Franchise Agreements. The factors affecting this time are the ability to lease a site location, obtaining building permits, zoning and local ordinances and, shortages and delayed installation of equipment, fixtures and signs.

Training

We will provide you the following training:

TRAINING PROGRAM

Subject	Hours of Classroom Training (or equivalent)	Hours of On-The-Job Training	Location
Pre-Training (Note 1)	~~20~~0	~~30~~40	At a designated Roly Poly location.
Grand Opening Training (Note 2)			Your Unit
• Sourcing Raw Materials	~~1~~2	10	Your Unit
• Daily Preparation	0	40	Your Unit
• Making of Sandwiches	0	80	Your Unit
• Other Food and Beverage Products	0	10	Your Unit
• Daily Clean-Up; Health Code	0	10	Your Unit
• Marketing and Advertising	~~1~~2	10	Your Unit
• Delivery Service	1	40	Your Unit
• Hiring and Managing Employees	2	2	Your Unit
• Records-keeping	2	2	Your Unit

Subject	Hours of Classroom Training ~~~~(or equivalent)	Hours of On-The-Job Training	Location
Additional Future Training (Note 3)	Determined for each training	Determined for each training	

Note 1: We require you and your designated manager to participate in 6 days (50 hours) of pre-training at a designated Roly Poly location that we agree upon before your Unit is complete, and to complete the pre-training to our reasonable satisfaction. After you sign the Franchise Agreement, we will schedule your pre-training; we usually schedule it so that you can complete it at least 30 days before your grand opening date. The cost for this pre-training is $2,500. You will receive training in all phases of unit operation, including food preparation and handling, marketing and advertising, employee and unit management and records keeping using our Confidential Operating Manual and other materials Roly Poly has developed. You must pay your expenses and those of your employees for such training, including travel and living expenses and employee salaries. If you or your designated manager does not complete pre-training to our reasonable satisfaction, you may not open your Unit and we may terminate the Franchise Agreement. If you hire a designated manager after your pre-training has begun but before your grand opening, then you must pay us an additional $1,500 training fee for your designated manager and you may not open your Unit until he or she has successfully completed pre-training. If you hire a new designated manager or change designated managers after your grand opening during the term of the Franchise Agreement, the new designated manager must undergo and successfully complete pre-training, and you must pay us an additional $1,500 training fee for 5 days of training each new designated manager.

Note 2: Our grand opening training instructors will arrive 2 days before opening for final store set-up and food preparation for opening day. Our trainers will remain on site for the next 10 business days for hands-on training and support, for a total of 12 days. This training is at our cost. Additional training is available at an approved Roly Poly Unit with advance notice. Additional training is done at your own cost and will be in addition to pre-training and the 12 days of grand opening training.

Note 3: We may provide additional training at locations we designate, if there are significant modifications or additions to the Roly Poly Menu or System or if we think update or refresher courses are appropriate. It is not our present intention to provide additional training on a regular basis, but if we do so, we may require you or your designated manager to attend at least once each year for a weekend and up to 2 business days. There will be no charges for mandatory additional training, but you must pay all travel and room and board and wages of your employees during this training. However, if you request additional training or if we consider it necessary for you or your designated manager to undergo additional training because of problems in the operation of your Unit or a change in your management personnel, we may charge you our then-current instructor-day fee (currently $215 per instructor-day), plus reasonable travel costs (if we consider it appropriate to travel to your Unit), for providing our instructors for training. We may also offer optional training courses at any time. For optional training courses, we may require you to pay a fee if you choose to participate. This training occurs as Roly Poly considers necessary given additions or changes to the Roly Poly Menu or System or special franchisee needs.

The instructor for our training programs is Linda Wolf. Ms. Wolf has been with Roly Poly since October 1996. She has been in the restaurant industry for over 40 years. We may involve other people in our training who have backgrounds in relevant areas such as health code considerations or bookkeeping.

ITEM 12

TERRITORY

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

Your Unit is limited to the specific location identified in your Franchise Agreement and which we approve, and your Franchise Agreement does not give you the right to construct or operate any additional, expanded or modified facilities at the premises of your Unit or at any other location (except in connection with, if applicable, your rights under the Area Development Agreement which we describe below).

However, if you have reasons we consider compelling for relocating your Unit to another site close to your original site (conditions under which we will approve relocation would include, but are not limited to, your approved lease expiring without an option to renew or major detrimental changes in local conditions), we will not unreasonably withhold consent to you moving to a new site that is in the closest feasible proximity to your original location and within your Delivery Area (which we describe below).

We will agree with you in the Franchise Agreement on your "**Delivery Area**." A Delivery Area is the size based on our then current guidelines that we think a single Unit can serve with timely delivery of fresh products, given local population density and traffic patterns, such as a zip code area or a one-mile radius. Unless we agree that your Unit will not have a Delivery Area (for example, in a store location from which deliveries are prohibited), you have the responsibility to promote delivery sales and respond to delivery requests in your Delivery Area. During the term of your Franchise Agreement, we will not grant to another franchisee or to a company-owned Unit a delivery area that overlaps your Delivery Area. While we intend to direct each franchisee not to make deliveries into the delivery area of another franchisee or company-owned Unit, we are not obligated to ensure that no other franchisees make deliveries into your Delivery Area. We may modify your Delivery Area if we think you are or have become unable adequately to respond to customer demand for deliveries in your Delivery Area (due to an increase in the population and/or demand for Roly Poly Menu Items in the Delivery Area or for any other reasonable reason). We will give you at least 30 days prior written notice before modifying your Delivery Area and we will not modify it unless we in good faith believe that the redefinition can be made without causing substantial harm to your then current level of business. Continuation of your territorial protection does not depend on your achievement of a certain sales volume, market penetration or other contingency.

You may make deliveries outside of your Delivery Area so long as you are able to timely deliver fresh products meeting our quality standards and so long as you are not delivering into the Delivery Area of another company-owned or franchised Unit (whether established before or after your Unit).

Subject to any applicable local laws or regulations and with our written permission, we might also allow you to sell Menu Items in your Delivery Area from pushcarts or similar forms of mobile sales. Unless with our prior written permission, you may not engage in pushcart or similar mobile sales outside of your Delivery Area. All rolled sandwich Menu Items you offer from pushcarts or other mobile units must be made at your Unit. You may only offer pushcart or similar mobile sales to the extent that you are able to offer fresh products meeting our quality standards. All of your sales from your Unit or from pushcarts or mobile units must be to purchasers who will consume the products rather than for resale by the purchasers. You may not directly or indirectly offer any Menu Items at any stationary location such as a convenience store, supermarket or booth at a sporting or other event, nor may you supply any party doing so. We have not yet and have no current plans to, but we reserve the right to, sell Menu Items to third parties such as convenience stores, supermarkets or food booths either inside or outside your Delivery Area. The Franchise Agreement does not require us to compensate you if we do this.

Unless your Franchise Agreement includes a special exception in its Schedule E, your Delivery Area does not include any enclosed shopping mall, airport, sports or entertainment coliseums or stadium, amusement park or similar self-contained marketing area ("**Parks**") that exists partially or fully within your Delivery Area when you sign your Franchise Agreement or that open there after you do so. We retain all rights to exploit commercial opportunities in Parks, including by licensing these rights to third parties. A special exception for Parks may be granted, for instance, to certain existing franchisees if the franchisees have been operating their Unit(s) at a profit and have above average inspection reports for the Unit(s).

We do not intend to establish franchised or company-owned stores offering for sale products that are similar to Roly Poly Rolled Sandwiches but that are offered under a different trademark. We may, though, enter into agreements to offer Roly Poly rolled sandwiches through alternative distribution channels such as convenience stores, supermarkets, airports, or booths at sporting or other events, either inside or outside your Delivery Area. We may give you the option of supplying any of these sources, but we are not required to do so, and you must not do so without our permission.

If you sign an Area Development Agreement with us, the Area Development Agreement will designate a "**Development Territory**" in which you must develop the number of Units according to the "**Development Schedule**" specified in the Area Development Agreement. You have the sole right to develop Units within the Development Territory until after expiration of the Development Schedule, subject to the other terms of the Area Development Agreement. However, your Development Territory will not include Parks (which we retain all rights to exploit commercial opportunities including by licensing these rights to third parties), or any previously existing company-owned or franchised Units or their first-refusal territories or any locations or their territories of any rolled sandwich shops that we acquire after you sign your agreement through a merger, requisition or similar transaction. Except for the exclusions referenced above, we will not open, nor license anyone other than you to open a Roly Poly Unit within the Development Territory, subject to the other terms of the Area Development Agreement, until after the expiration of the Development Schedule, so long as you are not in default under the Area Development Agreement and are in compliance with the Development

Schedule contained in the Area Development Agreement and each Franchise Agreement for each Unit. A typical development area may include a metropolitan area or state. On our approval of your proposed site for each Unit, you must sign a Franchise Agreement, in which we will designate a Delivery Territory as described above.

We do not intend to establish franchised or company-owned stores or other alternative channels of distribution offering for sale products that are similar to Roly Poly Rolled Sandwiches but that are offered under a different trademark, either inside or outside your Development Territory. We may, though, enter into agreements to offer Roly Poly rolled sandwiches through alternative distribution channels such as convenience stores, supermarkets, airports or booths at sporting or other events, either inside or outside your Development Territory.

ITEM 13

TRADEMARKS

Roly Poly grants you the right to operate your Unit under the name "**Roly Poly Rolled Sandwiches**," and to use all the trademarks identified below in the operation of your Unit. By trademarks, we mean trade names, trademarks, service marks, logos and commercial symbols used to identify your Unit and the Roly Poly Menu and Menu Items products and services.

Roly Poly has registered the trademarks listed below on the Principal Register of the U.S. Patent and Trademark Office ("**PTO**"):

Mark	Registration Number (Application Number)	Registration Date (Application Date)
ROLY POLY ROLLED SANDWICHES	2,128,651	1/13/98, renewed 9/11/2007
Roly Poly figure and design	2,156,336	5/12/98
ROLY POLY SANDWICHES (words & design)	2,921,327	1/25/05
ROLY POLY SANDWICHES (words only)	2,936,724	3/25/05
~~WHATEVER YOUR TASTE….WE'VE GOT YOUR #~~	~~3,032,068~~	~~12/20/05~~

We claim rights for all of the registered and pending trademarks listed above based on the use, protection and enforcement of these marks and symbols from the date of their first use. We have filed all required affidavits of use as to these registrations.

We do not know of any presently effective determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or court, any pending infringement, opposition or cancellation proceeding or any pending material litigation involving the above trademarks that is relevant to their use in any state or province in which your franchise is to be located.

Roly Poly has entered into a Trademark Agreement with Pita Franchise Corporation, which owns a U.S. trademark registration for a "**Mr. Pita**" logo character (U.S. registration number 1,955,050). This agreement prohibits Roly Poly and any of its franchisees that operate units in Michigan from using or displaying the Roly Poly logo character on any exterior signs or displays, including on signs or displays affixed to exterior store windows, and from using or displaying the Roly Poly logo character on any print advertising directed to the state of Michigan. This agreement does not limit Roly Poly or its franchisees from using the words "**Roly Poly Rolled Sandwiches**" in any way, and does not limit the use of the Roly Poly logo character in the interior of units or on packaging, t-shirts, menu boards or menus in Michigan, even if employees or customers use or distribute these items outside the Michigan unit. In exchange for these restrictions, Pita Franchise Corporation agreed not to assert any claims against Roly Poly's use of the logo character anywhere outside Michigan, or in Michigan as long as the use in Michigan conforms to the restrictions.

The Trademark Agreement is of an indefinite duration and does not expressly provide for cancellation by the parties. It may be modified only by a written amendment signed by both parties. There are no other agreements currently in effect that significantly limit our rights to use or license the use of the above trademarks in any manner material to your franchise.

There are no other agreements currently in effect that significantly limit the rights to use or license the use of the above trademarks in any manner material to your franchise.

You must follow our rules when using our trademarks. You may not represent that you have acquired any ownership rights in any of our trademarks. You may not infringe upon our trademarks. You also may not contest or help others to contest the validity of our right to use our trademarks or take any other actions in derogation of our use of these trademarks.

You must police the use of our trademarks. You must notify Roly Poly promptly of any claim that we may have from any unauthorized attempt by any person to use any of the Roly Poly trademarks. We have the exclusive right, but not the obligation, to take action with respect to apparent infringing activities. At our request and expense, you must assist us in taking appropriate action to stop these activities. You may not, however, take any action or incur any expenses on our behalf without our prior written approval. If we defend or prosecute any claims for our trademarks, you must sign any documents and take any actions that our legal counsel deems necessary. We have the right to any damages, settlement proceeds or benefit from a third party's infringement, challenge or claim.

You must operate and advertise your Unit only under the trademarks that we designate for use by similar Roly Poly franchisees. You must use these trademarks only in the manner we require, and you must not use these marks to perform any activity or to incur any obligation that may subject us to liability. You must observe all laws under the registration of trade names and assumed names and include in any application for a trade name or assumed name a statement that your use of the marks of Roly Poly is limited. You must provide us with copies of these applications and other registration documents. You also must observe the requirements for our trademark registration, including affixing “SM”, “TM” or “®” adjacent to all our trademarks and using other appropriate notice of ownership and registration. You may utilize only exterior and interior signs, menu boards and an awning bearing our trademarks that meet our specifications and that we have previously approved in writing.

We reserve the right to designate new, modified or replacement marks for use by our franchisees and to require you to use these different marks. If this happens, you must pay all costs and expenses associated with the use of the modified or replacement marks, except that if we lose the right to use our principal mark, we will credit you your reasonable costs in making charges to remove our old mark and adopt our replacement mark.

We do not know of any infringing uses of our trademarks which could materially affect your use of our trademarks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use any item covered by a patent or registered copyright of Roly Poly, but you may use proprietary information in our Confidential Operating Manual and other materials we supply you. We describe the Confidential Operating Manual in Item 11. Although we have not filed applications for copyright registrations for the Confidential Operating Manual or other materials we will provide you, we claim copyrights on these items and they are proprietary. In the future, we may seek a copyright registration on any of these materials.

You must keep our proprietary information confidential and disclose it only to your employees and others affiliated with your Unit who need to know the information.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement requires that either you or a manager who meets our standards must directly supervise the operation of your Unit. In addition, you, or if the franchisee is a business entity, an individual shareholder, partner or member approved by us, must devote their full time to the operation of the Unit. You or your manager or other employee (at least two people) must complete our training programs to our reasonable satisfaction. If the person or persons who have completed our pre-training are no longer available directly to supervise operation of your Unit, you must immediately nominate a new manager who must undergo our pre-training to the extent we consider necessary. We will charge you a fee of $215 per day for this additional pre-training we give to your new manager.

Your Unit must be open for business from at least 10:00 a.m. to 6:00 p.m. seven days per week, 52 weeks per year (official state or federal holidays excluded). You may operate your Unit for longer hours if you desire. You must conspicuously post your Unit's operating hours and you must adhere to the posted hours. We will require your designated managers to enter into non-disclosure and non-competition agreements with you while you employ them and for a period of one year after their employment ends.

ITEM 16

RESTRICTION ON WHAT THE FRANCHISEE MAY SELL

To ensure the consistency and image for quality of the Roly Poly System, you must not sell from your Unit any products or services except those of the Roly Poly Menu, and you must offer all products or services on the Roly Poly Menu.

We have the right, in our sole discretion, to make modifications to the Roly Poly Menu or any Menu Items. You must incorporate these changes, however, we will not require you to add major new types of products or services that would require major new expenditures on your part for equipment or fixtures, although we may give you the option of doing so.

In marketing your Unit and Roly Poly Product Line, you must use only the marketing materials, advertising materials, printed materials and forms that we have supplied you or approved in advance in writing. We will provide you disk or similar copies of our menu boards and printed menus and you must have these items made using our forms. We can require you to acquire a new menu boards at least once each year.

We will provide you our suggested retail prices for Menu Items, but we do not require you to adhere to our suggested prices. You must notify us, however, of your prices so that we can be aware of all franchisees' prices when we are developing any advertising or special promotions. If you will change your prices, you may only do so after having given us 30 days' notice so that we may make any necessary adjustments to advertising or promotional materials.

Unless we otherwise agree with you in the Franchise Agreement, you must offer eat-in, take-out and, in your Delivery Area, delivery services. If local laws or regulations or the location of your Unit make one or more of these types of services impermissible or impracticable, we will agree with you not to require you offering the service. See Item 12 of the Disclosure Document concerning deliveries outside of your Delivery Area.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	§ 3.1 ADA, § 2	Term is 10 years. Term is the earlier of the date the last Unit is to begin business according to the Development Schedule in the ADA, or the date the Unit actually begins business.
b. Renewal or extension of the term	§ 3.2	If not in default under the Franchise Agreement and have complied with all its terms, you may renew for an additional term of 10 years by signing our then-current form of Franchise Agreement which may differ materially from your initial agreement.
c. Requirements for you to renew or extend	§ 3.2	Sign new agreement which may have materially different terms; refurbish to conform to then current standards; pay renewal fee of 50% of then current franchise fee.
d. Termination by you	§ 9.2	You may terminate the Franchise Agreement only through legal process resulting from our material breach following written notice by you and 30 days to cure. However, please see any requirements of local law in Exhibit L.
e. Termination by Roly Poly without cause	Not Applicable	Not Applicable.
f. Termination by Roly Poly with cause	§ 9.1 ADA, § 8	We may terminate only for good cause on the occurrence of an event of default.
g. "Cause" defined – curable defaults	§§ 6.12.2, 9.1.3, 9.1.4 & 9.1.13. ADA §8.2.3 & 8.3	You have 30 days to cure nonpayment of financial obligations less than 60 days overdue, breach of Franchise Agreement or Confidential Operating Manual, improper use of trademarks; 15 days to cure noncompliance with any law or regulation. On our notice to you, you have 5 regular business days to close your Unit to cure gross health violation or risk to public health or safety. You have 30 days to cure nonpayment of financial obligations less than 60 days overdue and defaults other than those specified in "h" below.
h. "Cause" defined – non-curable defaults	§§ 9.1.1, 9.1.2, 9.1.4, 9.1.5, 9.1.6, 9.1.7, 9.1.8, 9.1.9, 9.1.10, 9.1.11, 9.1.12, 9.1.14, 9.1.15 & 9.1.16.	Non-curable defaults: insolvency or bankruptcy; failure to open Unit on continuous basis within 150 days of signing Franchise Agreement or to complete pre-training satisfactorily in advance of the opening; failure immediately to pay financial obligations 60 days overdue; materially false statement or under reporting of Gross Volume of Business; violation of transfer and assignment provisions; two or more defaults in one year or four or more during the term of your Franchise Agreement, even if cured; abandonment or default under mortgage or lease (unless cured to lessor's satisfaction); criminal conviction; failure to carry required insurance; default by you or guarantor under other agreements with us; non-disclosure or

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		confidentiality breach or breach concerning our trademarks; sale of unapproved or services products from or through your Unit (including through deliveries, pushcart or other mobile sales) or sale of Menu Items for resale by other parties; gross health violation or risk to public not remedied during temporary closure of Unit for 5 business days or less.
	ADA §8.2.1 to 8.2.8	Non-curable defaults: failure to comply with Development Schedule; criminal conviction; failure to pay financial obligation 60 days overdue; violation of transfer and assignment provisions; nondisclosure or confidentiality breach; repeated defaults even if cured; failure to perform covenants; termination of any Franchise Agreement or other agreement with us.
i. Your obligations on termination/ non-renewal	§ 10	Obligations include completely de-identifying with us, paying all amounts due to us and to vendors (including damages), returning our Confidential Operating Manual, menus, menu boards, trade dress (including artwork and pictures) and other property, transferring all telephone numbers, advertisements and licenses, removing all signs bearing Roly Poly trademarks, ceasing to use our trademarks and name and the Roly Poly System. We may operate your Unit during periods of your breach or abandonment and is entitled to all revenues received while operating your Unit.
j. Assignment of Contract by Roly Poly	T&C's, ¶ 6.A ADA, § 7.1	No restrictions on our right to assign so long as assignee agrees to bear our corresponding obligations.
k. "Transfer" by you - definition	T&C's, ¶ 6.B ADA, § 7.1	Includes sale, assignment, gift or any other transfer. If you are a corporation, transfer includes the sale of any stock.
l. Roly Poly's approval of transfer by you	T&C's, ¶ 6.C ADA, § 7.1	We must give our prior written approval of all transfers.
m. Conditions for Roly Poly approval of transfer	T&C's, ¶¶ 6.C & 6.D ADA, § 7.1	Written notice of proposed transfer; terms to new franchisee no better than those offered to us (also seen, below); we approve new franchisee; we approve of transfer terms; you pay all fees due, cure all breaches, pay all vendors and follow all requirements of Franchise Agreement (or Area Development Agreement) and Confidential Operating Manual. Where transfer results in change of control, the following additional requirements apply: new franchisee signs a new Franchise Agreement (or Area Development Agreement) for a term (and renewal term if applicable) equal to the remaining term of the original franchise agreement; new franchisee pays $5,000 training fee and completes training; new franchisee required to update menu boards at their cost; new franchisee pays transfer fee of $2,500; inspection of your Unit; new franchisee assumes all your warranties; and if new franchisee receives a full 10-year term, new franchisee pays initial franchise fee (but no fee for pre-training).
n. Roly Poly's right of first refusal to acquire your business	T&C's, ¶ 6.C(2)	We have right of first refusal to match offer to purchase any interest in your franchise or, if you are a corporation, in you. This right does not apply to transfers by you by gift, inheritance or sale to your immediate family.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
o. Roly Poly's option to purchase your business	§ 10.2	After termination or expiration and if you do not renew your franchise, we have the option of purchasing your furnishings, equipment and signs and, if you lease the site of your Unit, we have the option of purchasing your Unit and assuming your lease. The price for the furniture, equipment or signs is their fair market value and the price for entire Unit is its going concern value (which does not include value associated with our name and marks). If you and we cannot agree on the price, each side must propose a purchase price. If the lower price is 80% or more of the higher price, the purchase price is the average of the two proposals. If the lower price is less than 80% of the higher price, an independent accounting firm chooses one of the proposed prices.
p. Your death or disability	T&C's, ¶ 6.E ADA, § 7.1	If your surviving spouse, heir or estate desires to continue your franchise after your death, they may do so if they agree in writing to the Franchise Agreement or, if applicable, Area Development Agreement.
q. Non-competition covenants during the term of the franchise	§ 8.1.2 ADA, § 9.2	No involvement in fast food sandwich business during the term of the Franchise Agreement (or Area Development Agreement), however, you may own up to 2% of the publicly traded securities of a competing business.
r. Non-competition covenants after the franchise is terminated or expires	§ 8.2 ADA, § 9.3	No involvement in competing business for one year within your former Delivery Area by you or guarantor(s). No involvement in competing business for one year within your former Development Territory.
s. Modification of the agreement	T&C's, ¶¶ 4.C & 10.D ADA, § 10.3	No amendments or modifications to Franchise Agreement (or Area Development Agreement) except by mutual written agreement. Confidential Operating Manual subject to change by us. However, please see any requirements of local law in Exhibit K.
t. Integration/ merger clause	T&C's, ¶ 15(I) ADA, § 12.5	Franchise Agreement constitutes the entire agreement between us and you concerning the Unit. Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Area Development Agreement constitutes entire agreement between us and you concerning Development Territory. Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution	T&C's, ¶ 13.B ADA, § 12.1	Negotiation will be first method used to attempt to settle disputes. If negotiation fails, all disputes must be arbitrated, however, we may seek injunctions in court. However, please see any requirements of local law in Exhibit K.
v. Choice of forum	T&C's, ¶ 11.A, 13.B(1) & (2) ADA, § 12.1	Arbitration to take place in Florida, or at our option, within 25 miles from any of our executive offices. We may obtain injunctive relief or specific performance in any court of competent jurisdiction. However, please see any requirements of local law in Exhibit K.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
w. Choice of law	T&C's, ¶ 13.A, B ADA, § 12.1, 12.2	Florida law applies, except that restrictive covenants will be governed by the law in which your Unit or business is located. However, please see any requirements of local law in Exhibit K.
X. Liquidated Damages	§ 10.1.7	If you unilaterally abandon or we terminate for cause, then, in addition to any other remedies available to us, we can collect from you an amount equal to the average monthly Continuing Fees and Marketing Fees paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by the lesser of (a) 36, or (b) the total number of months remaining in the term of the Franchise Agreement had it not been terminated. Further, if after expiration or termination you continue to use any of the Licensed Marks or element of the Roly Poly System in connection with the continued operation of the Unit, then, in addition to any other remedies available to us, you must pay us Continuing Fees and Marketing Fees for such use of the Licensed Marks and/or the Roly Poly System equal to 200% of the Continuing Fees and Marketing Fees that you otherwise would have paid us if the Franchise Agreement was still in place.

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Julie Reid at 13 Emerald Drive, Key West, Florida 33040, (305) 296-7631, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR FISCAL YEARS ~~2016~~2017 TO ~~2018~~2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	~~2016~~ 2017	~~72~~ 59	~~59~~ 56	~~-13~~ -3
	2018	56	47	-9
	2019	47	38	-9
Company-Owned	~~2016~~ 2017	~~0~~ 0	~~0~~ 0	~~0~~ 0
	2018	0	0	0
	2019	0	0	0
Total Outlets	**~~2016~~** **2017**	**~~72~~** **59**	**~~59~~** **56**	**~~-13~~** **-3**
	2018	**56**	**47**	**-9**
	2019	**47**	**38**	**-9**

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR FISCAL YEARS ~~2016~~2017 TO ~~2018~~2019

State	Year	Number of Transfers
Alabama	~~2016~~ 2017	~~1~~ 0
	2018	0
	2019	1
~~Connecticut~~	~~2016~~	~~1~~
	~~2017~~	~~0~~
	~~2018~~	~~0~~
~~Florida~~	~~2016~~	~~0~~
	~~2017~~	~~0~~
	~~2018~~	~~0~~
Georgia	~~2016~~ 2017	~~1~~ 1
	2018	1
	2019	2
~~Indiana~~	~~2016~~	~~1~~
	~~2017~~	~~0~~
	~~2018~~	~~1~~
Illinois	~~2016~~2017	0

State	Year	Number of Transfers
	2018	1
	2019	0
Indiana	2017	0
	2018	1
	2019	0
Louisiana	~~2016~~ 2017	~~1~~ 0
	2018	4
	2019	3
Maryland	~~2016~~ 2017	~~0~~ 1
	2018	0
	2019	0
Michigan	~~2016~~ 2017	~~0~~ 1
	2018	0
	2019	0
~~Mississippi~~	~~2016~~	~~0~~
	~~2017~~	~~0~~
	~~2018~~	~~0~~
New Jersey	~~2016~~ 2017	~~0~~ 1
	2018	0
	2019	0
New York	~~2016~~ 2017	~~0~~ 0
	2018	0
	2019	0
North Carolina	~~2016~~ 2017	~~0~~ 0
	2018	0
	2019	0

State	Year	Number of Transfers
South Carolina	~~2016~~ 2017	~~0~~ 0
	2018	0
	2019	0
Tennessee	~~2016~~ 2017	~~0~~ 0
	2018	1
	2019	0
Totals	**~~2016~~** **2017**	**~~5~~** **4**
	2018	**~~7~~8**
	2019	**6**

TABLE NO. 3
FRANCHISED UNITS STATUS SUMMARY
FOR FISCAL YEARS ~~2016~~2017 TO ~~2018~~2019 (Note 1)

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets Operating At Year End
Alabama	~~2016~~ 2017	~~6~~ 5	~~0~~ 1	~~0~~ 0	~~1~~ 0	~~0~~ 0	~~0~~ 0	~~5~~ 6
	2018	6	0	0	0	0	1	5
	2019	5	0	1	1	0	0	3
Connecticut	~~2016~~ 2017	~~5~~ 5	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~5~~ 5
	2018	5	0	0	0	0	3	2
~~Florida~~	~~2016~~2019	~~3~~2	0	~~2~~1	~~1~~0	0	0	~~0~~1
	~~2017~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	~~2018~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
Georgia	~~2016~~ 2017	~~11~~ 10	~~0~~ 0	~~1~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~10~~ 10
	2018 2019	10 10	0 0	0 0	0 0	0 0	0 0	10 10
Illinois	~~2016~~ 2017	~~2~~ 1	~~0~~ 0	~~1~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 1
	2018	1	0	0	~~0~~0	0	1	0
	2019	0	0	0	0	0	0	0
Indiana	~~2016~~ 2017	~~3~~ 3	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~3~~ 3
	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
Kentucky	~~2016~~ 2017	~~1~~ 1	~~0~~ 0	~~0~~ ~~0~~1	0 ~~1~~	~~0~~ 0	~~0~~ 0	~~1~~ 0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets Operating At Year End
Louisiana	~~2016~~	~~15~~	~~1~~	~~2~~	~~0~~	~~0~~	~~0~~	~~14~~
	2017	14	2	1	0	0	0	15
	2018	15	0	0	0	0	1	14
	2019	14	0	2	0	0	0	12
Maryland	~~2016~~	~~3~~	~~0~~	~~1~~	~~0~~	~~0~~	~~0~~	~~2~~
	2017	2	0	0	1	0	0	1
	2018	1	0	0	~~0~~0	0	0	1
	2019	1	0	0	0	0	0	1
Michigan	~~2016~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
	2017	2	0	1	0	0	0	1
	2018	1	0	0	~~00~~0	0	0	1
	2019	1	0	0	0	0	0	1
Missouri	~~2016~~	~~1~~	~~0~~	~~0~~	0	~~0~~	~~0~~	~~1~~
	2017	1	0	~~0~~1	~~1~~	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
New Jersey	~~2016~~	~~1~~	~~0~~	0	0	0	0	1
	2017	1	0	~~00001~~				
	2018	1	0	0	0	0	1	0
	2019	0	0	0	0	0	0	0
New York	~~2016~~	~~3~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~3~~
	2017	3	0	1	0	0	0	2
	2018	2	0	0	0	0	1	1
	2019	1	0	0	0	0	0	1
North Carolina	~~2016~~	~~6~~	~~0~~	~~1~~	~~0~~	~~0~~	~~0~~	~~5~~
	2017	5	0	1	0	0	0	4
	2018	4	0	0	0	0	0	4
	2019	4	0	2	0	0	0	2
~~Ohio~~	~~2016~~	~~2~~	~~0~~	~~1~~	~~0~~	~~0~~	~~0~~	~~1~~
Ohio	2017	1	1	0	0	0	0	2
	2018	2	0	0	0	0	1	1
	2019	1	0	1	0	0	0	0
Pennsylvania	~~2016~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	1	0	0	0	0
South Carolina	~~2016~~	~~4~~	~~0~~	~~1~~	~~0~~	~~0~~	~~0~~	~~3~~
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
Texas	~~2016~~	~~2~~	~~0~~	~~0~~	~~1~~	~~0~~	~~0~~	~~1~~
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
~~Totals~~	**~~2016~~**	**~~72~~**	**~~1~~**	**~~11~~**	**~~3~~**	**~~0~~**	**~~0~~**	**~~59~~**
Totals	**2017**	**59**	**4**	**~~4~~6**	**~~3~~1**	**0**	**0**	**56**
	2018	**56**	**0**	**0**	**0**	**0**	**9**	**47**
	2019	**47**	**0**	**8**	**1**	**0**	**0**	**38**

Note 1: All numbers are as of December 31, ~~2018~~2019.

TABLE NO. 4
COMPANY-OWNED OUTLETS STATUS SUMMARY
FOR FISCAL YEARS ~~2016~~2017 TO ~~2018~~2019 (Note 1)

State	Year	Outlets Operating at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets Operating At End of Year
Totals	**~~2016~~ 2017**	**~~0~~ 0**	**~~0~~ 0**	**~~0~~ 0**	**~~0~~ 0**	**~~0~~ 0**	**~~0~~ 0**
	2018	**0**	**0**	**0**	**0**	**0**	**0**
	2019	**0**	**0**	**0**	**0**	**0**	**0**

Note 1: All numbers are as of December 31, ~~2018~~2019.

TABLE NO. 5
PROJECTED OPENINGS FOR FISCAL YEAR
JANUARY 1, ~~2019~~2020 TO DECEMBER 31, ~~2019~~2020 (Note 1)

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Georgia	0	1	0
Indiana	0	1	0
~~Connecticut~~	~~0~~	~~1~~	~~0~~
Louisiana	0	3	0
~~South Carolina~~	~~0~~	~~1~~	~~0~~
Texas	0	~~1~~2	0
Totals	**0**	**7**	**0**

Note 1: All numbers are as of December 31, ~~2018~~2019

List of Current Franchisees

Exhibit F to this Disclosure Document is a list of the names, addresses and telephone numbers of all licensed Units. This list is current as of December 31, ~~2018~~2019.

List of Former Franchisees

Exhibit G to this Disclosure Document is a list of the names and last known addresses and telephone numbers of all franchisees who have had a Unit terminated, cancelled, not renewed, or otherwise voluntarily ceased to do business during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the date of this Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Purchase of Previously-Owned Franchise

If you are purchasing a previously-owned franchised outlet, we will provide you additional information on the previously-owned franchised outlet in an addendum to this Disclosure Document.

Confidentiality Clauses

During the last 3 fiscal years, we have signed agreements that contain confidentiality clauses that would restrict a franchisee's ability to speak openly about their experience. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Trademark Specific Franchisee Organizations

We are not currently aware of any trademark specific franchisee organizations associated with the franchise system which we have created, sponsored or endorsed, or any independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

Exhibit D to this Disclosure Document are copies of Roly Poly's (1) audited statements of operations, shareholders equity and cash flow as of December 31, 2018 and December 31, 2019 and audited balance sheets as of December 31, 2018 and December 31, 2019; and (2) audited statements of operations, shareholders equity and cash flow as of December 31, 2017 and December 31, 2018 and audited balance sheets as of December 31, 2017 and December 31, 2018~~; and (2) audited statements of operations, shareholders equity and cash flow as of December 31, 2016 and December 31, 2017 and audited balance sheets as of December 31, 2016 and December 31, 2017~~.

ITEM 22

CONTRACTS

Roly Poly's standard form of Franchise Agreement is Exhibit A to this Disclosure Document, standard form of Area Development Agreement is Exhibit B, and standard form of Guaranty of Franchisee's Undertakings is Exhibit C.

ITEM 23

RECEIPTS

The last pages of the Disclosure Document are detachable documents acknowledging your receipt of the Disclosure Document. When you receive this Disclosure Document, you must sign both Receipts, return 1 to us and retain the other for your records.

EXHIBIT A

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

for operation of a

ROLY POLY SANDWICHES UNIT

FRANCHISE AGREEMENT

PARTIES

This Franchise Agreement (the "**Agreement**") is made:

DATE:	________________________ (the "**Effective Date**")
BETWEEN:	Roly Poly Franchise Systems, LLC
FORM:	a Georgia Limited Liability Company
PRINCIPAL BUSINESS ADDRESS:	13 Emerald Drive Key West, Florida 33040
AND:	________________________ ("**FRANCHISEE**")
FORM:	Corporation / Limited Liability Company / Limited Partnership / Partnership / Individual / Other _______________________________ (circle one) State where organized: _________________
PRINCIPAL BUSINESS ADDRESS:	____ ____ ____ __________________

ROLY POLY: ___________
(initialize)

FRANCHISEE: __________
(initialize)

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ADDITIONAL TERMS AND CONDITIONS

BACKGROUND

(1) ROLY POLY has developed a plan and system for preparing, selling and marketing high-quality, unique rolled sandwiches and related food and beverage products from sit-in and take-out restaurants operating under the name and mark "**Roly Poly Sandwiches**."

(2) FRANCHISEE desires to acquire the right to operate a restaurant offering Roly Poly Sandwiches and utilizing the system developed by ROLY POLY and ROLY POLY is willing to grant such a right, subject to the terms and conditions of this Agreement.

BODY OF AGREEMENT

1. STRUCTURE OF AGREEMENT

This Agreement includes the attached "Additional Terms and Conditions" and all attached Schedules. The Additional Terms and Conditions and Schedules contain material terms and conditions of this Agreement that are no less material than those appearing in the body of this Agreement. The provisions in the body of this Agreement are called "sections" and the provisions in the Additional Terms and Conditions are called "**paragraphs**". The definitions for capitalized terms used in this Agreement appear at Paragraph 1 of the Additional Terms and Conditions, except that terms used only in one provision are defined in that provision.

2. GRANT OF FRANCHISE.

2.1 Grant of Rights. Subject to the terms and conditions of this Agreement, ROLY POLY grants to FRANCHISEE the right during the effectiveness of this Agreement to use the Roly Poly System to market and sell Menu Items from a Unit located at the Premises.

2.2 Delivery Area. In the Delivery Area specified in Schedule A, FRANCHISEE shall have the obligation to promote and provide to customers the delivery of Menu Items in accordance with ROLY POLY's standards and practices set forth in the Confidential Operating Manual. Subject to applicable laws and regulations and with ROLY POLY's written permission, FRANCHISEE may also offer Menu Items within its Delivery Area by means of pushcarts or similar forms of mobile sales. FRANCHISEE shall charge delivery and pushcart customers the same prices for Menu Items that it charges customers who eat-in at FRANCHISEE's Unit and FRANCHISEE may not charge a delivery fee. FRANCHISEE may offer delivery services (but not pushcart or other similar mobile services) to customers outside of its Delivery Area; provided, however, that (i) if ROLY POLY notifies FRANCHISEE that any area outside of FRANCHISEE's Delivery Area is or has become part of the delivery area of any Company or franchised Unit, FRANCHISEE shall immediately cease delivery services to such area; and (ii) FRANCHISEE shall offer delivery services only to the extent it can consistently offer timely delivery. FRANCHISEE shall only provide delivery or pushcart services directly from its Unit using rolled sandwiches Menu Items prepared at its Unit, and FRANCHISEE shall only offer delivery or pushcart services to customers to the extent that it can provide fresh Menu Items meeting ROLY POLY's quality standards.

During the term of this Agreement, ROLY POLY shall not grant to any Company Unit or franchised Unit a delivery area that overlaps with the Delivery Area; provided, however, that:

2.2.1 **Contiguous Areas**. ROLY POLY shall not be limited in any manner from providing other Company or franchised Units with delivery areas that are contiguous with FRANCHISEE's Delivery Area.

2.2.2 **Deliveries by Other Franchisees**. While ROLY POLY intends to notify each of its franchisees of any delivery areas of other franchisees that are in proximity with each franchisee and to direct each franchisee not to make deliveries into the delivery areas of other franchised or Company Units, ROLY POLY shall have no obligations or liability to FRANCHISEE with respect to any alleged or actual unpermitted deliveries by any other ROLY POLY franchisee into FRANCHISEE's Delivery Area.

2.2.3 **Redefinition of Delivery Area**. If ROLY POLY believes in good faith that FRANCHISEE's Delivery Area should be redefined for any reason, including, without limitation, a merger with or acquisition of another food service chain, FRANCHISEE's becoming unable adequately to respond to customer demand for deliveries in the Delivery Area or FRANCHISEE not being, in ROLY POLY's judgment, the party best-positioned to serve certain parts of the Delivery Area (due to an increase in the population and/or demand for Menu Items in the Delivery Area or for any other reason), then upon 30 days prior written notice ROLY POLY may redefine FRANCHISEE's Delivery Area, including by narrowing or changing its boundaries. FRANCHISEE shall not be entitled to any compensation for any such reduction to its Delivery Area. ROLY POLY shall not be limited in the number of times it may redefine FRANCHISEE's Delivery Area.

2.3 **Limits on Grant** . FRANCHISEE agrees as follows with respect to the grant of license under this Agreement and its Delivery Area.

2.3.1 **No Other Unit**. The grant of rights under this Agreement relates solely to the Premises and it does not give FRANCHISEE any right to construct or operate any additional, expanded or modified facilities at the Premises nor to construct or operate a business at any location other than the Premises; provided, however, that FRANCHISEE shall have the delivery rights granted in Section 2.2. If FRANCHISEE is not able to secure or to renew its lease for the Premises for a period extending to the end of the Initial Term (provided that ROLY POLY consented to the lease as required by Section 6.1.3), ROLY POLY shall not unreasonably withhold consent to FRANCHISEE moving to another site acceptable to ROLY POLY that is in the closest feasible proximity to the original site of FRANCHISEE's Premises and that is within the Delivery Area.

2.3.2 **Solicitations and Sales**. FRANCHISEE's delivery and pushcart sales rights and conditional rights under Section 2.2 apply only to deliveries or pushcart or other mobile sales directly to customers who will consume the Menu Items delivered. FRANCHISEE shall not do any of the following, and nothing in this Agreement or the relationship created by this

Agreement shall prevent ROLY POLY or its Affiliates from doing any of the following inside or outside of FRANCHISEE's Delivery Area:

(A) selling Menu Items to third parties such as supermarkets, convenience stores, airports or food booths for resale; or

(B) marketing through any distribution method products and services of any kind from any location under a different brand name or mark other than the Licensed Marks.

2.3.3 **Self-Contained Markets**. Unless expressly stipulated otherwise in Schedule E, FRANCHISEE's Delivery Area shall not include any enclosed shopping mall, airport, sports or entertainment coliseum or stadium, amusement park or other similar self-contained marketing area now or hereafter located partially or fully within the boundaries of FRANCHISEE's Delivery Area (any such area a "**Park**"). Unless separately and expressly otherwise agreed in writing by ROLY POLY, FRANCHISEE shall have no delivery or push cart rights with respect to any Park and ROLY POLY shall not be restricted by this Agreement or the relationship created hereunder from exploiting opportunities in any Park or licensing to other parties the rights to do so.

3. TERM.

3.1 **Term**. Upon execution by ROLY POLY and FRANCHISEE, this Agreement shall take effect as of the Effective Date and, unless earlier terminated pursuant to Section 9, shall extend for 10 years from the Effective Date.

3.2 **Renewal Term**. If FRANCHISEE is not in default under this Agreement and has complied with this Agreement during the Initial Term, FRANCHISEE shall be entitled to renew the Franchise for a Renewal Term of 10 years, subject to the following conditions:

3.2.1 **Renewal Fee**. FRANCHISEE must pay before the expiration of the Initial Term a renewal fee equal to 50% of ROLY POLY's then current initial franchisee fee (if ROLY POLY is not then offering franchises, the renewal fee shall be 50% of FRANCHISEE's initial franchise fee under Section 5.1.1).

3.2.2 **Remodel**. FRANCHISEE must agree to remodel and refurbish the Premises of its Franchised Business to meet the standards and design specifications ROLY POLY then requires of similar Units. This remodeling must be substantially complete by the expiration of the Initial Term.

3.2.3 **Notice of Renewal**. FRANCHISEE must give ROLY POLY written notice of its desire to renew the Franchise not less than 180 nor more than 365 days prior to the expiration of the Initial Term.

3.2.4 **New Agreement**. FRANCHISEE must execute ROLY POLY's then current form of franchise agreement, which may include terms different from those of this Agreement including a different fee structure.

4. OPERATING ASSISTANCE.

4.1 **Pre-Opening Assistance**. After executing this Agreement and before FRANCHISEE may open its Unit for business, ROLY POLY shall provide FRANCHISEE the assistance described below to substantially the same extent ROLY POLY provides it to other ROLY POLY franchisees.

4.1.1 **Pre-Training**. FRANCHISEE and its Designated Manager must attend and complete to ROLY POLY's satisfaction seven days of pre-training at Roly Poly University or another location that ROLY POLY designates. The cost of this pre-training is set forth in Section 5.1.2 herein. ROLY POLY will schedule the pre-training, in most cases to be completed at least thirty days before the Grand Opening Date. FRANCHISEE shall be responsible for all of its and its employees' expenses associated with such training, including travel, lodging and meal expenses and employee salaries. FRANCHISEE may not open its Unit for business unless FRANCHISEE and its Designated Manager have both successfully completed pre-training. In the event that FRANCHISEE selects a Designated Manager after FRANCHISEE's pre-training has begun but before the Grand Opening Date, FRANCHISEE shall pay ROLY POLY another pre-training tuition fee in the amount of $1,500, and the newly appointed Designated Manager must successfully complete his or her pre-training program before FRANCHISEE may open its Unit for business.

4.1.2 **Site Selection**. Guidelines on selecting a site for FRANCHISEE's Unit.

4.1.3 **Preliminary Plans**. Information about preliminary plans and layouts for the Unit, and standards and specifications for all fixtures, signs, improvements, equipment and other related facilities for use in standard Units. FRANCHISEE's preliminary plans must be prepared by the approved architect designated by ROLY POLY.

4.1.4 **Sources**. Information ROLY POLY has concerning possible sources of signs, equipment, fixtures, food and beverage products, furnishings, improvements and other products and services available in connection with the establishment and operation of a Unit.

4.1.5 **Manual**. One copy of the Confidential Operating Manual, as further provided in T&C's Paragraph 4. The Roly Poly System does not include any personnel policies or procedures or security-related policies or procedures that ROLY POLY (at its option) may make available to FRANCHISEE in the Confidential Operating Manual or otherwise for FRANCHISEE's optional use. FRANCHISEE will determine to what extent, if any, personnel or security-related policies and procedures might apply to operations at the Unit.

4.1.6 **Other Assistance**. Such other assistance by ROLY POLY or its agents or representatives that ROLY POLY considers appropriate.

4.2 **Opening Assistance**. Concurrent with FRANCHISEE's Grand Opening Date, ROLY POLY shall provide FRANCHISEE the assistance described below to substantially the same extent ROLY POLY provides it to other ROLY POLY franchisees.

4.2.1 **Grand Opening Training**. Twelve days (two days before the opening day of the Unit and ten business days thereafter including the Grand Opening Date) of grand opening training at FRANCHISEE's Unit in conjunction with the opening of its Unit for business. Such training shall be for FRANCHISEE and FRANCHISEE's Designated Manager and any FRANCHISEE employees selected by FRANCHISEE. ROLY POLY shall pay for the costs of materials and instruction during this training. The grand opening training shall be at FRANCHISEE's Unit and provided as close as is reasonably practicable for ROLY POLY in conjunction with FRANCHISEE's initial opening of its Unit for business. ROLY POLY shall not impose a fee for such grand opening training.

4.2.2 **Forms**. An initial supply of accounting forms for reporting sales to ROLY POLY in accordance with T&C's Paragraphs 5.A and 5.B. Subsequent supplies will be available to FRANCHISEE at ROLY POLY's cost plus reasonable handling charges.

4.2.3 **Other Assistance**. Such other opening assistance by ROLY POLY or its agents or representative in the initial operation of the Franchised Business as ROLY POLY considers appropriate.

4.3 **Ongoing Assistance**. ROLY POLY shall provide FRANCHISEE the ongoing assistance described below to the extent ROLY POLY considers appropriate, at substantially the same level ROLY POLY provides this assistance to similarly situated ROLY POLY franchisees.

4.3.1 **Modifications**. Deletions, additions and modifications to any of the rolled sandwiches or other Menu Items. These will include periodic, special feature Menu Items that ROLY POLY shall have the right to require FRANCHISEE to offer. ROLY POLY shall from to time provide FRANCHISEE with menus for use at the Unit; FRANCHISEE may use only menus provided by ROLY POLY or its affiliate.

4.3.2 **Advertising**. Periodic advice or assistance in local advertising and marketing. This assistance may include marketing campaigns ROLY POLY designs or implements and may be provided on ROLY POLY's website at www.RolyPoly.com.

4.3.3 **Counseling and Ongoing Training**. Periodic individual or group counseling in the operation of the Franchised Business. This counseling may be done in person, by seminar, or by newsletters or bulletins ROLY POLY makes available to its franchisees. If ROLY POLY considers necessary or appropriate, ROLY POLY may also offer ongoing training at a Company Unit, FRANCHISEE's Unit or the Unit of another franchisee or at any other appropriate location. ROLY POLY may require FRANCHISEE or its Designated Manager to attend ongoing training of up to two business days at least one time each year. For any mandatory ongoing training, ROLY POLY shall pay for the costs of materials and instruction, and ROLY POLY shall bear any training-related expenses of its personnel. ROLY POLY may charge reasonable training fees not to exceed $215 per person-day for any optional training or for any training ROLY POLY considers necessary to provide due to deficiencies in FRANCHISEE's operating methods or procedures. FRANCHISEE shall be solely responsible for all expenses of travel, lodging and board and the salaries and benefits of its Designated Manager or employee(s) in connection with either optional or mandatory ongoing counseling and training.

4.3.4 **Phone Advice**. A phone number FRANCHISEE may call for the purpose of seeking advice or guidance from ROLY POLY concerning operation of the Franchised Business. ROLY POLY will endeavor to answer all phone calls received during normal business hours and to return all recorded messages within 24 hours.

4.3.5 **Meetings**. Meetings of Roly Poly System franchisees to discuss and compare operating methods, franchisees' experiences and other aspects of the Roly Poly System. ROLY POLY may require FRANCHISEE or its Designated Manager to attend at least one meeting of up to two business days each year (in addition to, not in lieu of, any required training under Sections 4.1 or 4.2). FRANCHISEE must bear its own expenses of travel, room and board and salary associated with any meeting, as well as those of its Designated Manager or employees.

4.3.6 **General Advice**. Advice concerning operating problems, new techniques or operating methods disclosed by reports submitted to or inspections made by ROLY POLY.

4.3.7 **Operating Methods**. Advice and guidance concerning new and improved methods of operation or business procedures ROLY POLY develops or learns or use of the Confidential Operating Manual, management materials, promotional materials, advertising formats or the Licensed Marks or Designs.

4.3.8 **Pricing**. Notification of ROLY POLY's suggested retail prices for Menu Items. FRANCHISEE shall not be obligated to adhere to ROLY POLY's suggested retail prices.

4.3.9 **Group Purchasing**. The opportunity to participate in any group purchasing programs for inventory, supplies, insurance or equipment which ROLY POLY may use, develop, sponsor or provide, upon the terms and conditions ROLY POLY may solely determine.

4.3.10 **Inspections**. Periodic inspections of the Premises and other franchisees' Units and of the products and services FRANCHISEE and ROLY POLY's other franchisees offer.

4.3.11 **Other Assistance**. Such other assistance by ROLY POLY or its agents or representatives that ROLY POLY considers appropriate

4.3.12 **No Employment Assistance**. Notwithstanding anything in this Section, FRANCHISEE bears sole liability for the hiring, firing and personnel decisions, and the terms and conditions of employment, for Unit personnel and staff. ROLY POLY and FRANCHISEE acknowledge and agree that ROLY POLY shall not, and shall have no right or authority to, control the employees of the franchised Unit or FRANCHISEE's employees. ROLY POLY shall have no right or authority with respect to the hiring, termination, discipline, work schedules, pay rates or pay methods of employees of the franchised Unit or of FRANCHISEE. FRANCHISEE acknowledges and agrees that all employees of the franchised Unit and of FRANCHISEE shall be the exclusive employees of FRANCHISEE and shall not be employees of ROLY POLY nor joint employees of FRANCHISEE and ROLY POLY. ROLY POLY neither dictates nor controls labor or employment matters for franchisees and their employees and ROLY POLY is not responsible for the safety and security of Unit employees or customers.

5. FEES.

5.1 Initial Fees.

5.1.1 **Initial Franchisee Fee**. In consideration of the execution of this Agreement, FRANCHISEE agrees to pay ROLY POLY an initial franchise fee in the amount of $22,500. Upon execution of this Agreement by FRANCHISEE and ROLY POLY, the initial franchise fee is non-refundable, except that FRANCHISEE may receive a partial refund of the initial franchise fee pursuant to Section 9.1.2 in the event FRANCHISEE or, if applicable, its Designated Manager fails to complete the relevant training to ROLY POLY's reasonable satisfaction.

5.1.2 **Pre-Training Tuition Fee**. For the costs and expenses of the pre-training described in Section 4.1.1, FRANCHISEE agrees to pay to ROLY POLY a tuition fee in the amount of $2,500 upon the execution of this Agreement. Upon execution of this Agreement by FRANCHISEE and ROLY POLY, the tuition fee is non-refundable, except that FRANCHISEE may receive a full or partial refund of the tuition fee pursuant to Section 9.1.2 in the event FRANCHISEE or, if applicable, its Designated Manager, fails to begin the mandatory pre-training.

5.2 **Continuing Fee**. FRANCHISEE shall each month pay to ROLY POLY the greater of $500 or a continuing fee of 4% of its Gross Volume of Business for the prior month.

5.3 **Marketing Fee**. Beginning for the month in which the first anniversary of the Effective Date occurs, FRANCHISEE shall each month pay to the Neighborhood Marketing Fund the marketing fee required by ROLY POLY; provided, however, that the monthly marketing fee shall not exceed the greater of $75 or 1% of FRANCHISEE's Gross Volume of Business for the prior month. In addition to or in lieu of contributions to the Neighborhood Marketing Fund, ROLY POLY may require FRANCHISEE to make monthly payments to a local or regional advertising cooperative arranged by ROLY POLY, so long as the total monthly payments FRANCHISEE is required to make to the Neighborhood Marketing Fund or any such cooperative do not exceed 3% of FRANCHISEE's Gross Volume of Business for the prior month. If a cooperative advertising requirement is not established as of the first anniversary of the Effective Date, ROLY POLY may only require FRANCHISEE to begin making payments to the cooperative after giving FRANCHISEE at least 60 days prior written notice.

5.4 **Late Fee**. If Franchisee pays any monthly installment of the continuing fee or marketing fee after the monthly due date (See Additional Terms and Conditions Paragraph 3.A.), Franchisee shall pay the late payment fee pursuant to Paragraph 3.C. of the Additional Terms and Conditions, in addition to any other remedies ROLY POLY has for Franchisee's damages.

6. STANDARDS OF OPERATION.

ROLY POLY shall establish and FRANCHISEE shall maintain standards of quality, appearance and operation for the Franchised Business. For the purposes of enhancing the public image and reputation of businesses operating under the Roly Poly System and increasing the demand for Menu Items, the parties agree as follows concerning FRANCHISEE's standards of operation of its Franchised Business.

6.1 **Site Selection and Build-Out**. Before beginning construction of the Unit on the Premises, FRANCHISEE shall, at its expense, furnish to ROLY POLY, for its approval, each of the following.

6.1.1 **Proposed Site**. A proposed site for the operation of the Unit, which shall comply with any site criteria ROLY POLY prescribes. FRANCHISEE is responsible for locating the proposed site(s). ROLY POLY shall not have any liability for approving FRANCHISEE's site and its approval does not constitute any representation or guarantee concerning the chances for success of the Franchised Business. Before executing a lease, FRANCHISEE shall obtain at least two buildout quotes and present them to ROLY POLY for its approval.

6.1.2 **Plans**. All preliminary plans and final build-out plans and specifications (including all changes and modifications), and, before signing a lease agreement, two build-out quotes. FRANCHISEE must engage ROLY POLY's approved architect to prepare the preliminary plans. Two sets of final plans with respect to FRANCHISEE's proposed Unit must be sent to ROLY POLY. If ROLY POLY approves of the plans, it shall return one set to FRANCHISEE stamped "APPROVED". ROLY POLY shall not be liable to FRANCHISEE or to any other party in interest because ROLY POLY has approved the build-out plans and specifications to assure compliance with ROLY POLY standards. FRANCHISEE must maintain a set of the approved plans at the job site. FRANCHISEE shall be solely responsible for obtaining all permits and certifications as may be required for the lawful construction and operation of the Franchised Business.

6.1.3 **Lease**. A copy of the proposed lease agreement for the Premises. ROLY POLY must approve the lease (in accordance with ROLY POLY's then current requirements). Unless otherwise agreed in writing by ROLY POLY, the lease must be for a term which, with renewal options exercisable by FRANCHISEE, is not less than the Initial Term and the lease must provide ROLY POLY:

(A) The right to enter the Premises to make any modification necessary to protect the Licensed Marks and a "Collateral Assignment of Lease" in a form substantially similar to that in Schedule C, executed by FRANCHISEE and the lessor, providing ROLY POLY notice of any default under the lease by FRANCHISEE, a right to cure such default and the right to assume the lease with the right to sublease to a ROLY POLY franchisee; or

(B) The right to act as prime lessee under the lease and to sublease the site to FRANCHISEE. If ROLY POLY exercises its rights under any Collateral Assignment of Lease, ROLY POLY shall have all rights that FRANCHISEE would have had under the Lease had it continued in effect with FRANCHISEE.

6.2 **Build-Out**. FRANCHISEE shall ensure completion of construction of its Unit at the Premises in accordance with the approved site and building plans. FRANCHISEE shall secure to ROLY POLY and its agents the right to inspect the construction at any reasonable time; shall correct, upon request and at FRANCHISEE's expense, any deviation from the approved site layout and plan; and shall furnish to ROLY POLY a copy of the certificate of completion and obtain ROLY POLY's approval of the completed construction prior to opening all or any part of the Franchised Business for operation.

6.3 **Signs**. FRANCHISEE's Unit must include signs meeting ROLY POLY's standards and using the Roly Poly Sandwiches name in the manner ROLY POLY requires.

6.4 **Opening**. FRANCHISEE's Grand Opening Date shall occur not later than the earlier of (i) the date on which FRANCHISEE's lease for the Premises requires FRANCHISEE to commence business, or (ii) 150 days after the Effective Date. FRANCHISEE's Unit shall not open for business if the FRANCHISEE and its Designated Manager have not successfully completed the pre-training described in Section 4.1.1. In the event that FRANCHISEE selects a Designated Manager after FRANCHISEE's pre-training has begun, FRANCHISEE shall pay ROLY POLY another pre-training tuition fee in the amount of $1,500, and, if the Grand Opening Date has not yet occurred, the newly appointed Designated Manager must successfully complete his or her pre-training program before FRANCHISEE may open its Unit for business.

6.5 Approved Sources and Specifications. FRANCHISEE shall acquire food and beverage products, equipment, fixtures, signs, menu boards, paper products and utensils and other items used by FRANCHISEE from those manufacturers or suppliers designated by ROLY POLY or in accordance with those specifications designated by ROLY POLY in the Confidential Operating Manual. ROLY POLY may designate authorized suppliers or specifications in order to ensure the quality standards associated with the Roly Poly System. For any items for which ROLY POLY has designated approved suppliers, if FRANCHISEE desires to purchase such items from an unapproved supplier, FRANCHISEE must send ROLY POLY a written request for approval, in accordance with procedures ROLY POLY prescribes. ROLY POLY shall not unreasonably refuse to approve suppliers FRANCHISEE requests to be approved, so long as ROLY POLY is confident they can meet its quality standards and if utilizing such suppliers will not violate any agreement, understanding or arrangement into which ROLY POLY has entered.

6.6 Menu Items. FRANCHISEE shall offer each and every Menu Item and FRANCHISEE understands ROLY POLY may change, add or delete Menu Items from time to time. FRANCHISEE shall also offer all new or additional Menu Items that ROLY POLY requires to be added to the Roly Poly Menu as part of a special campaign or weekly, monthly or seasonal special. FRANCHISEE shall not discontinue or fail to supply adequate ingredients for any Menu Item unless with the written permission of ROLY POLY.

6.7 Non-Roly Poly Menu Items. FRANCHISEE shall not offer from the Premises any food or beverage products or other products or services, other than Menu Items, unless with the written permission of ROLY POLY for each such type of product or service (any such permission being subsequently withdrawable by ROLY POLY). In the event that FRANCHISEE does offer rolled sandwiches that are not Menu Items, such sandwiches, their names and any rights in their names shall automatically become, unless otherwise stipulated by ROLY POLY, part of the Roly Poly System and FRANCHISEE shall cooperate to perfect any assignment of all of such rights. Unless ROLY POLY otherwise expressly agrees in writing, any and all products and services that FRANCHISEE sells from or through its Franchised Business shall be counted toward its Gross Volume of Business and subject to the fees in Sections 5.2 and 5.3.

6.8 Menu Boards. FRANCHISEE shall place on display the then current menu board ROLY POLY requires Units to display and make available to customers printed menus in the form ROLY POLY prescribes. ROLY POLY may require FRANCHISEE to acquire a new menu board at FRANCHISEE's own expense at least one time each year. FRANCHISEE shall not be required to use on its menus the prices for Menu Items suggested by ROLY POLY.

6.9 Eat-In, Take-Out and Delivery Services. Unless otherwise agreed by ROLY POLY in writing, FRANCHISEE shall provide each of the following: (i) seating at the Premises for eat-in consumption by customers; and (ii) except to the extent restricted by applicable laws or regulations, take-out consumption and delivery services in the Delivery Area. All rolled sandwiches Menu Items sold by FRANCHISEE at other than the Premises shall have been made at the Premises and shall be for consumption by the purchasers rather than for resale. Unless with the prior written consent of ROLY POLY in each instance, FRANCHISEE shall under no circumstances offer any Menu Items for resale at any non-mobile location, including convenience stores, gas stations, or booths at sporting or other events. If ROLY POLY institutes a program regarding third party delivery, FRANCHISEE will participate in and use any third-party ordering and delivery services or methods that ROLY POLY designates, and refrain from using any other third-party ordering and delivery services or methods without ROLY

POLY's prior written approval. ROLY POLY may designate a third-party ordering and delivery services or methods in ROLY POLY's sole and absolute discretion. FRANCHISEE can request the approval of a third-party ordering and delivery services or methods by notifying ROLY POLY in writing and submitting such information and the draft agreement with such third-party ordering and delivery services or methods as ROLY POLY may request. ROLY POLY may require FRANCHISEE to pre-pay any reasonable charges connected with ROLY POLY's review and evaluation of any proposal. ROLY POLY will notify FRANCHISEE of ROLY POLY's decision within a reasonable time after ROLY POLY's receipt of all required information and the third-party ordering and delivery services or methods agreement. ROLY POLY may approve, or revoke or deny approval, of any third-party ordering and delivery services or methods in ROLY POLY's sole and absolute discretion. Designation of a third-party ordering and delivery services or methods may be conditioned on factors, including without limitation, ROLY POLY's right to obtain and verify Gross Volume of Business placed through the third-party ordering and delivery services or methods platform and amount of service charges paid to the third-party ordering and delivery services or methods, the third-party ordering and delivery services or methods standard for handling food, order and delivery. If ROLY POLY deems appropriate, FRANCHISEE shall include ROLY POLY as a party or third-party beneficiary to the delivery service agreement between the third-party ordering and delivery services or methods and FRANCHISEE. Failure to obtain ROLY POLY's approval shall be a default under this Agreement for which ROLY POLY may terminate this Agreement or charge liquidated damages equal to 8% of two times of any amount not being reported for the calculation of the Continuing Fee, including any third-party ordering and delivery services or methods fee. In such event, ROLY POLY have the right to conduct a full audit of FRANCHISEE's sales. Notwithstanding the foregoing, nothing in the foregoing will be construed to require ROLY POLY to approve any particular third-party ordering and delivery services or methods, and to the extent permissible under then applicable law, ROLY POLY will have the right to designate a single approved third-party food service or limit the number of approved third-party food service for the Roly Poly System, as ROLY POLY deem appropriate, and contract for rebates, discounts, allowances or other benefits with any such sole third-party ordering and delivery services or methods or other approved third-party ordering and delivery services or methods.

6.10 Participation in Training. FRANCHISEE (meaning for the purposes of this Section 6.10, the individual owner of the Franchise or the majority shareholder or partner if the Franchise is owned by other than an actual person) and its Designated Manager (and, if selected for attendance, other FRANCHISEE employees) shall participate in and complete ROLY POLY's pre-training and grand opening training programs, as provided in Sections 4.1 and 4.2, and any ongoing training that ROLY POLY requires (ROLY POLY may require FRANCHISEE or its personnel to attend ongoing training of at least two business days at least once each year and ROLY POLY may offer other optional training). FRANCHISEE and its Designated Manager (and, if selected for attendance, other employees) shall successfully complete ROLY POLY's pre-training and grand opening training programs to ROLY POLY's reasonable satisfaction, and shall do so before ROLY POLY will schedule a Grand Opening Date and before FRANCHISEE may open a Unit. ROLY POLY may require FRANCHISEE and its Designated Manager and other employee(s) who undergo pre-training and/or grand opening training to execute non-disclosure and confidentiality agreements before undergoing such training.

6.11 Designated Manager. The Franchised Business shall be operated only under the direct supervision of FRANCHISEE (if FRANCHISEE is an actual person, or the majority shareholder or partner in the FRANCHISEE if FRANCHISEE is a legal person) and/or its Designated Manager who ROLY POLY has approved and not thereafter disapproved. Any Designated Manager that FRANCHISEE nominates must successfully complete ROLY POLY's pre-training and grand opening training programs to ROLY POLY's reasonable satisfaction and meet ROLY POLY's reasonable requirements for managers of Units set forth in the Confidential Operating Manual. If FRANCHISEE or its Designated Manager that ROLY POLY has approved ceases to continue to operate as the manager of the Franchised Business at any time during the term of this Agreement, FRANCHISEE must immediately propose a new Designated Manager and this person must immediately participate in and successfully complete ROLY POLY's pre-training program at Roly Poly University (though ROLY POLY may permit FRANCHISEE to complete some of such training at FRANCHISEE's Unit to the extent ROLY POLY considers appropriate). To the extent ROLY POLY must provide pre-training to any Designated Manager in addition to FRANCHISEE's initial pre-training, FRANCHISEE shall pay to ROLY POLY a $1,500 training fee. FRANCHISEE shall only hire and retain a Designated Manager and sales employees who are sufficiently qualified, personable, and well-suited to the high standards of the Roly Poly System to represent and promote effectively the Roly Poly System and Menu Items.

6.12 Standards and Rules. FRANCHISEE agrees to comply with all Roly Poly System rules, regulations, policies and standards which are by their terms mandatory, including those contained in the Confidential Operating Manual. FRANCHISEE shall operate and maintain the Franchised Business in the manner and pursuant to the standards prescribed in this Agreement, in the Confidential Operating Manual or in other written materials provided by ROLY POLY to FRANCHISEE, and in accordance with all governmental standards and ratings applicable to the operation of the Franchised Business. As part of this obligation, FRANCHISEE agrees to do each of the following.

6.12.1 Good Repair and Appearance. Maintain the Premises, and all fixtures, furnishings, signs and equipment at the Premises, in conformity with ROLY POLY's then current standards, and make such repairs and replacements at the Premises as ROLY POLY reasonably requires. At any time after the fifth anniversary of the Effective Date, ROLY POLY may require FRANCHISEE to spend at least half the amount of ROLY POLY's then current initial franchise fee to refurbish FRANCHISEE's Premises so as to cause the Premises to meet ROLY POLY's then current design requirements for Units.

6.12.2 Good Sanitation; Temporary Closure for Risk to Public Health/Safety. Keep the Premises at all times in a high degree of sanitation, order and condition, including at all times maintaining a sanitation grade of no lower than the higher of 90 or A-. If at any time the Unit receives a sanitation grade of 89 or B or lower from a governmental agency or entity, or if, in ROLY POLY'S reasonable discretion, any condition within or of the Unit poses a substantial risk to public health or safety or is a gross health violation, then upon notice from ROLY POLY, FRANCHISEE shall immediately close the Unit to the public and shall completely remedy such risk or violation in an expedient manner. ROLY POLY has the right, but not the obligation, to enter into the Premises and to instruct and/or assist FRANCHISEE in remedying such conditions. Such closure shall not last for more than 5 of FRANCHISEE's normal business days. If the low sanitation grade, risk and/or violation cannot be or is not completely remedied by FRANCHISEE within such time period, ROLY POLY may terminate this Agreement in accordance with Article 9 herein. FRANCHISEE shall not re-open the Unit for business until ROLY POLY has inspected the Unit and given FRANCHISEE notice that the Unit passes the inspection to ROLY POLY's reasonable satisfaction and re-opening is permitted.

6.12.3 **Good Presentation to Customers**. Ensure that FRANCHISEE's personnel who will interact with or be seen regularly by customers wear the clothing required by ROLY POLY and avoid wearing clothing or accessories that ROLY POLY reasonably considers inappropriate or incompatible with the image of the Roly Poly System.

6.12.4 **Good Customer Relations**. Promptly respond to customer complaints and use its best efforts to take all appropriate steps to ensure positive customer relations and to give customers the feeling that "the customer is always right." FRANCHISEE shall follow any policies designated by ROLY POLY in the Confidential Operating Manual concerning returns, credits and other measures intended to create goodwill among customers.

6.12.5 **Protect Goodwill**. Not to engage in sales activities or practices that tarnish or detract from the image for freshness and quality of the Menu Items, that are incompatible with the Roly Poly System marketing approach or that may impair the goodwill associated with the Roly Poly System or the Licensed Marks.

6.13 **Operating Hours**. Unless otherwise agreed in writing by ROLY POLY, FRANCHISEE's Unit must, at a minimum, be open to the public from 10:00 a.m. to 6:00 p.m., seven days per week, 52 weeks per year, official state or federal holidays excluded. FRANCHISEE may operate its Unit for longer hours if FRANCHISEE desires. FRANCHISEE must post its operating hours conspicuously at the Premises and adhere to its posted operating hours.

6.14 **FRANCHISEE's Status**. In all advertising displays and materials and at the Premises, FRANCHISEE shall, in the form and manner ROLY POLY specifies in the Confidential Operating Manual, identify its Unit and Franchised Business, and notify the public that FRANCHISEE is operating the Unit and Franchised Business, as a licensee or franchisee of ROLY POLY.

6.15 **Cash Register**. ROLY POLY has implemented a mandatory cash register system for the purpose of recording receipts at the point of sale. FRANCHISEE must purchase and install ROLY POLY's then current cash register system and use such cash register system at the Unit. FRANCHISEE must grant ROLY POLY continuing access to such cash register system in such manner as then required by ROLY POLY, and must update or replace any equipment (including cash registers) or software as required by ROLY POLY from time to time. Installing such cash register systems or software may require FRANCHISEE to spend additional amounts and to do such things as install a telephone line for modem communications, and FRANCHISEE acknowledges and agrees that failure to grant and maintain continuing access to ROLY POLY will be a material default of this Agreement.

7. ADVERTISING AND MARKETING.

Recognizing the value of standardized advertising and marketing programs to the furtherance of the goodwill and public image of the Roly Poly System, ROLY POLY and FRANCHISEE agree as follows.

7.1 **FRANCHISEE Local Advertising Efforts**. At FRANCHISEE's expense, FRANCHISEE shall do the following to market and advertise its Unit and the Menu Items.

7.1.1 **Directory Listings**. Obtain at least the minimum size listings of its Unit in the white and yellow pages of all local telephone directories;

7.1.2 **Local Advertising**. Distribute flyers at office buildings, apartment or dormitory complexes and major pedestrian gathering places in the Delivery Area, and use other appropriate means of promoting the Unit, the Menu Items and, if applicable, FRANCHISEE's delivery services.

7.2 **Neighborhood Marketing Fund**. ROLY POLY requires the FRANCHISEE, pursuant to Section 5.3, to contribute to the Neighborhood Marketing Fund. ROLY POLY may form, maintain and administer local or regional advertising cooperatives and, pursuant to Section 5.3, require FRANCHISEE to make contributions to them. ROLY POLY manages the Neighborhood Marketing Fund in its sole discretion; may use the Neighborhood Marketing Fund to maximize the public's awareness of Units, the Roly Poly System and the Menu Items; shall cause Company Units to make contributions to the Neighborhood Marketing Fund pursuant to the same standards that ROLY POLY requires of franchised Units; shall not be obligated to ensure that any individual franchisee benefits directly or on a pro rata basis from placement of advertising purchased by the Neighborhood Marketing Fund; may accumulate monies in the Neighborhood Marketing Fund for such periods of time as it deems appropriate, with no obligation to spend all monies received in any fiscal year during such fiscal year, and if ROLY POLY's expenditures for advertising in any one fiscal year exceed the total amount contributed to the Neighborhood Marketing Fund during such fiscal year, ROLY POLY shall have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the Neighborhood Marketing Fund; may make loans to the Neighborhood Marketing Fund, bearing reasonable interest, to cover any deficits of the Neighborhood Marketing Fund, and may cause the Neighborhood Marketing Fund to repay such loans; shall only use monies in the Neighborhood Marketing Fund for the cost of administration or direction of the Neighborhood Marketing Fund and its advertising programs, and shall not use the Neighborhood Marketing Fund to defray its general operating expenses not attributable to advertising; and shall maintain the Neighborhood Marketing Fund separate from ROLY POLY's other accounts.

7.3 **Supply of Advertising Materials**. ROLY POLY may from time to time offer to provide FRANCHISEE local advertising and marketing materials such as newspaper mats or sales promotion materials. ROLY POLY does not require FRANCHISEE to use these materials, however, if FRANCHISEE chooses to acquire them from ROLY POLY, it may require

FRANCHISEE to reimburse ROLY POLY's actual costs for producing and supplying such materials.

7.4 Approval of FRANCHISEE Advertising. All advertising materials FRANCHISEE uses and advertising FRANCHISEE places shall prominently feature the Licensed Marks and shall have been approved in advance in writing or supplied by ROLY POLY. ROLY POLY encourages FRANCHISEE to suggest to it advertising and marketing ideas. However, before using any advertising or marketing materials, signage or menu boards ("**Advertising Materials**") ROLY POLY has not supplied FRANCHISEE or previously approved, FRANCHISEE shall send the Advertising Materials to ROLY POLY (through the mail, return receipt requested) for ROLY POLY's prior approval (except with respect to prices to be charged). If FRANCHISEE does not receive ROLY POLY's disapproval of FRANCHISEE's proposed Advertising Materials within 14 days from the date ROLY POLY receives FRANCHISEE's notice, ROLY POLY shall be deemed to have given the required approval. ROLY POLY may subsequently disapprove any Advertising Materials ROLY POLY has previously approved and may require FRANCHISEE to stop using such Advertising Materials.

7.5 Promotions. FRANCHISEE must participate in any promotions and marketing campaigns ROLY POLY develops for the Roly Poly System, except that ROLY POLY may not require FRANCHISEE to adhere to any pricing involved in any such campaign.

7.6 Advertising About Prices. FRANCHISEE must always keep ROLY POLY supplied with FRANCHISEE's current price list for all goods and services sold at or through the Franchised Business. ROLY POLY has the right to rely upon the accuracy of the price lists FRANCHISEE provides ROLY POLY, and ROLY POLY may use the information in the price lists to advertise, market or promote FRANCHISEE's Unit, other Units in the Roly Poly System, Menu Items and the Roly Poly Menu. FRANCHISEE has the right to amend, modify or change the prices listed in FRANCHISEE's current price list, but FRANCHISEE's new prices shall not become effective until 30 days after FRANCHISEE gives ROLY POLY notification of its new price list. This notice period is intended to allow ROLY POLY to modify advertising or promotional materials ROLY POLY uses to advertise the prices of Menu Items. ROLY POLY may include in any advertising ROLY POLY administers the "suggested retail prices" of Menu Items so long as ROLY POLY includes the phrase "available at participating locations only" or such other cautionary language intended to advise consumers that suggested retail prices may not be adhered to by all ROLY POLY franchisees.

7.7

8. COVENANTS.

8.1 **<u>FRANCHISEE Covenants</u>**. During the Term of this Agreement, FRANCHISEE and any guarantor(s), shareholder(s), partner(s) or member(s) of FRANCHISEE each covenant, individually as follows (for purpose of this Section 8 only, "**FRANCHISEE**" or "**its**" refers to FRANCHISEE and each guarantor, shareholder, partner or member signing this Agreement other than on behalf of FRANCHISEE).

8.1.1 **<u>Best Efforts</u>**. To use its best efforts in operating the Franchised Business and in recommending, promoting and encouraging patronage of all Units;

8.1.2 **<u>Do Not Compete</u>**. Not to engage as an owner, operator, or in any managerial capacity in any fast-food sandwich business other than as a franchisee of the Franchised Business. However, FRANCHISEE shall not be prohibited from owning equity securities of any fast food sandwich business whose shares are traded on a stock exchange or on the over-the-counter market so long as FRANCHISEE's ownership interest shall represent 2% or less of the total number of outstanding shares of such business;

8.1.3 **<u>Non-Solicitation</u>**. Not to solicit or attempt to solicit any party who is an employee of ROLY POLY or any Affiliate of ROLY POLY to seek employment with FRANCHISEE or any Affiliate of FRANCHISEE.

8.1.4 **<u>Full Time</u>**. FRANCHISEE, or if FRANCHISEE is not an individual, an individual shareholder, partner or member of FRANCHISEE approved by ROLY POLY shall devote its full time to the operation of the Franchised Business.

8.2 **<u>Post-Term Noncompete</u>**. After the termination or expiration of this Agreement, or if FRANCHISEE assigns or transfers its interest under this Agreement to any person or business organization, then in such event FRANCHISEE covenants, for a period of one year after such termination, expiration, or transfer or assignment not to engage as an owner, operator, or in any managerial capacity, in any fast-food business selling rolled sandwiches, at or within the former Delivery Area, other than as an authorized franchisee of another Unit in the Roly Poly System. The purpose of this covenant is not to deprive FRANCHISEE of a means of livelihood and will not do so, but is rather to protect the goodwill and interest of ROLY POLY and the Roly Poly System.

8.3 **<u>Non-Disclosure</u>**. FRANCHISEE covenants not to communicate directly or indirectly, divulge to or use for FRANCHISEE's benefit or the benefit of any Affiliate of FRANCHISEE or any other person or legal entity, any Trade Secrets or Confidential Information (as each are defined below), except as expressly permitted by ROLY POLY in writing in each instance. Such covenant shall remain in effect during the term of this Agreement and at all times thereafter with respect to Trade Secrets, and during the term of this Agreement and for two years from the date of its expiration or termination with respect to Confidential Information. FRANCHISEE agrees that in the event that FRANCHISEE or any Affiliate of

FRANCHISEE engages as an owner, operator or in any managerial capacity in any fast food business offering rolled sandwiches (other than as a ROLY POLY franchisee), FRANCHISEE shall have the burden of proving that FRANCHISEE has not used any Trade Secrets or, during the first two years after termination or expiration of this Agreement, any Confidential Information. The protection granted ROLY POLY under this Section 8.3 shall be in addition to and not in lieu of all other protections for any Trade Secrets or Confidential Information as may otherwise be afforded in law or in equity. FRANCHISEE agrees to execute, if requested by ROLY POLY, non-disclosure and non-competition agreements with FRANCHISEE's Designated Manager(s), which shall prohibit competition by such person(s), during and for a period of one year after termination of their employment with FRANCHISEE, in any fast-food business selling rolled sandwiches within the FRANCHISEE's Delivery Area, and which shall further prohibit disclosure by such parties to any other person or legal entity of any Trade Secrets or Confidential Information. Such employee non-disclosure agreements shall be subject to the prior written approval of ROLY POLY and ROLY POLY shall be a third-party beneficiary of such agreements. FRANCHISEE shall not amend, modify or terminate any such agreement without ROLY POLY's prior written consent. "**Trade Secrets**" shall mean information belonging to ROLY POLY or licensed by it, including information in the Confidential Operating Manual or otherwise communicated by ROLY POLY to Franchisee and proprietary methods of operation, components of the Roly Poly System, the design and layout of Units, technical or nontechnical data, formulae, marketing plans, and customer or supplier lists, to the extent such items (A) derive economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons or entities who can obtain economic value from their disclosure or use, and (B) are the subjects of efforts by ROLY POLY that are reasonable under the circumstances to maintain their secrecy. "**Confidential Information**" means information other than Trade Secrets that belongs to ROLY POLY or is licensed by it, that is of a confidential or secret nature material to ROLY POLY, and that is not generally known to the public. The restrictions and obligations under this Section 8.3 shall not apply to any Trade Secrets or Confidential Information after it (A) become generally available to the public through any means other than a breach by FRANCHISEE or its Affiliates of FRANCHISEE's obligations under this Agreement, (B) is disclosed to FRANCHISEE without an obligation of confidentiality by a third party who has a right to make such disclosure, or (C) can be demonstrated by FRANCHISEE to ROLY POLY's reasonable satisfaction to have been known by FRANCHISEE before the time of its disclosure by ROLY POLY to FRANCHISEE.

8.4 **Covenants Independent**. FRANCHISEE and ROLY POLY agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. Should any part of these restrictions be found to be unenforceable, and should such part be capable of being made enforceable by reduction of its scope, FRANCHISEE and ROLY POLY agree that the same shall be enforced to the fullest extent permissible under the law. The running of any period of time specified in this Section 8 shall be tolled and suspended for any period of time in which FRANCHISEE is found by a court of competent jurisdiction to have been in violation of this restrictive covenant. ROLY POLY may, unilaterally and at any time, revise any of the covenants in this Section 8 so as to reduce the obligations of FRANCHISEE. FRANCHISEE agrees that the existence of any claim it may have against ROLY POLY, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by ROLY POLY of the covenants in this Section 8.

9. DEFAULT AND TERMINATION.

9.1 **Termination for Good Cause**. ROLY POLY may not terminate this Agreement prior to the expiration of its term except for "**Good Cause**," which shall mean the occurrence of any event of default described below. Upon the occurrence of any event of default, ROLY POLY may, without waiving its rights under this Agreement or otherwise available at law or in equity, terminate this Agreement immediately upon written notice of termination to FRANCHISEE, subject, however, to any notice and cure periods stipulated below. The occurrence of any one or more of the events below shall constitute an event of default and grounds for termination of this Agreement by ROLY POLY for Good Cause.

9.1.1 **Insolvency**. This Agreement shall terminate automatically if FRANCHISEE becomes insolvent, makes a general assignment for the benefit of creditors, or files a petition in bankruptcy, or if such a petition is filed against and consented to by FRANCHISEE, or a bill in equity or other proceeding for the appointment of a receiver of FRANCHISEE or other custodian for FRANCHISEE's business or assets is filed and consented to by FRANCHISEE, or a receiver or other custodian (permanent or temporary) of FRANCHISEE's assets or property, or any part thereof, is appointed.

9.1.2 **Failure to Open or Complete Training**. Unless otherwise agreed by ROLY POLY in writing, this Agreement shall terminate automatically if FRANCHISEE fails to open its Unit to the public on a continuous basis within 150 days of the Effective Date or if FRANCHISEE or its Designated Manager fails to complete any segment of ROLY POLY's mandatory initial training (including, without limitation, pre-training or grand opening training) to ROLY POLY's reasonable satisfaction in time for FRANCHISEE to meet its obligation to open the Franchised Business. If ROLY POLY does not provide any pre-training to FRANCHISEE or its Designated Manager, ROLY POLY shall refund the tuition fee under Section 5.1.2 after deducting for ROLY POLY's reasonable costs and expenditures in preparing for a pre-training program and in providing assistance to FRANCHISEE to the date of termination. If ROLY POLY terminates for FRANCHISEE's failure successfully to complete ROLY POLY's pre-training, ROLY POLY shall refund the initial franchisee fee under Section 5.1.1 after deducting for ROLY POLY's reasonable costs attributable to any training ROLY POLY has provided and other effort, costs and expenditures ROLY POLY has incurred in evaluating whether to grant a franchise to FRANCHISEE, in approving FRANCHISEE'S proposed site and in providing assistance to FRANCHISEE to the date of termination.

9.1.3 **Uncured Breach**. If FRANCHISEE fails to perform or breaches any covenant, obligation, term, condition, warranty or certification herein and fails to cure such noncompliance within 30 days after ROLY POLY gives written notice to cure.

9.1.4 **Failure to Pay When Due**. If FRANCHISEE (A) fails to pay any financial obligation pursuant to this Agreement within 30 days of the date on which ROLY POLY gives notice of such delinquency or immediately upon written notice if such payment has not been made within 60 days after the date on which it is required to be paid or (B) three or more times in any calendar year is late making any payment owed to ROLY POLY.

9.1.5 **False Statement or Underreporting of Gross Volume**. If FRANCHISEE makes, or has made, any materially false statement or report to ROLY POLY in connection with this Agreement or application therefor, including if FRANCHISEE with respect to three or more months underreports its Gross Volume of Business by 2% or more.

9.1.6 **Noncompliance with Manual**. If FRANCHISEE operates its Franchised Business in a manner contrary to or inconsistent with the Licensed Marks or as specified by ROLY POLY in the Confidential Operating Manual, and FRANCHISEE fails to cure such deficiency within 30 days after ROLY POLY gives a written notice to cure.

9.1.7 **Unpermitted Transfers**. If there is any violation of any transfer and assignment provision contained in T&C's Paragraph 6.

9.1.8 **Repeated Breaches**. If FRANCHISEE receives from ROLY POLY two or more notices to cure defaults or violations of this Agreement in the same calendar year or four or more such notices during the term of this Agreement.

9.1.9 **Abandonment**. If FRANCHISEE abandons or ceases to operate its Franchised Business conducted under this Agreement for 48 or more consecutive hours outside of the closing periods and pursuant to the notice requirements under Section 6.13 or defaults under any mortgage, deed of trust or lease with any third party covering the Premises, and such party treats such act or omission as a default, and FRANCHISEE fails to cure such default to the satisfaction of such third party within any applicable cure period granted FRANCHISEE by such party. In any such instance of abandonment, whether or not ROLY POLY terminates this Agreement, ROLY POLY shall have the right, itself or through any agent, to enter the Premises and to operate the Franchised Business as provided in Section 10.3.

9.1.10 **Criminal Conviction**. If FRANCHISEE or any person owning an interest in FRANCHISEE is convicted of a felony, a crime of moral turpitude, or any other crime or offense relating to the operation of the Franchised Business or that in ROLY POLY's sole determination is reasonably likely to affect adversely the name and image of the Roly Poly System or Licensed Marks.

9.1.11 **Lapse of Insurance**. If FRANCHISEE fails to carry or allows to lapse any insurance coverage required pursuant to T&C's Paragraph 7.

9.1.12 Other Defaults. If FRANCHISEE or any guarantor(s) of FRANCHISEE default in any other agreement with ROLY POLY and such default is not cured in accordance with the terms of such other agreement.

9.1.13 Noncompliance with Law. If FRANCHISEE fails, for a period of 15 days after notification of noncompliance, to comply with any law or regulation applicable to the operation of the Franchised Business.

9.1.14 Nondisclosure Violation. If FRANCHISEE or any of its guarantors violates the non-disclosure and confidentiality requirements of Section 8.3 or FRANCHISEE's covenants and obligations with respect to the Licensed Marks in T&C's Paragraph 2.

9.1.15 Unapproved Sales. If FRANCHISEE offers for sale at the Premises or through delivery, pushcart or other mobile sales in connection with the Franchised Business any products or services other than Menu Items or any other products or services otherwise approved by ROLY POLY in writing, or if FRANCHISEE sells Menu Items to parties FRANCHISEE knows or should know intend to resell such Menu Items, except to the extent expressly permitted by ROLY POLY in each instance in writing.

9.1.16 Unremedied Gross Health Violation/Risk to Public. If pursuant to Section 6.12.2, FRANCHISEE must close the Unit for more than five (5) of its normal business days, or does not completely remedy the relevant sanitation grade, risk(s) and/or violation(s) within five (5) of its normal business days after closure, or if the Unit does not pass ROLY POLY's pre-reopening inspection provided for in Section 6.12.2, or if a temporary closure is required of FRANCHISEE under Section 6.12.2 on two or more occasions within any 12-month period during the term hereof.

9.2 Termination by FRANCHISEE. FRANCHISEE may not terminate this Agreement prior to the expiration of its term except through legal process resulting from ROLY POLY's material breach of this Agreement or with ROLY POLY's consent. In the event that FRANCHISEE shall claim that ROLY POLY has failed to meet any obligation under this Agreement, FRANCHISEE shall provide ROLY POLY with written notice of such claim, within 150 days of its occurrence, specifically enumerating all alleged deficiencies and providing ROLY POLY with an opportunity to cure of at least 30 days from the date of receipt of such notice by ROLY POLY. Failure to give such notice shall constitute a waiver of any such alleged default.

10. POST TERM OBLIGATIONS.

10.1 FRANCHISEE Obligations. Upon the expiration or termination of this Agreement for any reason, FRANCHISEE shall do all of the things identified below.

10.1.1 De-identification. Cease to operate the Franchised Business under the Licensed Marks or to sell Menu Items from the Premises or elsewhere. FRANCHISEE shall not thereafter, directly or indirectly, represent to the public that the former Franchised Business is or was operated or in any way connected with the Roly Poly System or hold itself out as a present or former franchisee of ROLY POLY.

10.1.2 **Pay All Sums Due**. Pay all sums owing to ROLY POLY and to all third party vendors and suppliers, including food distributors and suppliers, equipment suppliers and printed and other materials suppliers. Upon termination for any default by FRANCHISEE, such sums owing to ROLY POLY shall include all actual and consequential damages, costs and expenses incurred by ROLY POLY as a result of the default.

10.1.3 **Return Materials**. Return to ROLY POLY the Confidential Operating Manual and all promotional materials, menus, menu boards, trade dress (including artwork and pictures) and confidential materials and other materials and property owned or supplied by ROLY POLY and all copies thereof. FRANCHISEE shall retain no copy or record of any of the foregoing, except that FRANCHISEE may retain its copy of this Agreement, any correspondence between the parties, and any other document which FRANCHISEE reasonably needs for compliance with any applicable provision of law.

10.1.4 **Transfer of Licenses**. Take such action as may be required by ROLY POLY to transfer and assign to ROLY POLY or its designee all telephone numbers, white and yellow page telephone references and advertisements, and all trade and similar name registrations and business licenses, and to cancel any interest which FRANCHISEE may have in the same.

10.1.5 **Cease to Use System and Marks**. Cease to use in any advertising, distributing or marketing activities any (i) methods, procedures or techniques associated with the Roly Poly System in which ROLY POLY or its Affiliates has a proprietary right, title or interest and (ii) the Licensed Marks and any other marks and indicia of operation associated with the Roly Poly System. FRANCHISEE shall remove, at its cost and expense, all trade dress and color combinations and other indications of operation under the Licensed Marks or Designs from FRANCHISEE's former Unit and all signs.

10.1.6 **Operation of Similar Business**. FRANCHISEE covenants, for a period of one year after expiration or termination not to operate any business at or within its former Delivery Area which, as a substantial or principal part of its business, offers for sale rolled sandwiches.

10.1.7 **Liquidated Damages**. If FRANCHISEE unilaterally abandons the Franchised Business prior to the natural expiration of the term or ROLY POLY terminates this Agreement for cause in accordance with the terms of this Agreement, then, in addition to any other remedies available to ROLY POLY at law or in equity, ROLY POLY will be entitled to collect from FRANCHISEE, and FRANCHISEE agrees to pay within 15 days of demand by ROLY POLY, an amount equal to the average monthly Continuing Fees and Marketing Fees FRANCHISEE paid or owed to

ROLY POLY during the 12 months of operation preceding the effective date of termination multiplied by the lesser of (a) 36, or (b) the total number of months remaining in the Term of this Agreement had it not been terminated. Further, if after (1) the expiration of this Agreement, or (2) the termination of the franchise by ROLY POLY in accordance with this Agreement, FRANCHISEE continues to use any of the Licensed Marks or element of the Roly Poly System in connection with the continued operation of FRANCHISEE's Unit or otherwise, then, in addition to any other remedies available to ROLY POLY at law or in equity, ROLY POLY will be entitled to collect from FRANCHISEE, and FRANCHISEE agrees to pay within 15 days of demand by ROLY POLY, Continuing Fees and Marketing Fees for such use of the Licensed Marks and/or the Roly Poly System equal to 200% of the Continuing Fees and Marketing Fees that FRANCHISEE would otherwise have been obligated to pay under this Agreement with respect to the operations of the Unit. Any demand for payment of liquidated damages under this Agreement does not constitute an election of remedies and any payments received will be in addition to and not in lieu of any other remedies available to ROLY POLY at law or in equity.

10.2 Rights of ROLY POLY Upon Termination. Upon termination or expiration of this Agreement for any reason ROLY POLY shall have the rights identified below.

10.2.1 Purchase of ~~Signs~~Equipment. ROLY POLY shall be entitled, but not required, to purchase from FRANCHISEE at their fair market value any and all fixtures, furnishings~~,~~ and equipment~~, signs or display materials~~ used in connection with the Franchised Business that indicate the Licensed Marks, Licensed Designs or the Roly Poly System; and ROLY POLY shall be entitled to repossess without charge any of such items provided to FRANCHISEE by ROLY POLY without charge. FRANCHISEE shall permit ROLY POLY or its designated agent to enter the Premises at any time to remove all signs and display materials indicating the Roly Poly System.

10.2.2 Purchase of Unit. If ROLY POLY in good faith believes that the site of the Premises is important to the Roly Poly System, and if FRANCHISEE has been leasing the Premises, upon the termination or expiration of this Agreement, ROLY POLY may at its option acquire from FRANCHISEE all of its rights, title and interest with respect to the Franchised Business at the going concern value thereof, which value shall not include the value or goodwill associated with the Roly Poly System or Licensed Marks.

10.2.3 Dispute over Compensation. In the event of any dispute between FRANCHISEE and ROLY POLY concerning compensation to be paid by ROLY POLY to FRANCHISEE for any purchases pursuant to Sections 10.2.1 or 10.2.2, either party may, by written notice to the other party, initiate the following dispute resolution process. At an agreed place and time no more than 14 days from the date of a written request to initiate this process, each party shall deliver to the other its proposed price for the purchase. If the lower proposed price is 80% or more of the higher proposed price (rounding to the nearest one-tenth of one percent), the purchase price shall be the average of the two proposed prices. If the lower proposed price is less than 80% of the higher proposed price, an independent certified public accountant firm mutually acceptable to ROLY POLY and FRANCHISEE shall select one of the proposed prices, which shall be the purchase price. ROLY POLY and FRANCHISEE shall bear equally all charges and fees billed by such accounting firm, whose decision shall be final and binding and not subject to appeal.

10.3 Rights of ROLY POLY to Open Business. In addition or in lieu of exercising its right of termination hereunder in the event of default by FRANCHISEE, ROLY POLY shall have the right upon default by FRANCHISEE to, directly or through its designated agent, enter the Premises and exercise complete authority with respect to operation of the Franchised Business for so long as all outstanding defaults are not cured to ROLY POLY's satisfaction. FRANCHISEE shall be obligated to compensate ROLY POLY for its out-of-pocket costs and time and effort in operating FRANCHISEE's Unit during any period of default and ROLY POLY may retain any portion of the revenues earned during any such period of operation in order to offset such costs and fees. ROLY POLY shall not be responsible for any damages to FRANCHISEE, or FRANCHISEE's Unit or the Franchised Business during any such period of operation by ROLY POLY, except to the extent caused by ROLY POLY's gross negligence or willful misconduct.

[END OF BODY OF AGREEMENT. ADDITIONAL TERMS AND CONDITIONS BEGIN NEXT PAGE.]

ADDITIONAL TERMS AND CONDITIONS

1. DEFINITIONS

A. Defined Terms . As used in this Agreement, the terms below shall have the meanings indicated below. Some other terms that are used only in one provision of this Agreement are defined in each such section.

(1) "**Neighborhood Marketing Fund**" -- Any regional or national advertising fund established and administered by ROLY POLY, as provided in Section 7.2.

(2) "**Affiliate**" -- With respect to any actual or legal person, any other actual or legal person that directly or indirectly through one or more intermediaries controls, or is controlled by or is under common control with such person. Control for the purpose of this definition shall include ownership of more than 50 percent of the issued and outstanding voting stock (or equivalent equity interests) of a company or other entity entitled to vote for the election of the directors or managers, as applicable, of such company or other entity.

(3) "**Agreement**" -- This Agreement, including the "Additional Terms and Conditions" and all Schedules to this Agreement.

(4) "**Company Unit**" -- A Unit operated by ROLY POLY or any of its Affiliates.

(5) "**Confidential Operating Manual**" -- The various written instructions and confidential manual(s), including revisions, that ROLY POLY may publish from time to time to FRANCHISEE, as further provided in T&C's Paragraph 4.A.

(6) "**Delivery Area**" -- The area identified in Schedule A where FRANCHISEE has the obligation and rights stipulated in Section 2.2 to deliver Menu Items to customers who will consume the items delivered.

(7) "**Designated Manager**" -- The individual owner or employee of FRANCHISEE who satisfactorily completes ROLY POLY's **[pre-training and grand opening training]** and is approved by ROLY POLY.

(8) "**Franchise**" -- The rights granted under this Agreement by ROLY POLY to FRANCHISEE.

(9) "**Franchised Business**" -- The Unit and business FRANCHISEE operates pursuant to this Agreement.

(10) "**FRANCHISEE**" -- As identified under the "Parties" heading on the first page of this Agreement.

(11) "**Grand Opening Date**" -- The date on which FRANCHISEE first opens its Franchised Business to the public on a continuous basis.

(12) "**Gross Volume of Business**" -- The aggregate gross amount of all revenues from whatever source derived (whether in the form of cash, credit, agreements to pay or other consideration, and whether or not payment is received at the time of sale or any such amounts prove uncollectible) which arise from or are derived by FRANCHISEE or by any other person from business conducted or which originated in, on, from, or through the Premises, or from the sale of any products associated with the use of the Licensed Marks, whether such business is conducted in compliance with or in violation of the terms of this Agreement, excluding only sales or other tax receipts (the collection of which is required by law). Revenues earned from delivery services and any off-Premises sales of Menu Items, such as by means of pushcarts or other forms of mobile sales, are included in FRANCHISEE's Gross Volume of Business.

(13) "**Initial Term**" -- The 10-year period identified in Section 3.1.

(14) "**Licensed Designs**" -- The characteristics, plans, designs, trade dress and distinctive aspects of Units (whether or not copyrighted, copyrightable or otherwise registered or registerable as intellectual property rights) concerning their style of arrangement, appearance and decoration, as may be amended from time to time by ROLY POLY.

(15) "**Licensed Marks**" -- The "ROLY POLY Sandwiches" trade name and the trademark(s) and service mark(s) set forth on Schedule D, as may be amended by ROLY POLY from time to time.

(16) "**Menu Items**" -- Any rolled sandwich, other food or dessert product, beverage or non-food product or service authorized, and not subsequently discontinued, by ROLY POLY for sale by FRANCHISEE from or through FRANCHISEE's Unit.

(17) "**Premises**" -- The site of FRANCHISEE's Unit specified in Paragraph 2 of Schedule C.

(18) "**Renewal Term**" -- A 10-year period immediately following the Initial Term, as further provided in Section 3.2.

(19) "**ROLY POLY**" -- As identified under the "Parties" heading on the first page of this Agreement.

(20) "**Roly Poly System**" -- The plan and system relating to the operation of high-quality, fast-food restaurants offering rolled sandwiches and other products or services under the Licensed Marks and utilizing the Licensed Designs, which system includes assistance in site evaluation and selection; equipment selection; restaurant layout and design; sourcing of products and services; preparation of food; marketing, advertising and promotional techniques; training of personnel; maintenance of quality standards; and other matters relating to the operation and promotion of Units.

(21) "**T&C's**" -- The Additional Terms and Conditions.

(22) "**Transfer**" -- As defined in T&C's Paragraph 6.B.

(23) "**Unit**" -- A eat-in and take-out restaurant utilizing the Roly Poly System and Licensed Marks and Licensed Designs to offer Menu Items on the Roly Poly Menu. Units may be franchised Units or Company Units.

B. Extended Meanings. All references in this Agreement to "including" shall be deemed to mean "including, without limitation" and all references to "includes" shall be deemed to mean "includes, without limitation". All references in this Agreement to "FRANCHISEE may . . ." or "ROLY POLY may . . ." shall mean that the referenced party "shall have the right to . . .".

2. LICENSED MARKS.

A. Use of Licensed Marks. FRANCHISEE shall adopt and use the Licensed Marks solely in the manner ROLY POLY prescribes; shall refrain from using the Licensed Marks to perform any activity or to incur any obligation or indebtedness in such a manner as may, in any way, subject ROLY POLY to liability; shall observe such requirements with respect to trademark and service mark registrations and copyright notices as ROLY POLY may, from time to time, require, including, affixing "SM," "TM," or ® adjacent to all such Licensed Marks in any and all uses thereof; shall utilize such other appropriate notice of ownership, registration and copyright as ROLY POLY may require; shall utilize only exterior and interior signage and lettering that meets ROLY POLY's specifications and which has been previously approved in writing by ROLY POLY; and shall offer and advertise all Menu Items only under the name or names from time to time designated by ROLY POLY.

B. Change in Licensed Marks. ROLY POLY reserves the right for any reason to designate one or more new, modified or replacement Licensed Marks for use by franchisees in the Roly Poly System and to require the use by FRANCHISEE of any such new, modified or replacement Licensed Marks, in addition to or in lieu of any previously designated Licensed Marks. If ROLY POLY substitutes for the principal "ROLY POLY Sandwiches" mark any new mark and requires FRANCHISEE to bear expenses associated with changes in signs, menu boards and other items on which such mark appears, ROLY POLY shall credit against future fees due to it under this Agreement the amount of FRANCHISEE's reasonable actual costs in substituting replacement signs, menu boards and such other items, except to the extent that ROLY POLY could otherwise under this Agreement require updating of signs, menu boards or similar items.

C. No FRANCHISEE Ownership Rights. FRANCHISEE shall not represent in any manner that FRANCHISEE has acquired any ownership rights in the Licensed Marks or Licensed Designs or the goodwill associated therewith. FRANCHISEE shall not use the Licensed Marks, any formatives thereof, or any other marks, names or indicia which are or may be confusingly similar in FRANCHISEE's own corporate or business name, except as ROLY POLY authorizes. Any and all goodwill associated with the Licensed Marks or Licensed Designs shall inure directly and exclusively to the benefit of ROLY POLY, and upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with FRANCHISEE's use of the Licensed Marks or Licensed Designs. FRANCHISEE's right to use the Licensed Marks does not extend beyond the Premises (except with respect to permitted deliveries) or after the termination or expiration of this Agreement for any reason.

D. No Infringement of ROLY POLY's Rights. Any use of the Licensed Marks other than as expressly authorized by this Agreement, without ROLY POLY's prior written consent, is an infringement of ROLY POLY's rights in the Licensed Marks. During the term of this Agreement and thereafter, FRANCHISEE shall not, directly or indirectly, commit any act of infringement of the Licensed Marks or contest or aid others in contesting the validity of ROLY POLY's or its Affiliates' right to use the Licensed Marks.

E. **Policing the Licensed Marks**. FRANCHISEE shall immediately notify ROLY POLY upon becoming aware of any claim, demand or cause of action that ROLY POLY may have arising from (i) any unauthorized attempt by any actual or legal person to use the Licensed Marks or Licensed Designs of ROLY POLY, any colorable variation thereof, or any other mark, name, trade dress or indicia in which ROLY POLY has or claims a proprietary interest, or (ii) any challenge by any party to the validity of FRANCHISEE's or ROLY POLY's use of or rights with respect to any of the Licensed Marks. ROLY POLY has the exclusive right, but no obligation, to take action with respect to any apparent infringing activities. FRANCHISEE shall assist ROLY POLY, upon its request and at its expense, in taking such action, if any, as ROLY POLY deems appropriate to halt such activities, but FRANCHISEE shall take no action nor incur any expenses on ROLY POLY's behalf without ROLY POLY's prior written approval. If ROLY POLY undertakes the defense or prosecution of any litigation relating to the Licensed Marks or Licensed Designs, FRANCHISEE agrees to execute any and all documents and to do such acts and things, at ROLY POLY's expense, as may, in the opinion of ROLY POLY's legal counsel, be reasonably necessary to carry out such defense or prosecution or assistance.

F. **Removing Signs After Termination or Expiration**. This Agreement shall constitute a lien upon all exterior facing signs bearing any Licensed Marks which are to be displayed at the Premises. In the event of any termination or expiration of this Agreement, FRANCHISEE agrees, upon any request by ROLY POLY, to remove immediately from the Premises such signs or facia bearing any of the Licensed Marks. If FRANCHISEE fails to make such alterations within 10 days after termination or expiration of this Agreement, ROLY POLY or its designated agents may enter upon the Premises at any time to make such alterations, at FRANCHISEE's sole risk and expense and without liability for trespass.

3. PAYMENTS

A. **Payment**. All fees payable on a monthly basis shall be received by ROLY POLY by the 10th day of each month, for fees accruing during the prior month. Monthly fees shall begin accruing in the month during which FRANCHISEE's Grand Opening Date occurs (and be pro-rated for that month based on a 30-day month and the actual number of days elapsed from and including the Grand Opening Date). ROLY POLY may require that fees be paid by wire transfer (with bank fees to be borne by FRANCHISEE).

B. **Application of Payments**. ROLY POLY may apply any payments by FRANCHISEE under this Agreement in such order as ROLY POLY designates. FRANCHISEE may not designate an order for application of any fees different from that designated by ROLY POLY, and ROLY POLY may accept fees paid pursuant to different instructions without any obligation to follow such instructions, even if such payment is made by its terms conditional on such instructions being followed. This provision may be waived only by written agreement of ROLY POLY, which written agreement must be separate from the check or other document constituting payment.

C. **Late Payment**. If any fee or any other amount due under this Agreement is not paid by the date such payment is due, FRANCHISEE shall pay a service charge equal to $100 plus the lesser of the daily equivalent of 18% of such overdue amount per year or the highest rate then permitted by applicable law for each day such amount is past due.

D. Adjustments for Inflation. Not more than one time each calendar year, and upon 30 days prior written notice to FRANCHISEE and ROLY POLY's other franchisees, ROLY POLY may raise the minimum absolute payment amount under Section 5.2 or 5.3 to reflect inflation occurring during the previous calendar year or since the last year in which ROLY POLY set or raised the minimum absolute payment. ROLY POLY may also, annually or less frequently, adjust for inflation since the previous adjustment any other amounts it may require FRANCHISEE to pay or spend under the Agreement.

4. CONFIDENTIAL OPERATING MANUAL AND OTHER CONFIDENTIAL INFORMATION.

A. Compliance. To protect the reputation and goodwill of Units and the Roly Poly System and to maintain standards of operation under the Licensed Marks and Licensed Designs, FRANCHISEE shall conduct the Franchised Business in accordance with the Confidential Operating Manual. The Confidential Operating Manual belongs solely to ROLY POLY and shall be on loan from ROLY POLY to FRANCHISEE during the term of this Agreement. With respect to any provision in this Agreement that calls for any standard, specification or requirement being set forth in the Confidential Operating Manual, ROLY POLY may alternatively set it forth in any other form of written communication to FRANCHISEE, including a letter, newsletter or memorandum to franchisees. To the extent of any conflict between the terms of this Agreement and the Confidential Operating Manual, the terms of this Agreement shall prevail.

B. Confidentiality. FRANCHISEE shall at all times keep the Confidential Operating Manual (and any other manuals, materials, goods and information ROLY POLY supplies FRANCHISEE and designate for confidential use within the Roly Poly System), and the information in the Confidential Operating Manual (and such other materials) confidential, and FRANCHISEE shall limit access to FRANCHISEE's employees and agents on a need-to-know basis. FRANCHISEE acknowledges that the unauthorized use or disclosure of ROLY POLY's confidential information or trade secrets will cause irreparable injury to ROLY POLY and that damages are not an adequate remedy. FRANCHISEE shall not at any time, without ROLY POLY's prior written consent, disclose, use, permit the use of (except as may be required by applicable law or authorized by this Agreement), copy, duplicate, record, transfer, transmit or otherwise reproduce such information, in any form or by any means, in whole or in part, or otherwise make the same available to any unauthorized person or source. Any and all information, knowledge and know-how not known about the Roly Poly System and ROLY POLY's products, services, standards, procedures, techniques and such other information or material as ROLY POLY may designate as confidential shall be deemed confidential for purposes of this Agreement.

C. Revision of Manual. ROLY POLY may, from time to time, revise the contents of the Confidential Operating Manual to implement new or different requirements for FRANCHISEE and other franchisees in the Roly Poly System, and FRANCHISEE agrees to comply with all such changed requirements that are by their terms mandatory. This implementation of these requirements may require FRANCHISEE to spend reasonable sums of money. ROLY POLY may provide such revised contents to FRANCHISEE via its website or other method.

D. **Keep Manual Current**. FRANCHISEE shall at all times ensure that its copy of the Confidential Operating Manual is kept current and up to date. In the event of any dispute as to the contents of the Confidential Operating Manual, the terms and dates of the master copy of the Confidential Operating Manual that ROLY POLY maintains at its principal place of business shall be controlling.

5. STATEMENTS AND RECORDS.

A. **Maintain Records**. FRANCHISEE shall maintain original, full and complete register tapes which shall accurately reflect its Gross Volume of Business. If requested by ROLY POLY, FRANCHISEE must also track and report to ROLY POLY its sales of each type of Menu Item and such other statistical information or records as ROLY POLY may reasonably request for purposes of evaluating or promoting the Franchised Business, the Roly Poly System or any Menu Items. FRANCHISEE shall keep all such register tapes and other information for not less than three years.

B. **Reporting of Gross Volume of Business**. FRANCHISEE shall send to ROLY POLY for its receipt no later than the 10th day of each month, on form(s) ROLY POLY prescribes, statements stating FRANCHISEE's Gross Volume of Business for the prior month, the fees due to ROLY POLY, and such other information as ROLY POLY may require. An authorized agent of FRANCHISEE shall sign each such form to certify it contents as true and correct. FRANCHISEE shall implement an electronic cash register system that transmits FRANCHISEE's Gross Volume of Business to ROLY POLY on at least an hourly basis. In addition, FRANCHISEE shall submit monthly written reports.

C. **Underreporting of Gross Volume of Business**. ROLY POLY and its designated agents shall have the right to examine and audit FRANCHISEE's records, accounts, books, tax returns for the Franchised Business and other similar data at all reasonable times to ensure that FRANCHISEE is complying with the terms of this Agreement. If such inspection discloses that FRANCHISEE's actual Gross Volume of Business during any month exceeded the amount reported by FRANCHISEE as its Gross Volume of Business for such month by an amount equal to 2% or more of the Gross Volume of Business originally reported to ROLY POLY for such month, FRANCHISEE shall bear the cost of such inspection and audit and shall pay any such deficiency with interest from the date due at the lesser of 18% of such overdue amount or the highest rate permitted by applicable law.

D. **Inspections**. In order to ensure compliance with this Agreement and to enable ROLY POLY to carry out its obligation under this Agreement, FRANCHISEE agrees that ROLY POLY and its designated agents shall be permitted, with or without notice, full and complete access during normal business hours to inspect the Premises and all records of the Franchised Business. FRANCHISEE shall cooperate fully with ROLY POLY and its designated agents requesting such access.

6. TRANSFER AND ASSIGNMENT.

A. **Assignment by ROLY POLY**. ROLY POLY may assign this Agreement and or any of its rights and duties under this Agreement to any third party, including a competitor of

ROLY POLY, which agrees to assume ROLY POLY's corresponding obligations under this Agreement, and it shall be binding upon and inure to the benefit of ROLY POLY's successors and assigns.

B. **Transfers by FRANCHISEE**. ROLY POLY has granted the license under this Agreement in reliance on FRANCHISEE's business skill, financial capacity and compatibility with the Roly Poly System and it is important to ROLY POLY that FRANCHISEE be known to ROLY POLY and meet ROLY POLY's then current standards and requirements. Accordingly, neither FRANCHISEE nor any person, partner or shareholder possessing an interest or holding shares of stock of any kind or nature in FRANCHISEE ("**Shareholder**") shall, without the prior written consent of ROLY POLY, give away, sell, assign, pledge, lease, sublease, devise or otherwise transfer, either directly or by operation of law or in any other manner, this Agreement, any of FRANCHISEE's rights or obligations hereunder, or any interest or shares of stock of any kind or nature in FRANCHISEE (a "**Transfer**"). Any Transfer which does not comply with the terms of this Paragraph 6 shall be null and void and constitute breach of this Agreement. To assure compliance by FRANCHISEE with the restrictions on Transfer in this Paragraph 6, all share or stock certificates of FRANCHISEE shall at all times contain a legend sufficient under applicable law to constitute notice of the restrictions on such stock contained in this Agreement and to allow such restrictions to be enforceable. Such legend shall appear in substantially the following form:

> "The sale, transfer, pledge or hypothecation of this stock is restricted pursuant to an option, the terms of which are contained in Paragraph 6 of the Additional Terms and Conditions of a Franchise Agreement of effective date ________________ between ROLY POLY Franchise Systems, LLC and the issuer of these shares."

C. **Proposed Transfers**. In the event of a proposed Transfer, each of the following shall apply.

(1) **Notification**. FRANCHISEE shall notify ROLY POLY in writing of the proposed Transfer and set forth a complete description of all terms of the proposed Transfer, including the prospective transferee's name, address, financial qualifications and previous business experience.

(2) **Right of First Refusal**. ROLY POLY or its assignee may, within 30 days after receipt of FRANCHISEE's proposed transfer notice, exercise the right to purchase the interest being offered by FRANCHISEE or any Shareholder ("**Option**") by matching the monetary purchase price and payment schedule terms (without having to match any other or non-monetary terms) of the proposed Transfer. However, the Option shall not apply to transfers by gift, bequest or inheritance, transfers to the immediate family of any actual person listed in Schedule B, or, if FRANCHISEE is an actual person, a one-time transfer to a partnership or corporation in which such individual holds not less than a 5% equity or partnership interest and which such individual actively manages.

(3) **Approval or Disapproval**. If ROLY POLY or its assignee fails to exercise the Option to purchase the interest, ROLY POLY shall, within 30 days after the period for the Option has expired, notify FRANCHISEE in writing of its approval or disapproval of the prospective transferee and the terms of the transfer. ROLY POLY shall not unreasonably withhold approval if (A) the proposed transferee is a person or entity meeting ROLY POLY's then current standards for new franchisees, (B) the proposed transfer is at a price and on other terms ROLY POLY considers reasonable, and (C) FRANCHISEE and the proposed transferee have satisfied all of their obligations to ROLY POLY as of the proposed transfer date.

(4) Terms of Transfer. FRANCHISEE or the Shareholder shall transfer the interest to the proposed transferee at a price and under terms and conditions which are not more favorable than the terms offered to ROLY POLY.

(5) Requirement to Cure. Prior to the consummation of any Transfer, FRANCHISEE shall pay all amounts due to ROLY POLY and cure all other breaches of this Agreement and any other agreement with ROLY POLY.

(6) Pay all Vendors. Prior to the consummation of any Transfer, and as a condition to ROLY POLY's consent FRANCHISEE shall pay all amounts due to its vendors and suppliers, including food distributors and suppliers, equipment suppliers and printed and other materials suppliers.

(7) Other Requirements. FRANCHISEE shall comply with all other applicable transfer requirements set forth in the Confidential Manuals or otherwise published to FRANCHISEE in writing.

(8) Guarantee. ROLY POLY may require any transferee of any interest or shares of stock of any kind or nature in FRANCHISEE to guarantee the obligations of FRANCHISEE under this Agreement or under any new franchise agreement entered into with the transferee.

D. Assignment or Change of Control. In the case of any assignment by FRANCHISEE of its rights under this Agreement, or in the case of any Transfer which, when aggregated with all previous Transfers, may in the reasonable opinion of ROLY POLY result in transferring effective control over the ownership or operation of the Premises or FRANCHISEE, in addition to the requirements of Paragraph 6.C the following Transfer requirements must also be met.

(1) Application and Approval. The transferee must apply to become a Roly Poly System franchisee and must meet all of ROLY POLY's then current standards and requirements for becoming a Roly Poly System franchisee (which standards and requirements need not be in writing).

(2) Execute Current Agreement. The transferee (or in the case of a transfer of shares or interest in FRANCHISEE, then FRANCHISEE, with an unconditional guaranty by the transferee in form reasonably satisfactory to ROLY POLY) shall execute our then current form of franchise agreement. Such agreement shall generally provide for a term equal to the remaining term of this Agreement, and may include different fee structures and increased fees If the new agreement will be for a new 10-year term, ROLY POLY may require the new transferee to pay ROLY POLY's then current initial franchise fee.

(3) Transfer Fee. ROLY POLY requires the payment to it of $2,500 by the new franchisee to reimburse ROLY POLY for its expenses incurred in review, analysis, and preparation of any documentation relating to the transfer, including legal and accounting fees.

(4) Inspection. FRANCHISEE and the prospective transferee shall request ROLY POLY to inspect the Premises. As a result of such inspection, ROLY POLY may prepare a "Punch List" setting forth the necessary repairs, maintenance or other upgrading of the Premises which will be necessary in order for ROLY POLY to approve of the Transfer.

(5) Training. The transferee must undergo ROLY POLY's standard training program, including, without limitation, pre-training and such grand opening training as ROLY POLY requires in its discretion, for which ROLY POLY or its affiliate will charge the transferee $5,000. However, if ROLY POLY permits the transferee to execute a new agreement with a 10-year term and charges the transferee ROLY POLY's then current initial fee, ROLY POLY shall not charge any additional training or tuition fee.

(6) General Release. The transferor shall execute a general release, under seal where required, in a form satisfactory to ROLY POLY, of any and all claims against ROLY POLY and its Affiliates and its officers, directors, attorneys, shareholders and employees, in their corporate and individual capacities, including without limitation, claims arising under federal, state, and local laws, rules, and ordinances arising out of, or connected with, the performance of this Agreement.

E. <u>Survivor Interests</u>. Notwithstanding any other provision in this Paragraph 6, if a surviving spouse, heir or estate of any deceased person owning stock or other interest in FRANCHISEE (the "**Survivor**") desires to acquire or retain the interest of the decedent and continue to operate a business pursuant to the Roly Poly System, the Survivor may do so under the terms of this Agreement subject only to the execution and delivery to ROLY POLY of a written agreement to be bound by the terms hereof and any guaranty of this Agreement. If the Survivor does not desire to acquire or retain such interest, then the Survivor shall have a reasonable period of time to make a Transfer to a transferee reasonably acceptable to ROLY POLY, subject to compliance with the procedures set forth in Paragraph 6.C and D. The Survivor shall, throughout such period, fulfill all duties of FRANCHISEE under this Agreement.

F. <u>No Waiver</u>. ROLY POLY's consent to a Transfer shall not constitute a waiver of any claims ROLY POLY may have against FRANCHISEE or the transferring party or of ROLY POLY's right to demand exact compliance with any provision of this Agreement.

G. <u>Transfer to entity</u>. Notwithstanding any other provisions of this Paragraph 6, FRANCHISEE (if an individual) may assign this Agreement, the Franchised Business, and/or FRANCHISEE's rights and obligations hereunder on one occasion to a corporation or other entity organized by FRANCHISEE for that purpose only and at least a majority of all the issued and outstanding shares of voting stock and equity interest of which shall be owned and voted continuously by FRANCHISEE, and further provided that ROLY POLY shall have approved in advance all other shareholders or members of such corporation or other entity holding equity or voting interests, which consent shall not be unreasonably withheld. ROLY POLY shall be given written notice of such assignments and delegation, and thereupon such corporation or other entity shall have all of such rights and obligations, and the term "FRANCHISEE" as used herein shall refer to such corporation; provided, however, that such assignment shall in no way affect the obligations hereunder of the individual above designed "FRANCHISEE," who shall remain fully bound by and responsible for the performance of all of such obligations, jointly and severally with such corporation. Such corporation shall at no time engage in any business or activities other than the exercise of the rights herein granted to FRANCHISEE and the performance of its obligations as FRANCHISEE hereunder.

7. INSURANCE.

A. Required Insurance. FRANCHISEE shall, at its expense and no later than seven days before the Grand Opening Date, procure and maintain in full force and effect throughout the term of this Agreement the types of insurance enumerated in the Confidential Operating Manual, which shall be in such amounts as may from time to time be required by ROLY POLY and which shall designate ROLY POLY as an additional named insured. The required insurance shall include employer's liability and workers' compensation insurance as prescribed by law, comprehensive general liability insurance covering the operation of the Franchised Business, business interruption insurance and vehicle and liability insurance with respect to any vehicles that will be used in deliveries or mobile sales.

B. Certificates. FRANCHISEE shall make timely delivery of certificates of all required insurance to ROLY POLY, each of which shall contain a statement by the insurer that the policy will not be canceled or materially altered without at least 30 days' prior written notice to ROLY POLY.

C. No Effect on Indemnity. The procurement and maintenance of such insurance shall not relieve FRANCHISEE of any liability to ROLY POLY under any indemnity requirement of this Agreement.

8. TAXES, PERMITS, AND INDEBTEDNESS.

A. Pay Taxes. FRANCHISEE shall promptly pay when due any and all federal, state and local taxes, including unemployment and sales taxes levied or assessed with respect to any services or products furnished, used or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by FRANCHISEE in the operation of the Franchised Business.

B. Permits. FRANCHISEE shall comply with all federal, state and local laws, rules and regulations and timely obtain any and all permits, certificates and licenses for the full and proper conduct of the Franchised Business.

C. Responsibility. FRANCHISEE covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Business.

9. INDEMNIFICATION AND INDEPENDENT CONTRACTOR

A. FRANCHISEE's Indemnification. FRANCHISEE agrees to protect, defend, indemnify, and hold Franchisor, and its respective directors, officers, agents, attorneys and shareholders, jointly and severally, harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, consequently, directly or indirectly incurred (including attorneys' and accountants' fees) as a result of, arising out of, or connected with the operation of the Franchised Business.

B. **Independent Contractor**. In all dealings with third parties, including employees, suppliers and customers, FRANCHISEE shall disclose in an appropriate manner acceptable to ROLY POLY that it is an independent entity licensed by ROLY POLY. Nothing in this Agreement is intended by ROLY POLY or FRANCHISEE to create a fiduciary relationship between them nor to constitute FRANCHISEE an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of ROLY POLY for any purpose whatsoever. FRANCHISEE is an independent contractor and is in no way authorized to make any contract, warranty or representation or to create any obligation on behalf of ROLY POLY.

10. WRITTEN APPROVALS, WAIVERS, AND AMENDMENT.

A. **Approvals**. Whenever this Agreement requires ROLY POLY's prior approval, FRANCHISEE shall make a timely written request. Unless a different time period is specified in this Agreement, ROLY POLY shall respond with its approval or disapproval within 15 days of receipt of such request. If ROLY POLY has not specifically approved a request within such 15 day period, such failure to respond shall be deemed a disapproval of the request, unless otherwise provided in the Agreement.

B. **Waiver**. No failure of ROLY POLY to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms of this Agreement shall constitute a waiver of ROLY POLY's right to demand exact compliance with any of its terms. A waiver or approval by ROLY POLY of any particular breach or default by FRANCHISEE or acceptance by ROLY POLY of any payments due hereunder shall not be considered a waiver or approval by ROLY POLY of any preceding or subsequent breach or default by FRANCHISEE of any term, covenant or condition of this Agreement.

C. **Other Franchise Agreements**. No warranty or representation is made by ROLY POLY that all Roly Poly System franchise agreements issued by ROLY POLY before or after this Agreement do or will contain terms substantially similar to those contained in this Agreement. ROLY POLY may, in its reasonable business judgment, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements in a non-uniform manner, subject, however, to those provisions of this Agreement which require ROLY POLY to act toward its franchisees on a reasonably non-discriminatory basis.

D. **Amendments**. Except to the extent otherwise provided in T&C's Paragraph 4.C of this Agreement, no amendment, change or variance from this Agreement shall be binding upon either ROLY POLY or FRANCHISEE except by mutual written agreement. If an amendment of this Agreement is executed at FRANCHISEE's request, ROLY POLY may require FRANCHISEE to bear ROLY POLY's legal fees in connection therewith. Notwithstanding the foregoing, FRANCHISEE grants to ROLY POLY the power of attorney to agree on FRANCHISEE's behalf to the description of the location of the Premises in Schedule C.

11. ENFORCEMENT.

A. **Injunctive Relief**. Notwithstanding anything to the contrary contained in Section 13, ROLY POLY or its designee shall be entitled to obtain, in any court of competent jurisdiction without bond, declarations, temporary and permanent injunctions, and orders of specific performance, in order to enforce the provisions of this Agreement relating to

FRANCHISEE's use of the Licensed Marks, the obligations of FRANCHISEE upon termination or expiration of this Agreement, and assignment of the Franchise and ownership interests in FRANCHISEE, or to prohibit any act or omission by FRANCHISEE or its employees which constitutes a violation of any applicable law or regulation, which is dishonest or misleading to prospective or current customers of businesses operated under the Roly Poly System, which constitutes a danger to other franchisees, employees, customers or the public, or which may impair the goodwill associated with the Licensed Marks.

B. **Costs of Enforcement**. If ROLY POLY secures any declaration, injunction or order of specific performance pursuant to Paragraph 11.A, if any provision of this Agreement is enforced by ROLY POLY by legal process or if any amounts due from FRANCHISEE to ROLY POLY are collected by or through an attorney or collection agency, FRANCHISEE shall be liable to ROLY POLY for all costs and expenses of enforcement and collection, including court costs and reasonable attorneys' fees.

12. NOTICES.

Any notice required to be given hereunder shall be in writing and shall be either mailed by certified mail, return receipt requested or delivered by a recognized courier service, receipt acknowledged. Notices to each party shall be addressed to it at the address listed on the signature page of this Agreement. Any notice complying with this provision shall be deemed to be given on the date of postmark. Each party shall have the right to designate any other address for such notices by giving notice thereof in the foregoing manner, and in such event all notices to be mailed after receipt of such notice shall be sent to such other address.

13. GOVERNING LAW AND DISPUTE RESOLUTION.

A. **Governing Law**. This Agreement and the relationship arising under this Agreement shall be governed by, enforced under and construed in accordance with the laws of the State of Florida, except that all restrictive covenants in Section 8 of this Agreement shall be governed by the law of the state in which the Franchised Business is located.

B. **Dispute Resolution**. The parties shall attempt to resolve in good faith any dispute or claim arising out of or relating to this Agreement or the breach of this Agreement through non-binding mediation in accordance with the Commercial Mediation Rules of the American Arbitration Association ("**AAA**"). Either party may end the mediation at any time. If the dispute is not resolved by mediation within 30 days, the dispute shall be sent to final and binding arbitration. Such arbitration shall be conducted by a single arbitrator in accordance with the Commercial Arbitration Rules of the AAA. The arbitrator shall be selected by the parties in accordance with the Commercial Arbitration Rules of the AAA. The arbitrator shall apply the substantive laws of the State of Florida, without reference to its conflicts of laws provisions, except that all restrictive covenants in Section 8 of this Agreement shall be governed by the law of the state in which the Franchised Business is located. Judgment on the arbitration award may be entered in any court having jurisdiction. Any arbitration award shall be paid in US dollars within 10 days after entry. The arbitrator shall not be authorized to award punitive damages. If any party fails to appear at any properly noticed arbitration proceeding, an award may be entered against the party, notwithstanding its failure to appear. Nothing in this Section shall be construed as requiring either party to make a claim in arbitration before exercising any rights to give notice of default or termination in accordance with the terms of this Agreement. Unless the parties otherwise agree, any mediation or arbitration shall take place in Florida or, at ROLY POLY's option, within 25 miles from any ROLY POLY executive office. Each party shall bear its own costs and expenses (including attorney's fees) incurred in connection with any mediation or arbitration, provided, that the arbitration award shall provide that the substantially prevailing party shall recover from the other party its actual costs and expenses (including attorney's fees and arbitration fees and expenses) incurred in connection with the arbitration. Nothing contained in this Section shall prohibit either party from seeking injunctive or equitable relief in a court of competent jurisdiction.

14. SEVERABILITY AND CONSTRUCTION.

A. **Severability**. Should any provision of this Agreement be for any reason held invalid, illegal, or unenforceable, such provision shall be deemed restricted in application to the extent required to render it valid; and the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this provision shall operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents which may be reasonably required to effectuate fully the provisions hereof. ROLY POLY shall have the right, in its sole discretion, on a temporary or permanent basis to reduce the scope of any covenant or provision of this Agreement binding upon FRANCHISEE, or any portion hereof, without FRANCHISEE's consent, effective immediately upon receipt by FRANCHISEE of written notice thereof; and FRANCHISEE agrees that it will comply forthwith with any covenant as so modified, which shall be fully enforceable.

B. **Counterparts**. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute one and the same instrument.

C. **Headings**. The headings and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each section of this Agreement shall be construed independently of any other section or provision of this Agreement.

D. **Business Judgment.** Notwithstanding any contrary provisions contained in this Agreement, ROLY POLY and FRANCHISEE acknowledge and agree that (a) this Agreement (and the relationship of the parties which arises from this Agreement) grants ROLY POLY the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with FRANCHISEE's explicit rights and obligations hereunder that may effect favorably or adversely FRANCHISEE's interests; (b) ROLY POLY shall use its business judgment in exercising such discretion based on ROLY POLY's assessment of ROLY POLY's own interests and balancing those interests against the interests, promotion and benefit of the ROLY POLY System and Units generally (including ROLY POLY, and its affiliates and other franchisees), and specifically without considering FRANCHISEE's individual interests or the individual interests of any other particular franchisee (examples of items that shall promote or benefit the ROLY POLY System and Units generally include, without limitation, enhancing the value of the Licensed Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the ROLY POLY System); (c) ROLY POLY shall have no liability to FRANCHISEE for the exercise of its discretion in this manner and (d) even if ROLY POLY has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for ROLY POLY's judgment so exercised and such action or decision shall not be subject to challenge for abuse of discretion. IF ROLY POLY TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT ROLY POLY'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR ROLY POLY'S DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

15. ACKNOWLEDGMENTS.

FRANCHISEE hereby acknowledges the following:

(A) FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND UNDERSTANDS AND ACKNOWLEDGES THAT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON THE BUSINESS ABILITIES AND PARTICIPATION OF FRANCHISEE AND FRANCHISEE'S EFFORTS AS AN INDEPENDENT BUSINESS OPERATOR. ROLY POLY EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED UPON ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT, OR AS TO THE SUITABILITY OF THE SITE FOR THE ROLY POLY UNIT AS A SUCCESSFUL LOCATION FOR THE ROLY POLY UNIT.

Franchisee's Initials __________

(B) FRANCHISEE HAS NO KNOWLEDGE OF ANY REPRESENTATIONS BY ROLY POLY OR ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES, AGENTS OR SERVANTS, ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE DOCUMENTS INCORPORATED HEREIN. FRANCHISEE REPRESENTS, AS AN INDUCEMENT TO ROLY POLY'S ENTRY INTO THIS AGREEMENT, THAT IT HAS MADE NO MISREPRESENTATIONS IN OBTAINING THIS AGREEMENT.

Franchisee's Initials __________

(C) FRANCHISEE ACKNOWLEDGES THAT ROLY POLY'S APPROVAL OF FRANCHISEE'S PREMISES DOES NOT CONSTITUTE RECOMMENDATION OR

ENDORSEMENT OF THE LOCATION OF THE ROLY POLY UNIT, NOR ANY ASSURANCE BY ROLY POLY THAT THE OPERATION OF A ROLY POLY UNIT AT THE PREMISES WILL BE SUCCESSFUL OR PROFITABLE.

Franchisee’s Initials __________

(D) FRANCHISEE ACKNOWLEDGES THAT ROLY POLY OR ITS AGENT HAS PROVIDED FRANCHISEE WITH A FRANCHISE DISCLOSURE DOCUMENT NOT LATER THAN 14 DAYS BEFORE ANY PAYMENT OF ANY CONSIDERATION. FRANCHISEE FURTHER ACKNOWLEDGES THAT FRANCHISEE HAS READ SUCH FRANCHISE DISCLOSURE DOCUMENT AND UNDERSTANDS ITS CONTENTS.

Franchisee’s Initials __________

(E) FRANCHISEE ACKNOWLEDGES THAT ROLY POLY HAS PROVIDED FRANCHISEE WITH A COPY OF THIS AGREEMENT AND ALL RELATED DOCUMENTS, FULLY COMPLETED, FOR AT LEAST 7 DAYS PRIOR TO FRANCHISEE’S EXECUTION HEREOF.

Franchisee’s Initials __________

(F) FRANCHISEE ACKNOWLEDGES THAT IT HAS HAD AMPLE OPPORTUNITY TO CONSULT WITH FRANCHISEE’S OWN ATTORNEYS, ACCOUNTANTS AND OTHER ADVISORS AND THAT THE ATTORNEYS FOR ROLY POLY HAVE NOT ADVISED OR REPRESENTED FRANCHISEE WITH RESPECT TO THIS AGREEMENT OR THE RELATIONSHIP THEREBY CREATED.

Franchisee’s Initials __________

(G) FRANCHISEE, TOGETHER WITH FRANCHISEE’S ADVISERS, HAS SUFFICIENT KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO MAKE AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE FRANCHISE.

Franchisee’s Initials __________

(H) FRANCHISEE IS AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF ROLY POLY MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT(S), AND CONSEQUENTLY THAT ROLY POLY’S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

Franchisee’s Initials __________

(I) FRANCHISEE ACKNOWLEDGES THAT THIS INSTRUMENT CONSTITUTES THE ENTIRE AGREEMENT OF THE PARTIES. THIS AGREEMENT TERMINATES AND SUPERSEDES ANY PRIOR AGREEMENT BETWEEN THE PARTIES CONCERNING THE SAME SUBJECT MATTER. NOTHING IN THIS AGREEMENT OR IN ANY RELATED AGREEMENT IS INTENDED TO DISCLAIM THE REPRESENTATIONS FRANCHISOR MADE IN THE FRANCHISE DISCLOSURE DOCUMENT, ITS EXHIBITS

AND AMENDMENTS, EXCEPT FOR TERMS OF THIS AGREEMENT AND AGREEMENTS EXECUTED CONTEMPORANEOUSLY WITH IT (IF ANY) WHICH FRANCHISEE NEGOTIATED WITH FRANCHISOR BEFORE THEIR EXECUTION.

Franchisee's Initials __________

IN WITNESS WHEREOF, the parties hereto have duly executed this Franchise Agreement, including the Additional Terms and Conditions and all attached Schedules, on the date first written above.

ROLY POLY: **ROLY POLY FRANCHISE SYSTEMS, LLC**

BY: ______________________________
(print)

____
(sign)

TITLE: ______________________________

DATE: ______________________________

WITNESS: ______________________________

Address for Notices:

13 Emerald Drive
Key West, Florida 33040
Attn: Julie Reid, Vice President

FRANCHISEE: ______________________________

BY: ______________________________
(print)

____
(sign)

TITLE: ______________________________

DATE: ______________________________

Address for Notices:

____
____
Attn: ______________________________

[SIGNATURES CONTINUE]

FRANCHISEE’S GUARANTOR, SHAREHOLDER, PARTNER OR MEMBER
(for purposes of Section 8 of the Franchise Agreement only).

BY: ______________________________
(print)

____
(sign)

TITLE: ______________________________

DATE: ______________________________

Address for Notices:

____
____
Attn: ________________

BY: ______________________________
(print)

____
(sign)

TITLE: ______________________________

DATE: ______________________________

Address for Notices:

____
____
Attn: ________________

GUARANTY OF FRANCHISEE'S UNDERTAKINGS

In consideration of, and as an inducement to, the execution of the foregoing Franchise Agreement ("**Agreement**") by ROLY POLY Franchise Systems, LLC ("**ROLY POLY**"), each of the undersigned hereby guarantees to ROLY POLY, that the FRANCHISEE named therein will perform during the term of this Agreement each and every covenant, payment, agreement and undertaking on the part of FRANCHISEE contained and set forth in the Agreement.

ROLY POLY, its successors and assigns, may from time to time, without notice to the undersigned (a) resort to the undersigned for payment of any of the liabilities, whether or not it or its successors have resorted to any property securing any of the liabilities or proceeded against any other of the undersigned or any party or primarily or secondarily liable on any of the liabilities, (b) release or compromise any liability of any of the undersigned hereunder or any liability of any party or parties primarily or secondarily liable on any of the liabilities, and (c) extend, renew or credit any of the liabilities for any period (whether or not longer than the original period); alter, amend or exchange any of the liabilities; or give any other form of indulgence, whether under the Agreement or not.

The undersigned agrees to comply with and abide by the restrictive covenants and non-disclosure provisions contained in Section 8 of the Agreement to the same extent as and for the same period of time as FRANCHISEE is required to comply with and abide by such covenants and provisions. These obligations of the undersigned shall survive any expiration or termination of the Franchise Agreement or this Guaranty.

The undersigned further waives presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between FRANCHISEE and ROLY POLY resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

The undersigned agrees to pay all expenses paid or incurred by ROLY POLY in attempting to enforce the Agreement and this Guaranty against FRANCHISEE and/or against the undersigned and in attempting to collect any amounts due thereunder and hereunder, including reasonable attorneys' fees. Any waiver, extension of time or other indulgence granted from time to time by ROLY POLY, its agents, its successors or assigns, with respect to the Agreement, shall in no way modify or amend this Guaranty, which shall be continuing, absolute, unconditional and irrevocable.

If more than one person has executed the Guaranty, the term "the undersigned," as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty under seal effective as of the date of the foregoing Agreement.

GUARANTOR: ______________________________

DATE: ______________________________

GUARANTOR: ______________________________

DATE: ______________________________

GUARANTOR: ______________________________

DATE: ______________________________

GUARANTOR: ______________________________

DATE: ______________________________

SCHEDULE A

DELIVERY AREA

1. FRANCHISEE'S DELIVERY AREA

FRANCHISEE's Delivery Area is as follows:

SCHEDULE B

CONTROLLING PERSONS

Acknowledgment Regarding Controlling Persons. If FRANCHISEE is other than an actual person, FRANCHISEE warrants and represents that the following persons own, either legally or beneficially, voting control of FRANCHISEE:

NAME	TYPE OF OWNERSHIP (LEGAL OR BENEFICIAL)	PERCENTAGE OF INTEREST OWNED	VOTING OR NON-VOTING

FRANCHISEE acknowledges that ROLY POLY is relying on these representations as a material basis for entering into this Franchise Agreement, and that the information set forth above is true and correct.

FRANCHISEE: ______________________________

By: ____

Date: ______________________________________

SCHEDULE C

PREMISES AND COLLATERAL ASSIGNMENT OF LEASE

1. Location of the Premises. The “Premises” are as follows:

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned, ________________________ ("**Assignor**") hereby assigns, transfers and sets over unto ROLY POLY Franchise Systems, LLC., a Georgia Limited Liability Company ("**Assignee**") all of Assignor's right, title and interest as tenant in, to an under that certain lease, a copy of which is attached hereto as Schedule A, (the "Lease") respecting the premises commonly known as ________________________. This Agreement is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment of the Lease unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for a Roly Poly System Unit between Assignee and Assignor (the "**Franchise Agreement**"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension or renewal.

Effective date of this Collateral Assignment of Lease: _________________

[SIGNATURES NEXT PAGE]

AGREED BY:

ASSIGNOR: ______________________________

BY: ____________________________________

ITS: ____________________________________

DATE:____________________________________

ASSIGNEE: ROLY POLY FRANCHISE SYSTEMS, LLC

BY: ____________________________________

ITS: ____________________________________

DATE:____________________________________

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforedescribed Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within thirty (30) days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Collateral Assignment and agrees that if Assignee shall take possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor shall recognize Assignee as tenant under the Lease, provided that Assignee cures within said thirty (30) day period the defaults of Assignor under the Lease;

(d) Agrees that Assignee may further assign or sublet the Lease to a person, firm or corporation who is a Roly Poly franchisee who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise, and that this Consent and Agreement of Lessor shall again apply with respect to any such subsequent Roly Poly franchisee.

AGREED BY:

LESSOR ________________________________

BY: ______________________________________

ITS: ______________________________________

DATE:______________________________________

SCHEDULE D

LICENSED MARKS

1. Licensed Marks. ROLY POLY is the sole and exclusive licensor of the following service marks, trademarks and trade names:

- ROLY POLY SANDWICHES
  Service Mark; U.S. Registration Number 2,936,724

- ROLY POLY SANDWICHES (words & design)
  Service Mark; U.S. Registration Number 2,921,327

- ROLY POLY ROLLED SANDWICHES
  Service Mark; U.S. Registration Number 2,128,651

- Roly Poly figure and design
  Service Mark; U.S. Registration Number 2,156,336

~~WHATEVER YOUR TASTE…WE'VE GOT YOUR #~~
~~Service Mark; U.S. Registration Number 3,032,068~~

~~ROLY POLY PURVEYOR OF FINE SANDWICHES~~
~~Service Mark; U.S. Registration No. 3,404,161~~

SCHEDULE E

SPECIAL STIPULATIONS

To the extent of any conflict between the following Special Stipulations and the provisions of the Franchise Agreement, these Special Stipulations shall control:

ROLY POLY FRANCHISE SYSTEMS, LLC

By:____

Title:_______________________________________

Date:_______________________________________

FRANCHISEE

By:____

Title:_______________________________________

Date:_______________________________________

SCHEDULE F

STATE RIDERS

CALIFORNIA RIDER
TO
FRANCHISE AGREEMENT

BETWEEN ROLY POLY FRANCHISE SYSTEMS, LLC
and

____

This Rider forms a part of the aforesaid FRANCHISE AGREEMENT, dated ________________, as if the contents hereof were set forth therein.

1. Whenever the provisions of this Rider conflict with provisions contained elsewhere in this Franchise Agreement, the provisions of this Rider shall prevail to the extent of such conflict.

   A. Covenants not to compete which extend beyond the term of the Franchise Agreement may not be enforceable under California law.

   B. To the extent the California Franchise Investment Law applies, it shall prevail over any conflicting provisions of the Franchise Agreement.

2. The Franchise Agreement requires franchisee 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 thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043).

3. California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Business Oversight prior to a solicitation of a proposed material modification of an existing franchise.

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

5. The Franchise Agreement requires disputes to be settled by arbitration in the state of Florida. This provision may not be enforceable under California law.

6. The Franchise Agreement provides that the laws of Florida shall govern the Franchise Agreement. This provision may not be enforceable under California law.

7. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination of non-renewal of a franchise. If the Franchise Agreement is inconsistent with the law, the law will control.

ROLY POLY FRANCHISE SYSTEMS, LLC

By:_______________________________________

Title: _______________________________________

Date: _______________________________________

FRANCHISEE:

By: _______________________________________

Title: _______________________________________

Date: _______________________________________

ILLINOIS RIDER
TO
FRANCHISE AGREEMENT

BETWEEN ROLY POLY FRANCHISE SYSTEMS, LLC
and

____

This Rider forms a part of the aforesaid FRANCHISE AGREEMENT, dated , as if the contents hereof were set forth therein.

1. Illinois law governs the franchise agreement(s).

2. Section 5.5.1 of the Franchise Agreement is revised to state that Franchisor will defer payment of the initial franchise fee and other initial payments owed by Franchisee to Franchisor until Franchisor completes its pre-opening obligations to Franchisee under the first Franchise Agreement for the first Unit opened by Franchisee. The Illinois Attorney General's Office imposed this deferral due to franchisor's financial condition.

3. Notwithstanding Section 13 of the Terms and Conditions of the Franchise Agreement, which provides for Florida governing law and requires all disputes to be arbitrated in the state of Florida, Illinois law shall control and govern the Franchise Agreement. Section 4 of the Act states that "[a]ny provision in a franchise agreement that designates jurisdiction or venue in a forum outside of this State is void provided that a franchise agreement may provide for arbitration in a forum outside of this State."

4. Franchisees' rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

ROLY POLY FRANCHISE SYSTEMS, LLC

By:____________________________________
Title:__________________________________
Date: __________________________________

FRANCHISEE:

By: ___________________________________
Title: _________________________________
Date: _________________________________

MARYLAND RIDER
TO
FRANCHISE AGREEMENT

BETWEEN ROLY POLY FRANCHISE SYSTEMS, LLC
and

____

This Rider forms a part of the aforesaid FRANCHISE AGREEMENT, dated _______________, as if the contents hereof were set forth therein.

1. Whenever the provisions of this Rider conflict with provisions contained elsewhere in this Franchise Agreement, the provisions of this Rider shall prevail to the extent of such conflict.

2. Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law requires us to file an irrevocable consent to be sued in Maryland. Paragraph 13 of the Additional Terms and Conditions requires that the venue and forum to adjudicate disputes between you and Roly Poly shall be in Florida. To the extent of a conflict between Section 14-216(c)(25) and Paragraph 13 of the Additional Terms and Conditions, Section 14-216(c)(25) shall control.

3. Maryland law provides that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise. To the extent of a conflict between this provision and any paragraph of the Franchise Agreement, the Maryland law shall control.

ROLY POLY FRANCHISE SYSTEMS, LLC

By: ___________________________________

Title: _________________________________

Date: _________________________________

FRANCHISEE:

By: ___________________________________

Title: _________________________________

Date: _________________________________

NEW YORK RIDER
TO
FRANCHISE AGREEMENT

BETWEEN ROLY POLY FRANCHISE SYSTEMS, LLC
and

____

This Rider forms a part of the aforesaid FRANCHISE AGREEMENT, dated ________________, as if the contents hereof were set forth therein.

1. Whenever the provisions of this Rider conflict with provisions contained elsewhere in this Franchise Agreement, the provisions of this Rider shall prevail to the extent of such conflict.

a. T&C's Paragraph 13.A of the Franchise Agreement is hereby amended by adding the following additional sentence at the end thereof:

> "The foregoing choice of law should not be considered a waiver of any rights conferred upon Licensee by the provisions of Art. 33 of the New York G.B.L."

b. T&C's Paragraph 6.D(6) of the Franchise Agreement is hereby deleted in its entirety and the following is inserted in its place:

> "The transferor shall have executed a general release under seal where required, in a form satisfactory to Roly Poly, of any and all claims against Roly Poly its subsidiaries, affiliates and their officers and directors, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances arising out of, or connected with, the performance of this Agreement; provided, however, that all rights enjoyed by the Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of New York State and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law of New York State be satisfied."

c. Section 9.2 of the Franchise Agreement is amended by adding the following additional sentence at the end thereof:

> "However, the Franchisee may utilize whatever legal right he may possess to suspend or discontinue operations due to a material breach by Roly Poly."

d. T&C's Paragraph 6.A of the Franchise Agreement is hereby amended by adding the following additional sentence at the end thereof:

> "Roly Poly shall make a good faith effort to ascertain that any such successor or assign possesses the economic resources to fulfill Roly Poly's obligations to its franchisees."

ROLY POLY FRANCHISE SYSTEMS, LLC

By: ______________________________________

Title: _____________________________________

Date: _____________________________________

FRANCHISEE:

By: ______________________________________

Title: _____________________________________

Date: _____________________________________

RHODE ISLAND RIDER
TO
FRANCHISE AGREEMENT

BETWEEN ROLY POLY FRANCHISE SYSTEMS, LLC
and

____

This Rider forms a part of the aforesaid FRANCHISE AGREEMENT, dated _________________, as if the contents hereof were set forth therein.

1. Whenever the provisions of this Rider conflict with provisions contained elsewhere in this Franchise Agreement, the provisions of this Rider shall prevail to the extent of such conflict.

2. Paragraphs 13.A and 13.B of the terms and conditions of the Franchise Agreement are amended by adding the following language at the end thereof:

> "Notwithstanding the foregoing, to the extent Rhode Island law applies and so requires, nothing herein shall require Franchisee to bring suit only in a forum outside of Rhode Island or operate to limit Franchisee's rights under the Rhode Island Franchise Act."

ROLY POLY FRANCHISE SYSTEMS, LLC

By: _______________________________________

Title: _____________________________________

Date: _____________________________________

FRANCHISEE:

By: _______________________________________

Title: _____________________________________

Date: ____________________________________

WASHINGTON RIDER
TO
FRANCHISE AGREEMENT

BETWEEN ROLY POLY FRANCHISE SYSTEMS, LLC
and

____

This Rider forms a part of the aforesaid FRANCHISE AGREEMENT, dated , as if the contents hereof were set forth therein.

1. The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such a s right to a jury trial may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

The undersigned does hereby acknowledge receipt of this addendum.

ROLY POLY FRANCHISE SYSTEMS, LLC

By: ____

Title: ______________________________________

Date: ______________________________________

FRANCHISEE:

By: ____

Title: ______________________________________

Date: ______________________________________

EXHIBIT B

AREA DEVELOPMENT AGREEMENT

ROLY POLY FRANCHISE SYSTEMS, LLC

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPMENT AGREEMENT

PARTIES

This Area Development Agreement (the "**ADA**") is made:

DATE:	________________________________	(the "**Effective Date**")
BETWEEN:	Roly Poly Franchise Systems, LLC	("**Roly Poly**")
FORM:	a Georgia Limited Liability Company	
PRINCIPAL BUSINESS ADDRESS:	13 Emerald Drive Key West, Florida 33040	
AND:	________________________________	("**Developer**")
FORM: (circle one)	Corporation/Limited Liability Company/ Limited Partnership/Partnership/ Individual/ Other ___________________________ State where organized: _____________	
PRINCIPAL BUSINESS ADDRESS:	________________________________ ________________________________ ________________________________ ________________________________	

****

ROLY POLY:______ (initialize)

FRANCHISEE:_____ (initialize)

****

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BACKGROUND

(1) Developer desires to develop Roly Poly Units in the area (the "**Development Territory**") described at Exhibit A to this ADA.

(2) Roly Poly is willing, upon the terms and conditions set forth herein, to authorize Developer to develop Roly Poly Units in accordance with the "**Development Schedule**" described at Exhibit B to this ADA.

(3) Each Unit Developer constructs and opens will be subject to a separate franchise agreement using Roly Poly's then current form of franchise agreement for the Roly Poly System (the "**Franchise Agreement**"). Roly Poly's standard form of franchise agreement as of the Effective Date of this ADA is at Exhibit C. Terms used but not defined in this ADA have the meanings given in Exhibit C.

1. GRANT OF DEVELOPMENT RIGHTS.

1.1 **Grant of Rights**. Subject to all the terms and conditions of this ADA, Roly Poly grants to Developer the exclusive right to develop and operate within the Development Territory the aggregate number of Roly Poly Units set forth in Column I of Exhibit B.

1.2 **Exclusive Territory**. During the term of this ADA, Roly Poly shall not establish, nor grant others the right to establish, a Roly Poly Unit within the Development Territory. Developer's exclusive rights relate solely to the Development Territory. The Development Territory shall not include the areas and locations described below.

1.2.1 **Existing Locations**. Any Company-owned or franchised Unit(s) located as of the Effective Date within the area described as the Development Territory in Exhibit A shall not be part of the Development Territory (including any location(s) for which Roly Poly has entered into a lease, purchased the underlying property or begun construction or builout, or any location(s) with respect to which Roly Poly has entered into a franchise agreement with a franchisee as of the Effective Date of this ADA) ("**Existing Locations**"). Any Existing Locations are identified on Exhibit A.

1.2.2 **First-refusal territories of Existing Locations**. Any first-refusal territories under the franchise agreement(s) for any Existing Location(s) within the area described as the Development Territory in Exhibit A shall not be part of the Development Territory. Any such first-refusal territories are identified on Exhibit A.

1.2.3 **Merger or acquisition**. The locations (and, if applicable, any exclusive territories attached to such locations) within the area described as the Development Territory in Exhibit A of any system of fast food restaurants featuring rolled sandwiches that has four or more units nationally and that Roly Poly acquires after the Effective Date through merger, acquisition or otherwise shall not be part of the Development Territory.

1.3 **No right to sub-franchise**. Developer acknowledges the grant of license hereunder does not include any right of Developer to offer franchises for Units to any other party or otherwise to delegate its duties hereunder within the Development Territory or elsewhere, either directly or indirectly. Developer shall not engage any such activity or represent to any third party that it has the right to offer franchises for Units or to enter into any other agreements purporting to give any third party the right to offer, establish or operate Units.

1.4 **No rights in Licensed Marks**. Developer is not granted under this ADA any rights to use the Licensed Marks and shall not represent in any manner that it has acquired any rights with respect to the Licensed Marks by virtue of this ADA. Developer shall not use any of the Licensed Marks or marks which are or may be confusingly similar in its own corporate, partnership or business name.

1.5 **Post-term**. The rights granted hereunder with respect to the Development Territory shall cease to exist immediately upon the expiration or termination of this ADA. Roly Poly shall not thereafter be limited in any way from establishing and operating or granting franchises to establish and operate Units in Developer's former Development Territory (subject only to any first-refusal or other rights of Developer under each Franchise Agreement with Roly Poly).

2. TERM.

Upon execution by Developer and Roly Poly, this ADA shall take effect as of the Effective Date, and, unless sooner terminated, shall expire on the earlier of (i) the date on which the last Unit listed in Column IV of the Development Schedule is scheduled to commence business, or (ii) the date on which such Roly Poly Unit actually commences business to the public.

3. DEVELOPMENT FEE.

In consideration of the rights granted herein, Developer shall pay Roly Poly upon execution of this ADA a "**Development Fee**" equal to the total of $7,500 times the total number of Units scheduled to be developed pursuant to the Development Schedule. The amount of the Development Fee is identified on Exhibit B. Provided that Developer executes each Franchise Agreement in a timely manner and in accordance with this ADA and the Development Schedule, Roly Poly shall provide Developer a $7,500 credit against the initial franchise fee due for each Unit under its respective Franchise Agreement, with the balance of each such initial franchise fee due upon execution of each such Franchise Agreement. Roly Poly has fully earned the Development Fee upon execution of this ADA, in consideration for Roly Poly's previous development of the Roly Poly System and for other potential development opportunities lost by Roly Poly as a result of the rights granted to Developer under this ADA. Consequently, no portions of the Development Fee shall be refundable in the event Developer does not open all Units scheduled to be opened pursuant to the Development Schedule.

4. DEVELOPMENT RIGHTS SCHEDULE.

4.1 **Development Rights**. Developer shall exercise each development right granted herein by executing a Franchise Agreement for each Unit upon Roly Poly's approval of each site pursuant to Section 5.1 of this ADA. Developer's right to execute any given Franchise Agreement, and Roly Poly's obligation to enter into such Franchise Agreement, shall exist only if Developer and its Affiliates are then in compliance with the terms and conditions of this ADA and any franchise or other agreements with Roly Poly or its Affiliates.

4.2 **Schedule**. Developer shall open each Unit for business not later than the date set forth in Column IV of Exhibit B and, throughout the term of this ADA, Developer shall maintain in operation at least the required number of Units specified in Column V of Exhibit B. Any failure of Developer to comply with the Development Schedule shall constitute an event of default under this ADA.

5. ROLY POLY UNIT OPENINGS.

5.1 **Unit Sites**. Developer shall submit to Roly Poly a proposed site for each Unit to be developed under this ADA. If Developer and its Affiliates are not in material default under this ADA or any franchise or other agreement with Roly Poly or its Affiliates, Roly Poly shall evaluate each proposed site in good faith and in accordance with Roly Poly's then-current standards for approval of sites for Units, and shall promptly, but no more than 30 days after receipt of the proposed site, send to Developer written notice of acceptance or non-acceptance of the site.

5.2 **Franchise Agreement**. Upon Roly Poly's acceptance of a site, subject to Section 4.1, Developer and Roly Poly shall execute Roly Poly's then-current form of Franchise Agreement. Roly Poly's form as of the Effective Date of this ADA is attached as Exhibit C. Developer acknowledges that, until a Franchise Agreement is executed by both Developer and Roly Poly with respect to a given proposed Unit, Developer shall have no right to establish or make any commitments (such as to enter into a lease or an a construction agreement) with respect to such Unit and Roly Poly shall have no obligations or liability to Developer with respect to such proposed Unit.

5.3 **Effect of each Franchise Agreement**. Upon signing each Franchise Agreement, the provisions of this ADA, other than the requirements of the Development Schedule, shall cease to apply to the Unit covered by the Franchise Agreement and all rights and obligations in connection with such Unit shall be governed solely by the applicable Franchise Agreement.

5.4 **First Refusal and Delivery Territories**. Roly Poly's current form of Franchise Agreement includes a Right of First Refusal Territory and a Delivery Territory. If Roly Poly is still granting First Refusal Territories or Delivery Territories to new franchisees as of the date Developer enters into a Franchise Agreement, then, acting in good faith and exercising its reasonable business judgment in accordance with its then-current usual standards for Right of First-Refusal and Delivery Territories, Roly Poly shall designate, as applicable, the First Refusal Territory and Delivery Territory for the Unit covered by such Franchise Agreement.

6. CONFIDENTIAL INFORMATION.

Section 8.3 (Non-Disclosure) of the Franchise Agreement attached hereto as Exhibit C is incorporated into this ADA by this reference; provided that all references therein to "**FRANCHISEE**" shall mean "**Developer**" and all references to "**Agreement**" shall mean this ADA.

7. TRANSFER AND ASSIGNMENT.

7.1 **Incorporation by reference**. Paragraph 6 (Transfer and Assignment) of the Terms and Conditions of the Franchise Agreement attached as Exhibit A are incorporated into this ADA by this reference; provided, however, that:

(i) all references therein to "**FRANCHISE**" shall mean "**Developer**" and all references to "**Agreement**" shall mean this ADA.

(ii) the reference in Paragraph 6.C(2) to "**Schedule B**" shall mean Exhibit D to this ADA;

(iii) Paragraph 6.D(2) shall be deleted and replaced with the following:

"The transferee shall agree to assume all obligations under this ADA for the remainder of its term;"

(iv) Paragraphs 6.D(4) and 6.D(5) shall be deleted in their entirety.

7.2 **Control of Developer**. Developer represents that as of the execution of this ADA its equity and voting control is owned as shown in Exhibit D to this ADA. If Developer, or any approved successor thereof, is a partnership or privately-held corporation, Developer shall submit to Roly Poly prior to any proposed transfer of an equity or voting interest, and at any other time upon request, a list of all holders of direct or indirect equity or voting interests of record reflecting their respective present and/or proposed direct or indirect interests in Developer, in such form as Roly Poly may require.

8. DEFAULT AND TERMINATION.

8.1 **Insolvency**. Developer shall be deemed to be in default under this ADA, and all rights granted Developer herein shall automatically terminate without notice to Developer, if Developer shall become insolvent or make a general assignment for the benefit of creditors; or if a proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed.

8.2 **Termination for Good Cause**. Developer shall be deemed to be in default under this ADA, and Roly Poly may, at its option, terminate this ADA and all rights granted Developer hereunder, without affording Developer any opportunity to cure the default, effective immediately upon receipt of notice of termination by Developer, upon the occurrence of any of the events described below, each of which is acknowledged by Developer to be detrimental to the Roly Poly System, and the goodwill and reputation of the Roly Poly:

8.2.1 **<u>Development Schedule</u>**. If Developer fails to comply with the Development Schedule or fails to obtain Roly Poly's approval of a site prior to commencing operations at such site;

8.2.2 **<u>Criminal Conviction</u>**. If Developer or any person holding 40% or more of the equity interest in Developer is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in the sole opinion of Roly Poly, to affect adversely the Roly Poly System, any Roly Poly Unit, the Licensed Marks or the goodwill associated therewith or the reputation of Roly Poly;

8.2.3 **<u>Failure to Pay When Due</u>**. If Developer fails to pay any financial obligation pursuant to this ADA within 30 days of the date on which Roly Poly gives written notice of such deficiency, or immediately upon written notice if the payment has not been made within 60 days after the date on which any such amount is required to be paid;

8.2.4 **<u>Unpermitted Transfers</u>**. If Developer purports to transfer any rights or obligations under this ADA without Roly Poly's prior written consent, contrary to the terms of Section 7 of this ADA;

8.2.5 **<u>Nondisclosure Violation</u>**. If Developer knowingly discloses or divulges to any unauthorized person any Trade Secrets or Confidential Information provided to Developer by Roly Poly;

8.2.6 **<u>Repeated Breaches</u>**. If Developer receives from Roly Poly two or more notices to cure the same or similar defaults or violations of this ADA or three or more notice to cure any defaults or violations during any 12-month period, whether or not such defaults are cured;

8.2.7 **<u>Breach of Covenants</u>**. If Developer fails to comply with the covenants in Section 9 of this ADA; or

8.2.8 **<u>Cross Defaults</u>**. If Developer or any of its Affiliates has been terminated (as a franchise owner) for default under any Franchise Agreement with Roly Poly or has defaulted in any other agreement, note, lease or sub-lease with Roly Poly and has not cured such default in accordance with the terms of such other agreement.

8.3 **<u>Curable Default</u>**. Except as provided in Sections 8.1 and 8.2 above, Developer shall have 30 days after receipt from Roly Poly of a written notice of default within which to cure any default under this ADA to the reasonable satisfaction of Roly Poly. If any such default is not cured within that time or such longer period as applicable law may require, this ADA shall terminate without further notice to Developer, effective immediately upon the expiration of the 30 day-period or such longer period as Roly Poly's notice or applicable law may designate or require.

8.4 **Post-Termination**. Upon termination of this ADA, Developer shall have no right to establish or operate any Roly Poly Unit for which a Franchise Agreement has not been executed by Roly Poly and Developer as of the effective date of termination.

8.5 **Other Remedies**. Upon the events of default listed in Sections 8.2 or 8.3 of this ADA, Roly Poly may, in its sole discretion and in lieu of exercising its right to terminate this ADA, take any one or more of the following action:

8.5.1 **Reduction**. Reduce the number of Units which Developer may establish pursuant to Section 1.1 and Exhibit B of this ADA;

8.5.2 **Territory**. Terminate or reduce the area of the territorial exclusivity granted Developer in Section 1.2 of this ADA; and

8.5.3 **No new approvals**. Without evaluation or approval of proposed sites or refuse to approve any new sites for proposed Units until such time as Developer has cured all defaults to Roly Poly's satisfaction.

8.6 **Non-Exclusive Remedies**. No right or remedy of Roly Poly under this ADA is exclusive of any other right or remedy provided or permitted by law or equity.

8.7 **Termination by Developer.** Developer may not terminate this ADA prior to the expiration of its term except through legal process resulting from Roly Poly's material breach of this ADA or with Roly Poly's consent. In the event that Developer shall claim that Roly Poly has failed to meet any obligation under this ADA, Developer shall provide Roly Poly with written notice of such claim, within 150 days of its occurrence, specifically enumerating all alleged deficiencies and providing Roly Poly with an opportunity to cure of at least 30 days from the date of receipt of such notice by Roly Poly. Failure to give such notice shall constitute a waiver of any such alleged default.

9. COVENANTS OF DEVELOPER.

As used in this Section 9, the term "**Developer**" shall include, collectively and individually, Developer, if Developer is an individual; the owner or owners of any stock or voting or beneficial interest in Developer, if Developer is a corporation; or any general or limited partner, if Developer is a partnership. Developer acknowledges that the elements comprising the Roly Poly System are unique and distinctive and have been developed by Roly Poly at great effort, time and expense; that Developer and other Roly Poly System franchisees and developers comprise a unique, single, interdependent system; that Developer may have regular and continuing access to valuable and Confidential Information and Trade Secrets regarding the Roly Poly System; and that Developer recognizes its obligation to keep such Trade Secrets, and Confidential Information in confidence. Developer accordingly agrees as follows:

9.1 **Diverting Business**. During the term of this ADA, Developer shall not, except with the prior written consent of Roly Poly, either directly or indirectly, divert or attempt to divert any business or customer of the Roly Poly System to any competitor.

9.2 **Non-Competition**. During the term of this ADA, Developer shall not, except with the prior written consent of Roly Poly, engage as an owner, operator or in any managerial capacity in any fast food business selling rolled sandwiches, other than as an owner, operator or manager of a Roly Poly Unit(s), within the Development Territory; provided, however, that Developer shall not be prohibited hereby from owning equity securities of any fast-food rolled sandwich business whose shares are traded on a stock exchange or on the over-the-counter market so long as Developer's ownership interest shall represent two percent or less of the total number of outstanding shares of such business.

9.3 **Post-Term Non-Competition**. Upon the termination, expiration or non-renewal of this ADA, or if Developer assigns or transfers its interest herein to any person or business organization (except pursuant to Section 6.G of the Terms and Conditions of the Franchise Agreement incorporated into this ADA by Section 7.1), then for a period of one year thereafter, Developer shall not, except with the prior written consent of Roly Poly, engage as an owner, operator or in any managerial capacity in any fast food business selling rolled sandwiches at or within the Development Territory. Notwithstanding the foregoing, Developer may continue to operate any Roly Poly Unit then subject to a duly executed and then currently effective Franchise Agreement. Developer understands and agrees that the purpose of this covenant is not to deprive Developer of a means of livelihood and will not do so, but is rather to protect the goodwill and interest of Roly Poly and the Roly Poly System.

9.4 **Indemnification**. Developer shall indemnify and hold harmless Roly Poly from any and all liability, damages and expenses, including reasonable attorney fees, incurred by Roly Poly as a result of claims, demands or rights of action that may be asserted at any time against Roly Poly arising out of or resulting from actions or inactions of Developer or arising out of this ADA, the acquisition or leasing of any Unit site, or ownership, maintenance or operation of any Unit by Developer.

9.5 **Covenants Independent**. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this ADA. Roly Poly may unilaterally, at any time, in its sole discretion, revise any of the covenants in this Section 9 or any other provision of this ADA, so as to reduce the obligations of Developer thereunder. Should any part of these restrictions be held unenforceable due to its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of its scope, the same shall be enforced to the fullest extent permissible under the law. The running of any period of time specified in Section 9.3 shall be tolled and suspended for any period of time in which the Developer is found by a court of competent jurisdiction to have been in violation of this restrictive covenant. Developer further agrees that the existence of any claim it may have against Roly Poly whether or not arising from this ADA, shall not constitute a defense to the enforcement by Roly Poly of the covenants in this Section 9.

10. WRITTEN APPROVALS, WAIVERS, AND AMENDMENT.

10.1 **Approvals**. Whenever this ADA requires Roly Poly's prior approval, Developer shall make a timely written request. Unless a different time period is specified in this ADA, Roly Poly shall respond with its approval or disapproval within 15 days of receipt of such request. If

Roly Poly has not specifically approved a request within such 15-day period, such failure to respond shall be deemed a disapproval of any such request.

10.2 **Waiver**. No failure of Roly Poly to exercise any power reserved to it by this ADA and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Roly Poly's right to demand exact compliance with any of the terms herein. A waiver or approval by Roly Poly of any particular breach or default by Developer or acceptance by Roly Poly of any payments due hereunder shall not be considered a waiver or approval by Roly Poly of any preceding or subsequent breach or default by Developer of any term, covenant or condition of this ADA.

10.3 **Amendments**. No amendment, change or variance from this ADA shall be binding upon either Roly Poly or Developer except by mutual written agreement. If an amendment of this ADA is executed at Developer's request, any of Roly Poly's legal fees or costs of preparation in connection therewith shall be paid by Developer.

10.4 **No Employment Assistance**. Notwithstanding anything in this Agreement, Developer bears sole liability for the hiring, firing and personnel decisions, and the terms and conditions of employment, for Unit personnel and staff. Roly Poly and Developer acknowledge and agree that Roly Poly shall not, and shall have no right or authority to, control Developer's employees. Roly Poly shall have no right or authority with respect to the hiring, termination, discipline, work schedules, pay rates or pay methods of Developer's employees. Developer acknowledges and agrees that all Developer's employees shall be the exclusive employees of Developer and shall not be employees of Roly Poly nor joint employees of Developer and Roly Poly. Roly Poly neither dictates nor controls labor or employment matters for franchisees and their employees and Roly Poly is not responsible for the safety and security of Developer's employees or customers.

11. SEVERABILITY AND CONSTRUCTION.

Paragraph 14 of the Terms and Conditions of the Franchise Agreement at Exhibit C are incorporated by this reference into this ADA; provided, however, that all references therein to "**FRANCHISEE**" shall be to Developer and references to "**Agreement**" shall be to this ADA.

12. MISCELLANEOUS - GENERAL PROVISIONS.

12.1 **Governing Law**. This Agreement and the relationship arising under this Agreement shall be governed by, enforced under and construed in accordance with the laws of the State of Florida, except that all restrictive covenants in Section 9 of this Agreement shall be governed by the law of the state in which the Franchised Business is located.

12.2 **Dispute Resolution**. The parties shall attempt to resolve in good faith any dispute or claim arising out of or relating to this Agreement or the breach of this Agreement through non-binding mediation in accordance with the Commercial Medication Rules of the American Arbitration Association ("**AAA**"). Either party may end the mediation at any time. If the dispute is not resolved by mediation within 30 days, the dispute shall be sent to final and binding arbitration. Such arbitration shall be conducted by a single arbitrator in accordance with the

Commercial Arbitration Rules of the AAA. The arbitrator shall be selected by the parties in accordance with the Commercial Arbitration Rules of the AAA. The arbitrator shall apply the substantive laws of the State of Florida, without reference to its conflicts of laws provisions, except that all restrictive covenants in Section 9 of this Agreement shall be governed by the law of the state in which Developer's business is located. Judgment on the arbitration award may be entered in any court having jurisdiction. Any arbitration award shall be paid in US dollars within 10 days after entry. The arbitrator shall not be authorized to award punitive damages. If any party fails to appear at any properly noticed arbitration proceeding, an award may be entered against the party, notwithstanding its failure to appear. Nothing in this Section shall be construed as requiring either party to make a claim in arbitration before exercising any rights to give notice of default or termination in accordance with the terms of this Agreement. Unless the parties otherwise agree, any mediation or arbitration shall take place in Florida or, at Roly Poly's option, within 25 miles from any Roly Poly executive office. Each party shall bear its own costs and expenses (including attorney's fees) incurred in connection with any mediation or arbitration; provided that the arbitration award shall provide that the substantially prevailing party shall recover from the other party its actual costs and expenses (including attorneys' fees and arbitration fees and expenses) incurred in connection with the arbitration. Nothing contained in this Section shall prohibit either party from seeking injunctive or equitable relief in a court of competent jurisdiction. Notwithstanding the above, Roly Poly may bring any action which seeks injunctive or other extraordinary relief in any court of competent jurisdiction, without the obligation to resort to mediation or arbitration. The prevailing party in any such action is entitled to recover from the non-prevailing party its actual costs and expenses (including attorney's fees and expenses) in connection with the action.

12.3 **Survival of Covenants**. The covenants and agreements made by Developer hereunder shall survive the expiration or termination of this ADA.

12.4 **Notices**. Any notice required to be given hereunder shall be in writing and shall be either mailed by certified mail, return receipt requested or delivered by a recognized courier service, receipt acknowledged. Notices to each party shall be addressed to it at the address listed on the signature page of this ADA. Any notice complying with this provision shall be deemed to be given on the date of postmark. Each party shall have the right to designate any other address for such notices by giving notice thereof in the foregoing manner, and in such event all notices to be mailed after receipt of such notice shall be sent to such other address.

12.5 **Entire Agreement**. This ADA, together with each Franchise Agreement executed in accordance with this ADA, constitute the entire agreement between Roly Poly and Developer and supersede all prior negotiations, commitments, representations and undertakings of the parties with respect to the subject matter hereof. Notwithstanding the above, nothing in this Agreement or in any related agreement is intended to disclaim the representations made in Roly Poly's Franchise Disclosure Documents, its exhibits, and amendments, except for terms of this Agreement and Agreements executed contemporaneously with it (if any) which Franchisee negotiated with Roly Poly before their execution. No change, modification, amendment, termination or attempted waiver of any provisions of this ADA shall be binding upon the parties hereto unless in writing and signed by Roly Poly and Developer.

12.6 **Business Judgment**. Notwithstanding any contrary provisions contained in this Agreement, Roly Poly and Developer acknowledge and agree that (a) this Agreement (and the relationship of the parties which arises from this Agreement) grants Roly Poly the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Developer's explicit rights and obligations hereunder that may effect favorably or adversely Developer's interests; (b) Roly Poly shall use its business judgment in exercising such discretion based on Roly Poly's assessment of Roly Poly's own interests and balancing those interests against the interests, promotion and benefit of the Roly Poly System and Units generally (including Roly Poly, and its affiliates and other franchisees), and specifically without considering Developer's individual interests or the individual interests of any other particular franchisee (examples of items that shall promote or benefit the Roly Poly System and Units generally include, without limitation, enhancing the value of the Licensed Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the Roly Poly System); (c) Roly Poly shall have no liability to Developer for the exercise of its discretion in this manner and (d) even if Roly Poly has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for Roly Poly's judgment so exercised and such action or decision shall not be subject to challenge for abuse of discretion. IF ROLY POLY TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT ROLY POLY'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR ROLY POLY'S DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

13. ACKNOWLEDGMENTS.

Developer hereby acknowledges the following:

13.1 DEVELOPER HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS ADA AND RECOGNIZES THAT IT INVOLVES BUSINESS RISKS MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON THE BUSINESS ABILITIES AND PARTICIPATION OF DEVELOPER, AND ITS EFFORTS AS AN INDEPENDENT BUSINESS OPERATOR, AND ROLY POLY DISCLAIMS THE MAKING OF, AND DEVELOPER ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED UPON, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS ADA OR THAT ANY UNIT SITE APPROVED BY ROLY POLY WILL BE A SUCCESSFUL LOCATION FOR A ROLY POLY UNIT.

13.2 DEVELOPER IT HAS NO KNOWLEDGE OF ANY REPRESENTATIONS BY ROLY POLY OR ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES, AGENTS OR SERVANTS, ABOUT THE BUSINESS CONTEMPLATED BY THIS ADA THAT ARE CONTRARY TO THE TERMS OF THIS ADA OR THE DOCUMENTS INCORPORATED HEREIN. DEVELOPER REPRESENTS, AS AN INDUCEMENT TO ROLY POLY'S ENTRY INTO THIS ADA, THAT IT HAS MADE NO MISREPRESENTATIONS IN OBTAINING THIS ADA.

13.3 DEVELOPER ACKNOWLEDGES THAT ROLY POLY OR ITS AGENT HAS PROVIDED DEVELOPER WITH A FRANCHISE DISCLOSURE DOCUMENT 14 CALENDAR DAYS BEFORE THE EXECUTION OF THIS ADA, OR 14 CALENDAR DAYS BEFORE ANY PAYMENT OF ANY CONSIDERATION. DEVELOPER FURTHER ACKNOWLEDGES THAT DEVELOPER HAS READ SUCH FRANCHISE DISCLOSURE DOCUMENT AND UNDERSTANDS ITS CONTENTS.

13.4 DEVELOPER ACKNOWLEDGES THAT ROLY POLY HAS PROVIDED DEVELOPER WITH A COPY OF THIS ADA AND ALL RELATED DOCUMENTS, FULLY COMPLETED, FOR AT LEAST 7 CALENDAR DAYS PRIOR TO DEVELOPER'S EXECUTION HEREOF.

13.5 DEVELOPER ACKNOWLEDGES THAT IT HAS HAD AMPLE OPPORTUNITY TO CONSULT WITH ITS OWN ATTORNEYS, ACCOUNTANTS AND OTHER ADVISORS AND THAT THE ATTORNEYS FOR ROLY POLY HAVE NOT ADVISED OR REPRESENTED DEVELOPER WITH RESPECT TO THIS ADA OR THE RELATIONSHIP THEREBY CREATED.

13.6 DEVELOPER, TOGETHER WITH ITS ADVISERS, HAS SUFFICIENT KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO MAKE AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE FRANCHISE.

13.7 DEVELOPER IS AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE DEVELOPERS AND FRANCHISE OWNERS OF ROLY POLY MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT(S), AND CONSEQUENTLY THAT ROLY POLY'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS DEVELOPERS AND FRANCHISE OWNERS MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

13.8 DEVELOPER ACKNOWLEDGES THAT THIS INSTRUMENT CONSTITUTES THE ENTIRE AGREEMENT OF THE PARTIES CONCERNING THE SUBJECT MATTER HEREOF. THIS ADA TERMINATES AND SUPERSEDES ANY PRIOR AGREEMENT BETWEEN THE PARTIES CONCERNING THE SAME SUBJECT MATTER. NOTHING IN THIS AGREEMENT IS INTENDED TO WAIVE DEVELOPER’S RIGHT TO RELY UPON REPRESENTATIONS MADE IN ROLY POLY’S FRANCHISE DISCLOSURE DOCUMENT, ITS EXHIBITS AND AMENDMENTS, EXCEPT FOR TERMS OF THIS AGREEMENT AND AGREEMENTS EXECUTED CONTEMPORANEOUSLY WITH IT (IF ANY) WHICH DEVELOPER NEGOTIATED WITH ROLY POLY BEFORE THEIR EXECUTION.

[SIGNATURES NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed this ADA on the date first written above.

DEVELOPER:	ROLY POLY FRANCHISE SYSTEMS, LLC
______________________________	By:_______________________________________
By:___________________________	Title:_____________________________________
Title:_________________________	Date:_____________________________________
Date:_________________________	
Addresses for Notices:	Addresses for Notices:
________________________	13 Emerald Drive Key West, Florida 33040 Attn: Julie Reid, Vice President
________________________	
Attn: _________________________	

DEVELOPER' MEMBERS OR GUARANTORS
(for purposes of Section 9 of the ADA only)

____

By:_________________________________

Title:_______________________________

Date:_______________________________

____

By:_________________________________

Title:_______________________________

Date:_______________________________

GUARANTY OF DEVELOPER'S UNDERTAKINGS

In consideration of, and as an inducement to, the execution of the foregoing Area Development Agreement (the "**ADA**") by Roly Poly Franchise Systems, LLC, each of the undersigned hereby guarantees unto Roly Poly Franchise Systems, LLC that the Developer named therein will perform during the term of this ADA each and every covenant, payment, agreement, and undertaking on the part of Developer contained and set forth in the ADA.

Roly Poly Franchise Systems LLC, it's successors and assigns, may from time to time, without notice to the undersigned (a) resort to the undersigned for payment of any of the liabilities, whether or not it or its successors have resorted to any property securing any of the liabilities or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the liabilities, (b) release or compromise any liability of any of the undersigned hereunder or any liability of any party or parties primarily or secondarily liable on any of the liabilities, and (c) extend, renew, or credit any of the liabilities for any period (whether or not longer than the original period); alter, amend, or exchange any of the liabilities; or, give any other form of indulgence whether under the ADA or not.

The undersigned agrees to comply with and abide by the restrictive covenants and non-disclosure provisions contained in Section 9 of the ADA to the same extent as and for the same period of time as Developer is required to comply with and abide by such covenants and provisions. These obligations of the undersigned shall survive any expiration or termination of the ADA or this Guaranty.

The undersigned further waives presentment, demand, notice of dishonor, protest, nonpayment, and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the ADA or the amount and terms thereof; and notice of all defaults, disputes or controversies resulting from the ADA or otherwise, and the settlement, compromise or adjustment thereof.

The undersigned agrees to pay all expenses paid or incurred by Roly Poly in attempting to enforce the ADA and this Guaranty against Developer and against the undersigned and in attempting to collect any amounts due thereunder and hereunder, including reasonable attorneys' fees if such enforcement or collection is by or through an attorney-at-law. Any waiver, extension of time, or other indulgence granted from time to time by Roly Poly, its agents, their successors or assigns, with respect to the ADA in no way modify or amend this Guaranty, which shall be continuing, absolute, unconditional, and irrevocable.

If more than one person has executed this Guaranty, the term "the undersigned," as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty of Developer's Undertakings under seal effective as of the date of the ADA.

______________________________	______________________________(SEAL)
Witness	Guarantor
______________________________	______________________________(SEAL)
Witness	Guarantor
______________________________	______________________________(SEAL)
Witness	Guarantor

Exhibit A to Area Development Agreement
DEVELOPMENT TERRITORY

1. The Development Territory is as described below or on an attached page.

2. Existing Locations within the area described as the Development Territory are as described below or on an attached page:

- If none, write "none" here: ____________

- Company-owned Existing Locations:

  Address First-Refusal Territory

- Franchised Existing Locations:

  Address First-Refusal Territory

Agreed: Roly Poly _______________ (initialize) Developer:__________________ (initialize)

Exhibit B to Area Development Agreement
DEVELOPMENT SCHEDULE

Developer shall open for business by the date indicated in Column IV below and have operating at all times thereafter during the term of this Agreement not less than the minimum number of Roly Poly Units listed in Column V of this Exhibit B:
Total Development Fee: $_____________

I	II	III	IV	V
UNIT SEQUENCE	TOTAL INITIAL FRANCHISE FEE FOR EACH UNIT	BALANCE OF INITIAL FRANCHISE FEE DUE UPON EXECUTION OF EACH FRANCHISE AGREEMENT	LATEST DATE FOR MINIMUM COMMENCEMENT OF BUSINESS AT EACH SUCH UNIT	NUMBER OF UNITS IN OPERATION

Agreed: Roly Poly ________________ (initialize) Developer:___________________ (initialize)

Exhibit C to Area Development Agreement

CURRENT FORM OF FRANCHISE AGREEMENT AS OF EFFECTIVE DATE

Exhibit D to Area Development Agreement
ACKNOWLEDGMENT REGARDING CONTROLLING PERSONS

Developer hereby acknowledges that Developer is a(n)

_ individual
_ partnership
_ joint venture
_ corporation
_ other business form (describe)_
(check one)

Developer hereby warrants and represents that the following persons own, either legally or beneficially, all of the voting control of Developer:

Name	Type of Ownership (Legal or Beneficial)	Percentage of Interest Owned	Percentage Interest Voted

Developer hereby acknowledges that Roly Poly is relying on these representations as a material basis for entering into this Area Development Agreement, and that the information set forth above is true and correct.

DEVELOPER

By:____

Date:_______________________________________

Exhibit E to Area Development Agreement
SPECIAL STIPULATIONS

To the extent of any conflict between the following and the printed provisions of the Franchise Agreement dated the _____ day of ______________, 20___, the following Special Stipulations shall control:

[Signatures next page]

The foregoing Special Stipulations agreed between:

Roly Poly Franchise Systems, LLC

By:___________________________________

Title:__________________________________

Attest:_________________________________

Title:__________________________________

AREA DEVELOPER

____

By:___________________________________

Title:__________________________________

Attest:_________________________________

Title:__________________________________

__________________________________(Seal)
Guarantor

__________________________________(Seal)
Guarantor

Exhibit F to Area Development Agreement

STATE RIDERS

CALIFORNIA RIDER
TO
AREA DEVELOPMENT AGREEMENT

BETWEEN ROLY POLY FRANCHISE SYSTEMS, LLC
and

____

This Rider forms a part of the aforesaid AREA DEVELOPMENT AGREEMENT, dated ______________________, as if the contents hereof were set forth therein.

1. Whenever the provisions of this Rider conflict with provisions contained elsewhere in this Area Development Agreement, the provisions of this Rider shall prevail to the extent of such conflict.

A. Covenants not to compete which extend beyond the term of the Area Development Agreement may not be enforceable under California law.

B. To the extent the California Franchise Investment Law applies, it shall prevail over any conflicting provisions of the Area Development Agreement.

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

3. California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Business Oversight prior to a solicitation of a proposed material modification of an existing franchise.

4. The Area Development Agreement provides for termination on bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).

5. The Area Development Agreement requires that any litigation be filed in the courts of the state of Florida. This provision may not be enforceable under California law.

6. The Area Development Agreement provides that the laws of Florida shall govern the Area Development Agreement. This provision may not be enforceable under California law.

7. California Business and Professions Code Sections 20000 through 20043 provide rights to the developer concerning termination or non-renewal of a franchise. If the Area Development Agreement is inconsistent with the law, the law will control.

ROLY POLY FRANCHISE SYSTEMS, LLC

By: ______________________________

Title: ______________________________

Date: ______________________________

DEVELOPER: ______________________________

By: ______________________________

Title: ______________________________

Date: ______________________________

ILLINOIS RIDER
TO
AREA DEVELOPMENT AGREEMENT

BETWEEN ROLY POLY FRANCHISE SYSTEMS, LLC
and

____

This Rider forms a part of the aforesaid AREA DEVELOPMENT AGREEMENT, dated _, as if the contents hereof were set forth therein.

1. Illinois law governs the Area Development Agreement.

2. Section 3 of the Area Development Agreement is revised to state Franchisor will defer payment of the development fee and other initial payments owed by Developer to Franchisor until Franchisor completes its pre-opening obligations to Developer and Developer commences operation of the first Unit under the first Franchise Agreement executed pursuant to the Area Development Agreement. The Illinois Attorney General's Office imposed this deferral due to franchisor's financial condition.

3. Notwithstanding Section 12 of the Area Development Agreement, regarding governing law and venue, Illinois law shall control and govern the Area Development Agreement. Section 4 of the Act states that "[a]ny provision in a franchise agreement that designates jurisdiction or venue in a forum outside of this State is void provided that a franchise agreement may provide for arbitration in a forum outside of this State.".

4. Developer's rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

ROLY POLY FRANCHISE SYSTEMS, LLC

By:________________________________
Title:______________________________
Date: ______________________________

DEVELOPER:

____

By:________________________________
Title:______________________________

Date: ___________________________________

MARYLAND RIDER
TO
AREA DEVELOPMENT AGREEMENT

BETWEEN ROLY POLY FRANCHISE SYSTEMS, LLC
and

____

This Rider forms a part of the aforesaid AREA DEVELOPMENT AGREEMENT, dated _, as if the contents hereof were set forth therein.

1. Whenever the provisions of this Rider conflict with provisions contained elsewhere in this Area Development Agreement, the provisions of this Rider shall prevail to the extent of such conflict.

2. Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law requires us to file an irrevocable consent to be sued in Maryland. To the extent of a conflict between Section 14-216(c)(25) and Section 12 of the Area Development Agreement, Section 14-216(c)(25) shall control.

3. Maryland law provides that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise. To the extent of a conflict between this provision and any section of the Area Development Agreement, the Maryland law shall control.

ROLY POLY FRANCHISE SYSTEMS, LLC

By: ______________________________

Title: ______________________________

Date: ______________________________

DEVELOPER: ______________________________

By: ______________________________

Title:

____

Date: ______________________________________

NEW YORK RIDER
TO
AREA DEVELOPMENT AGREEMENT

BETWEEN ROLY POLY FRANCHISE SYSTEMS, LLC
and

____

This Rider forms a part of the aforesaid AREA DEVELOPMENT AGREEMENT, dated _, as if the contents hereof were set forth therein.

1. Whenever the provisions of this Rider conflict with provisions contained elsewhere in this Area Development Agreement, the provisions of this Rider shall prevail to the extent of such conflict.

2. Section 7 of the Area Development Agreement is amended by adding the following additional language: "All rights enjoyed by the Developer and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of New York State and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law of New York State be satisfied."

3. Section 8.7 of the Area Development Agreement is amended by adding the following additional sentence at the end thereof: "However, the Developer may utilize whatever legal right he may possess to suspend or discontinue operations due to a material breach by Roly Poly."

4. Section 12 of the Area Development Agreement is amended by adding the following additional sentence at the end thereof: "The foregoing choice of law should not be considered a waiver of any rights conferred upon Developer by the provisions of Art. 33 of the New York G.B.L."

ROLY POLY FRANCHISE SYSTEMS, LLC

By: ______________________________

Title: ______________________________

Date: ______________________________

DEVELOPER: ________________________

By: ______________________________

Title:

____

Date: _______________________________

RHODE ISLAND RIDER
TO
AREA DEVELOPMENT AGREEMENT

BETWEEN ROLY POLY FRANCHISE SYSTEMS, LLC
and
____

This Rider forms a part of the aforesaid AREA DEVELOPMENT AGREEMENT, dated _, as if the contents hereof were set forth therein.

1. Whenever the provisions of this Rider conflict with provisions contained elsewhere in this Area Development Agreement, the provisions of this Rider shall prevail to the extent of such conflict.

2. Section 12.1 of the Area Development Agreement is amended by adding the following language at the end thereof:

> "Notwithstanding the foregoing, to the extent Rhode Island law applies and so requires, nothing herein shall require Developer to bring suit only in a forum outside of Rhode Island or operate to limit Developer's rights under the Rhode Island Franchise Act.

ROLY POLY FRANCHISE SYSTEMS, LLC

By: ______________________________

Title: ______________________________

Date: ______________________________

DEVELOPER: ______________________________

By: ______________________________

Title:

Date: ______________________

WASHINGTON RIDER
TO
AREA DEVELOPMENT AGREEMENT

BETWEEN ROLY POLY FRANCHISE SYSTEMS, LLC
and
____

1. The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such a s right to a jury trial may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

~~6. All other provisions of the Agreement are hereby ratified and confirmed.~~
The undersigned does hereby acknowledge receipt of this rider.

ROLY POLY FRANCHISE SYSTEMS, LLC

By: ____

Title: ______________________________________

Date: ______________________________________

DEVELOPER: ______________________________

By: ____

Title: ______________________________________

Date: ______________________________________

EXHIBIT C

GUARANTY OF FRANCHISEE'S UNDERTAKINGS

GUARANTY OF FRANCHISEE'S UNDERTAKINGS

In consideration of, and as an inducement to, the execution of the foregoing Franchise Agreement ("**Agreement**") by ROLY POLY Franchise Systems, LLC ("**ROLY POLY**"), each of the undersigned hereby guarantees to ROLY POLY, that the FRANCHISEE named therein will perform during the term of this Agreement each and every covenant, payment, agreement and undertaking on the part of FRANCHISEE contained and set forth in the Agreement.

ROLY POLY, its successors and assigns, may from time to time, without notice to the undersigned (a) resort to the undersigned for payment of any of the liabilities, whether or not it or its successors have resorted to any property securing any of the liabilities or proceeded against any other of the undersigned or any party or primarily or secondarily liable on any of the liabilities, (b) release or compromise any liability of any of the undersigned hereunder or any liability of any party or parties primarily or secondarily liable on any of the liabilities, and (c) extend, renew or credit any of the liabilities for any period (whether or not longer than the original period); alter, amend or exchange any of the liabilities; or give any other form of indulgence, whether under the Agreement or not.

The undersigned agrees to comply with and abide by the restrictive covenants and non-disclosure provisions contained in Section 8 of the Agreement to the same extent as and for the same period of time as FRANCHISEE is required to comply with and abide by such covenants and provisions. These obligations of the undersigned shall survive any expiration or termination of the Franchise Agreement or this Guaranty.

The undersigned further waives presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between FRANCHISEE and ROLY POLY resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

The undersigned agrees to pay all expenses paid or incurred by ROLY POLY in attempting to enforce the Agreement and this Guaranty against FRANCHISEE and/or against the undersigned and in attempting to collect any amounts due thereunder and hereunder, including reasonable attorneys' fees. Any waiver, extension of time or other indulgence granted from time to time by ROLY POLY, its agents, its successors or assigns, with respect to the Agreement, shall in no way modify or amend this Guaranty, which shall be continuing, absolute, unconditional and irrevocable.

If more than one person has executed the Guaranty, the term "the undersigned," as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty under seal effective as of the date of the foregoing Agreement.

[SIGNATURES ON NEXT PAGE]

GUARANTOR: ____

DATE: ____

GUARANTOR: ____

DATE: ____

GUARANTOR: ____

DATE: ____

GUARANTOR: ____

DATE: ____

EXHIBIT D

FINANCIAL STATEMENTS

ROLY POLY FRANCHISE SYSTEMS, LLC

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

Years Ended December 31, 2019 and 2018

Table of Contents

Santi & Associates, PC
Certified Public Accountants

Independent Auditor's Report

Ms. Julie Reid, Managing Member
Roly Poly Franchise Systems, LLC
Key West, Florida

We have audited the accompanying financial statements of Roly Poly Franchise Systems, LLC (a limited liability company), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income, member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Roly Poly Franchise Systems, LLC as of December 31, 2019 and 2018, 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.

Alpharetta, Georgia
March 3, 2020

ROLY POLY FRANCHISE SYSTEMS, LLC

BALANCE SHEETS

December 31, 2019 and 2018

ASSETS

		2019		2018
Current Assets				
Cash	$	34,670	$	51,967
Royalties receivable		13,798		25,620
Notes receivable, current portion		500		17,351
Total Current Assets		48,968		94,938
Property and Equipment - at cost				
Computers and software		22,411		22,411
Furniture and fixtures		140,319		140,319
Signs		14,670		14,670
		177,400		177,400
Less accumulated depreciation		(163,990)		(154,673)
		13,410		22,727
Total Assets	**$**	**62,378**	**$**	**117,665**

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

LIABILITIES AND MEMBER'S EQUITY

	2019	2018
Current Liabilities		
Credit card payable	$ 5,045	$ 4,752
Accounts payable	-	2,456
Total Current Liabilities	5,045	7,208
Member's Equity	57,333	110,457
Total Liabilities and Member's Equity	**$ 62,378**	**$ 117,665**

ROLY POLY FRANCHISE SYSTEMS, LLC

STATEMENTS OF INCOME

Years Ended December 31, 2019 and 2018

	2019	2018
Revenues	$ 274,064	$ 390,724
Operating Expenses		
Advertising	1,487	7,838
Automobile	18,629	21,614
Bad debt	12,113	5,650
Bank and credit card fees	359	585
Contractor expense	11,913	12,150
Contributions	150	700
Depreciation	9,317	9,571
Dues and subscriptions	3,949	4,026
Entertainment	538	3,792
Franchise expense	3,965	6,801
Insurance	20,525	21,268
Miscellaneous	-	753
Office	3,556	4,133
Payroll service fees	-	1,173
Professional fees	23,662	30,265
Repairs and maintenance	-	251
Salaries	-	18,750
Taxes - payroll	-	1,434
Taxes and licenses	239	289
Telephone and utilities	11,555	14,859
Travel	20,474	47,358
	142,431	213,260
Operating Profit	131,633	177,464
Other Income	763	15,745
Net Income	**$ 132,396**	**$ 193,209**

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

ROLY POLY FRANCHISE SYSTEMS, LLC

STATEMENTS OF MEMBER'S EQUITY

Years Ended December 31, 2019 and 2018

	2019	2018
Balance at Beginning of Year	$ 110,457	$ 87,006
Net income	132,396	193,209
Member distributions	(185,520)	(169,758)
Balance at End of Year	$ 57,333	$ 110,457

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

ROLY POLY FRANCHISE SYSTEMS, LLC

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flow from Operating Activities		
Net income	$ 132,396	$ 193,209
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	9,317	9,571
(Increase) Decrease in:		
Royalties receivable	11,822	(8,120)
Notes receivable	16,851	5,576
Increase (Decrease) in:		
Accounts payable	(2,456)	(2,139)
Credit card payable	293	(6,345)
Unearned franchise fees	-	(25,000)
Net cash provided by operating activities	168,223	166,752
Cash Flow from Financing Activities		
Member distributions	(185,520)	(169,758)
Net cash used in financing activities	(185,520)	(169,758)
Net Decrease in Cash	(17,297)	(3,006)
Cash at Beginning of Year	51,967	54,973
Cash at End of Year	$ 34,670	$ 51,967

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Roly Poly Franchise Systems, LLC (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity.

1. **Business Activity**
The Company, organized in Georgia, is the national franchisor for Roly Poly Sandwich Shops. Franchise agreements provide for an initial fee and continuing royalty payments to the Company as a percent of sales. Among other things, the Company provides guidelines for site selection, an initial training program, and implementation of an accounting and quality control system.

2. **Revenue Recognition**
Revenue is comprised of franchise fees and royalties. The Company recognizes revenue from franchise fees when obligations under the terms of the franchise agreement are satisfied; this generally occurs upon opening of a store. The Company considers each franchise agreement to be one performance obligation, unless the circumstances dictate otherwise. Royalties earned are based on a percentage of franchise store sales and are recognized in the same period the related sales occurred. There were no unearned franchise fees at December 31, 2019 and 2018.

   During the year ended December 31, 2002, the Company introduced the Master Development Agreement (MDA) where the rights to be the Company's agent in a larger geographic region, usually a state, are sold. The MDA agent is responsible for selling franchises in their region, training the franchisees, and supporting the franchises. The MDA and the Company split the royalty and franchise fees generated in this region. The obligation of the Company to the MDA agent is complete at MDA signing, as these fees are not refundable. During the years ended December 31, 2019 and 2018, the Company did not collect any MDA fees.

3. **Use of Estimates**
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

4. **Cash and Cash Equivalents**
The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash includes a commercial checking account.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. **Royalties Receivable**
Royalties arise from franchise agreements and are recorded as a percentage of the prior month's sales. Accounts deemed to be uncollectible are charged to bad debt. Generally accepted accounting principles require that the allowance method be used to recognize uncollectible accounts receivable; however, the effect of using the Company's method is not materially different from the results that would have been obtained under the allowance method.

6. **Property and Equipment**
Property and equipment are stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, principally using the 200% declining balance and straight-line methods.

The estimated useful lives in determining depreciation are:

	Years
Computers and software	3-10
Furniture and fixtures	7-10
Signs	7-10

Expenditures for property and equipment and for renewals or improvements, which extend the original estimated economic life of the assets, are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When an asset is retired or otherwise disposed, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statements of income.

Depreciation expense for the years ended December 31, 2019 and 2018 was $9,317 and $9,571, respectively.

7. **Advertising**
Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2019 and 2018 were $1,487 and $7,838, respectively.

8. **Income Taxes**
The Company is organized as a limited liability company. The Company is not a tax paying entity for income tax purposes; therefore, no provision for income taxes has been recorded in the financial statements. Income for the Company is taxed to the member on her respective income tax returns. Accelerated depreciation methods are used for tax reporting.

Management has concluded that the Company is a pass-through entity for federal taxation and taxation in certain states. Management has determined that there are no uncertain tax positions that would require recognition in the financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

8. **Income Taxes, continued**
If the Company were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof, as well as other factors. Generally, federal, state, and local authorities may examine the Company's tax returns for three years from the filing date and the current and prior three years remain subject to examination as of December 31, 2019.

9. **Reclassifications**
Certain changes have been made to the presentation of the December 31, 2018 financial statements to conform to the current period presentation. These changes did not affect equity or net income.

10. **Subsequent Events**
Subsequent events have been evaluated through March 3, 2020, which is the date the financial statements were available to be issued.

11. **New Accounting Pronouncement**
In May 2014, the FASB issued Accounting Standard Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which provides a single comprehensive revenue recognition model for all contracts with customers. Under this new guidance, an entity will recognize revenue to depict the transfer of promised goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. ASU No. 2014-09 may be adopted either retrospectively or on a modified retrospective basis. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Topic 606: Deferral of Effective Date*, which delayed the effective date for nonpublic entities to fiscal years beginning after December 15, 2018, with early adoption permitted. The Company has adopted ASU No. 2014-09 on a modified retrospective basis as of January 1, 2019, and the adoption of the ASU did not have a material effect on the Company's financial condition, results of operations, or cash flows.

NOTE B – FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash, royalties receivable, and notes receivable.

The Company maintains its cash deposits with a highly-rated financial institution. At times, such deposits may be in excess of federally insured limits. At December 31, 2019 and 2018, the Company did not maintain any uninsured cash deposits. The Company has not experienced any losses in such accounts.

NOTE B – FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK, continued

The Company routinely assesses the financial strength of its franchisees and, as a consequence, believes that its royalties receivable risk is limited. The Company conducts its business activities in many states with various franchisees. Consequently, the Company's ability to collect amounts due is affected by general economic fluctuations within the United States of America. The Company does not require collateral to support royalties receivable.

NOTE C – NOTES RECEIVABLE

Notes receivable at December 31, 2019 and 2018 consists of:

	2019	2018
Various notes receivable from franchisees bearing no interest. Principal is payable upon demand.	$ 500	$ 17,351
Less current maturities	(500)	(17,351)
	$ -	$ -

The future minimum receipts under the notes receivable are as follows:

Year Ended December 31,	
2020	$ 500

The Company did not receive any interest income for the years ended December 31, 2019 and 2018.

Bad debt expense for the years ended December 31, 2019 and 2018 was $12,113 and $5,650, respectively.

NOTE D – REVENUE

The Company's revenue at December 31, 2019 and 2018 was comprised of the following:

	2019	2018
Franchise fees	$ 11,250	$ 82,343
Royalty income	262,814	308,381
	$ 274,064	$ 390,724

NOTE E – FRANCHISE OPERATIONS

	2019	2018
Number of franchises sold during the year	0	0
Number of franchise outlets in operation during the year	42	56
Number of franchisor owned stores	None	None

NOTE F – COMMITMENT

The Company entered into a non-cancellable operating agreement to lease a vehicle beginning on December 29, 2016. The monthly lease payment is $1,182, and the lease terminates on March 28, 2020. Lease expense for the years ended December 31, 2019 and 2018 was $14,184.

Future minimum lease payments under this operating lease are as follows:

Year Ended December 31,	
2020	$ 3,546

ROLY POLY FRANCHISE SYSTEMS, LLC

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

Years Ended December 31, 2018 and 2017

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Santi & Associates, PC
Certified Public Accountants

Independent Auditor's Report

Ms. Julie Reid, Managing Member
Roly Poly Franchise Systems, LLC
Key West, Florida

We have audited the accompanying financial statements of Roly Poly Franchise Systems, LLC (a limited liability company), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of income, member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Roly Poly Franchise Systems, LLC as of December 31, 2018 and 2017, 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.

Alpharetta, Georgia
February 11, 2019

ROLY POLY FRANCHISE SYSTEMS, LLC

BALANCE SHEETS

December 31, 2018 and 2017

ASSETS

	2018	2017
Current Assets		
Cash	$ 51,967	$ 54,973
Royalties receivable	25,620	17,500
Notes receivable, current portion	17,351	22,927
Total Current Assets	94,938	95,400
Property and Equipment - at cost		
Computers and software	22,411	22,411
Furniture and fixtures	140,319	140,319
Signs	14,670	14,670
	177,400	177,400
Less accumulated depreciation	(154,673)	(145,102)
	22,727	32,298
Total Assets	**$ 117,665**	**$ 127,698**

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

LIABILITIES AND MEMBER'S EQUITY

	2018	2017
Current Liabilities		
Accounts payable	$ 2,456	$ 4,595
Credit card payable	4,752	11,097
Unearned franchise fees	-	25,000
Total Current Liabilities	7,208	40,692
Member's Equity	110,457	87,006
Total Liabilities and Member's Equity	**$ 117,665**	**$ 127,698**

ROLY POLY FRANCHISE SYSTEMS, LLC

STATEMENTS OF INCOME

Years Ended December 31, 2018 and 2017

	2018	2017
Revenues	$ 390,724	$ 442,598
Operating Expenses		
Advertising	7,838	-
Automobile	21,614	19,501
Bad debt	5,650	750
Bank and credit card fees	585	3,272
Contractor expense	12,150	25,125
Contributions	700	60
Depreciation	9,571	8,260
Dues and subscriptions	4,026	-
Entertainment	3,792	9,320
Franchise expense	6,801	8,151
Insurance	21,268	18,065
Internet maintenance	-	360
Miscellaneous	753	785
Office	4,133	6,307
Payroll service fees	1,173	1,368
Professional fees	30,265	39,857
Rent	-	739
Repairs and maintenance	251	-
Salaries	18,750	27,500
Taxes - payroll	1,434	2,389
Taxes and licenses	289	339
Telephone and utilities	14,859	15,692
Travel	47,358	59,639
	213,260	247,479
Operating Profit	177,464	195,119
Other Income	15,745	10,448
Net Income	$ 193,209	$ 205,567

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

ROLY POLY FRANCHISE SYSTEMS, LLC

STATEMENTS OF MEMBER'S EQUITY

Years Ended December 31, 2018 and 2017

	2018	2017
Balance at Beginning of Year	$ 87,006	$ 96,894
Net income	193,209	205,567
Distributions	(169,758)	(215,455)
Balance at End of Year	$ 110,457	$ 87,006

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

ROLY POLY FRANCHISE SYSTEMS, LLC

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flow from Operating Activities		
Net income	$ 193,209	$ 205,567
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	9,571	8,260
(Increase) Decrease in:		
Royalties receivable	(8,120)	3,786
Notes receivable	5,576	(10,227)
Increase (Decrease) in:		
Accounts payable	(2,139)	(9,780)
Credit card payable	(6,345)	6,043
Unearned franchise fees	(25,000)	13,750
Net cash provided by operating activities	166,752	217,399
Cash Flow from Investing Activities		
Purchase of property and equipment	-	(8,383)
Net cash used in investing activities	-	(8,383)
Cash Flow from Financing Activities		
Member distributions	(169,758)	(215,455)
Net cash used in financing activities	(169,758)	(215,455)
Net Decrease in Cash	(3,006)	(6,439)
Cash at Beginning of Year	54,973	61,412
Cash at End of Year	$ 51,967	$ 54,973

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Roly Poly Franchise Systems, LLC (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity.

1. **Business Activity**
   The Company, organized in Georgia, is the national franchisor for Roly Poly Sandwich Shops. Franchise agreements provide for an initial fee and continuing royalty payments to the Company as a percent of sales. Among other things, the Company provides guidelines for site selection, an initial training program, and implementation of an accounting and quality control system.

2. **Revenue Recognition**
   The Company recognizes franchise fees when it substantially completes its responsibilities as stipulated in the franchise agreement, which is generally upon opening of a store. There were no unearned franchise fees at December 31, 2018. At December 31, 2017, the Company had unearned franchise fees in the amount of $25,000, representing one store location.

   During the year ended December 31, 2002, the Company introduced the Master Development Agreement (MDA) where the rights to be the Company's agent in a larger geographic region, usually a state, are sold. The MDA agent is responsible for selling franchises in their region, training the franchisees, and supporting the franchises. The MDA and the Company split the royalty and franchise fees generated in this region. The obligation of the Company to the MDA agent is complete at MDA signing, as these fees are not refundable. During the years ended December 31, 2018 and 2017, the Company did not collect any MDA fees.

3. **Use of Estimates**
   The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

4. **Cash and Cash Equivalents**
   The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

5. **Royalties Receivable**
   Royalties arise from franchise agreements and are recorded as a percentage of the prior month's sales. Accounts deemed to be uncollectible are charged to bad debt. Generally accepted accounting principles require that the allowance method be used to recognize uncollectible accounts receivable; however, the effect of using the Company's method is not materially different from the results that would have been obtained under the allowance method.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

6. **Property and Equipment**
   Property and equipment are stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, principally using the 200% declining balance and straight-line methods.

   The estimated useful lives in determining depreciation are:

	Years
Computers and software	3-10
Furniture and fixtures	7-10
Signs	7-10

   Expenditures for property and equipment and for renewals or improvements, which extend the original estimated economic life of the assets, are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When an asset is retired or otherwise disposed, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statements of income.

   Depreciation expense for the years ended December 31, 2018 and 2017 was $9,571 and $8,260, respectively.

7. **Advertising**
   Advertising costs are expensed as incurred. Advertising costs for the year ended December 31, 2018 were $7,838. There were no advertising costs for the year ended December 31, 2017.

8. **Income Taxes**
   The Company is organized as a limited liability company. The Company is not a tax paying entity for income tax purposes; therefore, no provision for income taxes has been recorded in the financial statements. Income for the Company is taxed to the member on her respective income tax returns. Accelerated depreciation methods are used for tax reporting.

   Management has concluded that the Company is a pass-through entity for federal taxation and taxation in certain states. Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the Company were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof, as well as other factors. Generally, federal, state, and local authorities may examine the Company's tax returns for three years from the filing date and the current and prior three years remain subject to examination as of December 31, 2018.

9. **Reclassifications**
   Certain changes have been made to the presentation of the December 31, 2017 financial statements to conform to the current period presentation. These changes did not affect equity or net income.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

10. Subsequent Events
Subsequent events have been evaluated through February 11, 2019, which is the date the financial statements were issued.

NOTE B – FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash, royalties receivable, and notes receivable.

The Company maintains its cash deposits with a highly rated financial institution. At times, such deposits may be in excess of federally insured limits. At December 31, 2018 and 2017, the Company did not maintain any uninsured cash deposits. The Company has not experienced any losses in such accounts.

The Company routinely assesses the financial strength of its franchisees and, as a consequence, believes that its royalties receivable risk is limited. The Company conducts its business activities in many states with various franchisees. Consequently, the Company's ability to collect amounts due is affected by general economic fluctuations within the United States of America. The Company does not require collateral to support royalties receivable.

NOTE C – NOTES RECEIVABLE

Notes receivable at December 31, 2018 and 2017 consists of:

	2018	2017
Various notes receivable from franchisees bearing no interest. Principal is payable upon demand.	$ 17,351	$ 22,927
Less current maturities	(17,351)	(22,927)
	$ -	$ -

The future minimum receipts under the notes receivable are as follows:

Year Ended December 31,	
2019	$ 17,351

NOTE C – NOTES RECEIVABLE, continued

The Company did not receive any interest income for the years ended December 31, 2018 and 2017.

Bad debt expense for the years ended December 31, 2018 and 2017 was $5,650 and $750, respectively.

NOTE D – REVENUE

The Company's revenue at December 31, 2018 and 2017 was comprised of the following:

	2018	2017
Franchise fees	$ 82,343	$ 56,716
Royalty income	308,381	385,882
	$ 390,724	$ 442,598

NOTE E – FRANCHISE OPERATIONS

	2018	2017
Number of franchises sold during the year	0	4
Number of franchise outlets in operation during the year	56	63
Number of franchisor owned stores	None	None

NOTE F – COMMITMENT

The Company entered into a non-cancellable operating agreement to lease a vehicle beginning on December 29, 2016. The monthly lease payment is $1,182, and the lease terminates on March 28, 2020. Lease expense for the years ended December 31, 2018 and 2017 was $14,184.

NOTE F – COMMITMENT, continued

Future minimum lease payments under this operating lease are as follows:

Year Ended December 31,		
2019	$	14,184
2020		3,546
	$	17,730

EXHIBIT E

CONFIDENTIAL OPERATING MANUAL TABLE OF CONTENTS

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BUILD OUT MANUAL - 88 PAGES

CLASSROOM MANUAL – 180 PAGES

KITCHEN MANUAL – 225 PAGES

EXHIBIT F

FRANCHISES CURRENTLY IN OPERATION
(as of ~~12/31/18~~12/31/19)

Roly Poly Franchise Systems, LLC
Franchises Currently in Operation
(as of ~~12/31/18~~12/31/19)

ALABAMA

Downtown 313 20th Ave. North Birmingham, AL 205-324-3393 Jim Giffin	Homewood 2910 18th St. Homewood, AL 35209 205-613-1209 Sam Griffin	~~Hoover~~ ~~180 Main St.~~ ~~Hoover, AL 35244~~ ~~205-402-9977~~ ~~Matt Martin~~	~~Inverness~~ ~~150 Inverness Plaza~~ ~~Birmingham, AL 35242~~ ~~205-980-9133~~ ~~Jim Morgan~~
~~Mobile~~ ~~3220 Dauphin St.~~ ~~Mobile, AL 36606~~ ~~251-479-2480~~ ~~Dave Harle~~		Mobile 3220 Dauphin St. Mobile, AL 36606 251-479-2480 Rob Lumpkin	

CONNECTICUT

~~Stratford~~ ~~2505 Main Street~~ ~~Stratford, CT 06614~~ ~~203-378-3333~~ ~~Victor Quevedo~~	Westport 45 Saugatuck Avenue Westport, CT 06880 203-226-9376 Sue Vitti	

GEORGIA

Atlanta-Downtown #8 Park Place Atlanta, GA 30303 404-223-6776 Josh Yi	Augusta 3626 Walton Way Ext. Augusta, GA 30909 706-736-1099 Mark Angelisanti	Cummings 425 Peachtree Parkway Cummings, GA 30041 770-406-8690 ~~Janet Jacks~~Suresh Yaddanapudi	Duluth 3675 Satellite Blvd. Duluth, GA 30096 770-623-3355 Nam Kin
Kennesaw 3895 Cherokee St. Kennesaw, GA 30144 678-581-0707 ~~Steven Green~~Shanti Pillai	Macon 624 New Street Macon, GA 31210 478-745-7659 Chris Welchel	Peachtree City 2007 Commerce Dr. N. Peachtree City, GA 30269 770-631-1312 Amy Dunn	Savannah 114 Barnard Street Savannah, GA 31401 912-233-8222 Kathy/Tom Kautz
Warner Robins 998 Lake Joy Warner Robins, GA 31088 478-808-7191 Chris Welchel	Woodstock 900 Town Lake Pkwy Woodstock, GA 30189 404-274-7149 Dan Dempsey		

INDIANA

Terre Haute 424 Wabash Avenue Terre Haute, IN 47807 812-478-7659 Frank Contreras	Bloomington 1616 West 3rd St. Bloomington, IN 47404 812-332-7659 Tom Seybert	Terra Haute 1429 N. 6th St. Terra Haute, IN 47809 812-478-7659 Frank Contreras

LOUISIANA

Alexandria 1707 Metro Drive Alexandria, LA 71301 318-767-8772 Bob Greiner	Baton Rouge 4005 Nicholson Drive Baton Rouge, LA 70802 225-344-1363 Edward Hayes	Baton Rouge 327 North Blvd. Baton Rouge, LA 70802 ~~Tara Aucoin~~ Keith Hernandez 225-229-1339	Baton Rouge 7474 Corporate Blvd. Baton Rouge, LA 70809 225-229-1339 Tara Aucoin

Baton Rouge 9430 Jackie Cochran Dr. Baton Rouge, LA 70811 225-229-1339 Tara Aucoin	Bossier City 1911 Benton Road Bossier City, LA 71111 318-464-4170 Robert Downs	~~Houma~~ ~~411 Corp. Drive~~ ~~Houma, LA 70360~~ ~~985-746-5700~~ ~~Eric Nguyen~~	Lafayette 1004 Coolidge St. Lafayette, LA 70503 337-234-3289 Matt Privat	Lake Charles 3100 Ryan Street Lake Charles, LA 70601 337-884-0664 John Monteith

~~Lake Charles~~ ~~3100 Ryan Street~~ ~~Lake Charles, LA 70601~~ ~~337-884-0664~~ ~~Charmane Duhon~~	~~Lake Charles~~ ~~4423 Nelson Rd.~~ ~~Lake Charles, LA 70605~~ ~~337-884-0664~~ ~~Ray Pena~~	New Orleans 701 Poydras Sq., Ste. 121 New Orleans, LA 70139 504-561-9800 Robin Schlosser	Ruston 732 Celebrity Drive Ruston, LA 71270 318-791-5311 Alana Belton	Sulphur 2241 Maplewood Drive Sulphur, LA 70663 225-229-1339 Monica Jackson	West Monroe 302 Bridge Street West Monroe, LA 71291 318-398-0711 Patrick Crawford
~~Sulphur~~ ~~2241 Maplewood Drive~~ ~~Sulphur, LA 70663~~ ~~225-229-1339~~ ~~Ray Pena~~	~~West Monroe~~ ~~302 Bridge Street~~ ~~West Monroe, LA 71291~~ ~~318-398-0711~~ ~~Patrick Crawford~~				

MARYLAND

Annapolis
626A Admiral Dr.
Annapolis, MD 21401
410-266-5252
Beth Teta

MICHIGAN

Grand Blanc
545 E. Grand Blanc
Grand Blanc, MI 48439
810-695-0042
Esra Yalcin

NEW YORK

Buffalo
846 Main St.
Buffalo, NY 14202
716-472-9168
Ken Sfeir

NORTH CAROLINA

Fayetteville 306 N. McPherson Church Fayetteville, NC 28303 910-826-7659 Carl Gray	~~Greensboro~~ ~~2105 Cornwallis Drive~~ ~~Greensboro, NC 27408~~ ~~336-282-9000~~ ~~Mac Elsadder~~	Raleigh 4040 Ed Drive Raleigh, NC 27612 919-522-2939 Jose Nolasco		~~Winston Salem~~ ~~300 Jonestown Road~~ ~~Winston Salem, NC 27104~~ ~~336-774-7669~~ ~~Lee Kim~~

~~**OHIO**~~

~~Cincinnati~~
~~134 West 7th St.~~
~~Cincinnati, OH 45202~~
~~513-815-2702~~
~~Anthony Campbell~~

~~**PENNSYLVANIA**~~

~~Bala-Cynwyd~~
~~One Presidential Blvd.~~
~~Bala-Cynwyd, PA 19004~~
~~215-921-6895~~
~~Ivan Morales~~

SOUTH CAROLINA

Columbia 1246 Lady Street Columbian, SC 29201 803-252-1081 David Hilbish	Greenville 16181 Woodruff Rd. Greenville, SC 29007 864-286-3503 Rick Hequembourg	Lexington 5076 Sunset Blvd. Lexington, SC 29072 803-996-0397 Rebekah Hilbish

TEXAS

Dallas
3026 Mockingbird Lane
Dallas, TX 75205
214-363-0522
Guy Bellaver

EXHIBIT G

FRANCHISES WHICH HAVE BEEN TERMINATED, CANCELED, NOT RENEWED OR OTHERWISE CEASED TO DO BUSINESS OR WHICH HAVE NOT COMMUNICATED

(As of ~~12/31/18~~12/31/19)

Roly Poly Franchise Systems, LLC
Franchisees Which Have Been Terminated, Canceled, Not Renewed
or Otherwise Ceased to do Business or Which Have Not Communicated

Alabama

~~Tuscaloosa~~
~~491 Camille Lane~~
~~Tuscaloosa, AL 35405~~
~~205-454-8385~~
~~Raji Singh~~

Hoover
805 Grove St.
Homewood, AL 35209
Matthew W. Macke
205-821-4522

Inverness
150 Inverness Plaza
Birmingham, AL 35242
Jim Morgan
205-249-1440

Connecticut

~~New Haven~~
~~203 Austin Ryer Lane~~
~~Branford, CT 06405~~
~~Ken Iannotti~~
~~860-235-3859~~

~~Orange~~
~~203 Austin Ryer Lane~~
~~Branford, CT 06405~~
~~Ken Iannotti~~
~~860-235-3859~~

~~Shelton~~

Strafford
3 Murphy's Lane
Apt. 13
Shelton, CT 06484
Victor ~~Queuedo~~Quevedo
~~2013-434-4053~~

~~Illinois~~

~~Rockford~~
~~1531 Torch Pine drive~~
~~Rockford, IL 61072~~
~~Aahash Patel~~
~~352-256-9254~~
2013-434-4051

Louisiana

~~Shreveport~~
~~304 West 70th St.~~
~~Shreveport, LA 71105~~
~~Mark Harrison~~
~~318-868-3671~~

~~New Jersey~~

~~MT Laurel~~
~~2218 Branch Pike~~
~~Cinnaminson, NJ 08077~~
~~Deidra Slough~~
~~352-281-8821~~

~~New York~~

~~New Hartford~~
~~19 Jewett Place~~
~~Utica, NY 13501~~
~~Dien Thal~~
~~315-733-6888~~

Houma
294 Lake Decade Ct.
Houma, LA 70310
Eric Nquyen
935-647-3367

Lake Charles
1214 Lewis St.
Sulphur, LA 70663
Ray Pena

337-540-5345

North Carolina

Greensboro
207 Overman St.
Greensboro, NC 27410
Majdi Elsadder
336-255-3934

Winston Salem
216 Chandler Drive
Lexington, NC 27295
Peter-Kwang Chul Kim
336-462-7881

Ohio

~~Mayfield Heights~~
~~3130 Coleridge~~
~~Cleaveland Heights, OH 44118~~

~~Mike Goeda~~
~~216-346-1733~~

Cincinnati
1701 Stierman Avenue
Cincinnati, OH 45212
Anthony Campbell
937-416-7050

Pennsylvania

Bala – Cynwyd
4055 Ridge Avenue
#6404
Philadelphia, PA 19129
Ivan Morales
305-766-6021

EXHIBIT H

RESERVED

EXHIBIT I

STATE ADMINISTRATORS

State Administrators

California
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7505
Toll free: 1-866-275-2677

Hawaii
Department of Commerce and Consumer Affairs
Business Registrations Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois
Office of Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana
Franchise Section
Indiana Securities Division
Secretary of State
Room E-111, 302 West Washington St.
Indianapolis, IN 46204
(317) 232-6681

Maryland
Office of the Attorney General
Securities Division
200 Saint Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan
Office of Attorney General
Consumer Protection Division
Franchise Section
G. Mennen Williams Bldg., 1st Floor
525 Ottawa Street
Lansing, MI 48913
(517) 373-7117

Minnesota
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101
(612) 296-6328

New York
NYS Department of Law
Investor Protection Bureau
28 Liberty St., 21st Floor
New York, NY 10005
(212) 416-8236

North Dakota
North Dakota Securities Department
600 East Blvd., 5th Floor
Bismarck, ND 58501
(701) 224-4712

Oregon
Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, OR 97310

Rhode Island
Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920
(401) 277-3048

South Dakota
Department of Labor and Regulation
Division of Securities
124 S Euclid, Suite 104
Pierre SD 57501
(605) 773-4013

Virginia
State Corporation Commission
1300 E. Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

Washington
Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, WA 98501
(360) 902-8760

Wisconsin
Securities and Franchise Registration
Wisconsin Securities Commission
345 W. Washington, Avenue, 4th Floor
Madison, WI 53701
(608) 266-8559

EXHIBIT J

AGENTS FOR SERVICE OF PROCESS

Agents for Service of Process

All States Except California, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, Rhode Island, Virginia, Washington and Wisconsin:

Julie Reid
Roly Poly Franchise Systems, LLC
13 Emerald Drive
Key West, FL 33040

CALIFORNIA
California Commissioner of Business Oversight
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344

ILLINOIS
Office of the Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA
Secretary of State
201 State House
200 W. Washington Street
Indianapolis, IN 46204

MARYLAND
Maryland Securities Commissioner
Office of the Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020

MICHIGAN
Dept. of Labor & Economic Growth
Commercial Services & Corporations Bureau
Franchise Section
G. Mennen Williams Bldg., 1st Floor
611 W. Ottawa Street
Lansing, MI 48913

MINNESOTA
Commissioner of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101

NEW YORK
Secretary of State
99 Washington Avenue
Albany, NY 12231

RHODE ISLAND
Director of Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920

VIRGINIA
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

WASHINGTON
Director of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, WA 98501

WISCONSIN
Division of Securities
Department of Financial Institutions
345 W. Washington, Avenue, 4th Floor
Madison, WI 53701

EXHIBIT K

STATE ADDENDA

CALIFORNIA ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT

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.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Business Oversight before a solicitation of a proposed material modification of an existing franchise.

Addendum to Item 3:

Neither ROLY POLY nor any person listed in Item 2 of the Disclosure Document nor any franchise broker is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

Addenda to Item 17:

The California Franchise Relations Act (Business and Professions Code Section 20000-20043) became effective on October 1, 1980. This Act provides certain rights to franchisees, including (i) limitations on a franchisor's ability to terminate a franchise except for good cause, (ii) restrictions on a franchisor's ability to deny renewal of a franchise, (iii) circumstances under which a franchisor may be required to purchase certain inventory of franchisees when a franchise is terminated or not renewed in violation of the statute, and (iv) provisions relating to arbitration. To the extent the Act applies and provisions of your Franchise Agreement and/or Area Development Agreement with ROLY POLY are inconsistent with the terms of the Act, the terms of the Act will control.

The Franchise Agreement requires you to sign 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 thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043).

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

The Franchise Agreement and Area Development Agreement contain covenants not to compete which extend beyond the termination of the franchise or development rights, as applicable. These provisions may not be enforceable under California law (see the California Riders to the Franchise Agreement and the Area Development Agreement).

The Franchise Agreement and Area Development Agreement provide that all disputes must be arbitrated in the state of Florida. This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Florida or, at ROLY POLY's option, within 25 miles from any ROLY POLY executive office, with the costs being borne by the unsuccessful 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 provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement and Area Development Agreement provide that the laws of Florida shall govern the Franchise Agreement or Area Development Agreement, respectively. These provisions may not be enforceable under California law.

ILLINOIS ADDENDUM
<u>TO FRANCHISE DISCLOSURE DOCUMENT</u>

To the extent the Franchise Agreement and Area Development Agreement conflict with any applicable provisions of Illinois law, including the Illinois Franchise Disclosure Act (the "Act"), Paragraph 3 of the Illinois Rider to each of the Franchise Agreement and Area Development Agreement, provides that Illinois law shall prevail.

Illinois law governs the franchise agreement(s).

All initial fees and payments due to us under the Area Development Agreement and/or Franchise Agreement before you open your first Unit for business are deferred until we complete our pre-opening obligations to you and you open your first Unit for business. The Illinois Attorney General's Office imposed this deferral due to Franchisor's financial condition.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

MARYLAND ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT

Addenda to Item 17:

Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law requires us to file an irrevocable consent to be sued in Maryland. To the extent of any conflict between Paragraph 13 of the Additional Terms and Conditions to the Franchise Agreement, Paragraph 13.1 of the Master Development Agreement and Paragraph 12 of the Area Development Agreement, and Maryland law, Maryland law shall prevail.

Maryland law provides that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, and that any such claims must be brought within three years after the grant of the franchise.

To the extent of any conflict between any paragraph in the Franchise Agreement, Master Development Agreement or Area Development Agreement, and Maryland law, Maryland law shall prevail and apply.

No representations or statements you make in responding to our Franchise Disclosure Questionnaire contained in Exhibit L will be deemed to be an assent by you to a release, estoppel or waiver of liability, and neither is intended nor shall act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

MICHIGAN ADDENDUM
<u>TO FRANCHISE DISCLOSURE DOCUMENT</u>

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

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

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

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee’s inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if:

(i) the term of the franchise is less than five (5) years, and

(ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor’s intent not to renew the franchise.

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

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

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

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

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

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

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

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

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

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

As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Franchise Agreement, the franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

Any questions regarding the notice of this offering filed with the Attorney General should be directed to the Office of Attorney General, Consumer Protection Division, Franchise Section, G. Mennen Williams Bldg., 1st Floor, 525 Ottawa Street, Lansing, MI 48913, (517) 373-7117.

NEW YORK ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT

New York law requires the following addenda; the specific Items referenced below refer to Items in this Disclosure Document:

Addendum to State Cover Page:

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

Addendum to Item 3:

Except as disclosed above, neither the franchisor nor any person identified in Items 1 or 2 of this Disclosure Document:

(a) has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations; nor any pending actions that are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations;

(b) has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations; or

(c) is subject to a currently effective injunction or restrictive order or decree relating to the franchise, or under a federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Addendum to Item 4:

Neither the franchisor, nor any person previously identified in Items 1 or 2 of this Disclosure Document, during the ten-year period immediately before the date of this Disclosure Document:

(a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code;

(b) obtained a discharge of its debts under the Bankruptcy Code;

(c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Addendum to Item 5:

The initial franchise fees are used to offset expenses associated with pre-opening operational support, site review, training, and administrative and overhead costs associated with selling franchises.

Addendum to Item 17:

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

The following are additions to the provisions listed on the chart and summaries thereof:

(a) In the Summary column opposite Provision d: The Franchisee may terminate upon any ground permitted by law.

(b) In the Summary column opposite Provision s: Revisions to the Manual will not unreasonably affect the Franchisee's obligations, including economic requirements, under the Franchise Agreement.

(c) In the Summary column opposite Provision w: The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisee by the General Business Law of the State of New York, Article 33.

The New York Riders to your Franchise Agreement and Area Development Agreement amend several of the provisions of the Franchise Agreement and Area Development Agreement, respectively, as follows:

T&C's Paragraph 13.A of the Franchise Agreement makes Florida law the law governing the agreement. The New York Rider amends this provision to state that the choice of Florida law will not constitute a waiver by you of any rights you may have under New York law.

T&C's Paragraph 6.D(6) of the Franchise Agreement concerns our requirement that, in the event you transfer your licensed business to another person, you execute a general release in our favor. The New York Rider amends this provision to state that if New York law applies to your Franchise Agreement and the relationship between you and ROLY POLY, then a release of this kind does not operate to cause you to waive any right you may have under New York's franchise law and its non-waiver provisions (*see,* Sections 687.4 and 687.5 of the General Business Law of New York State).

Under Section 9.2 of the Franchise Agreement and Section 8.7 of the Area Development Agreement, you may terminate only through legal process or with Roly Poly's consent, and if you claim that ROLY POLY has failed to meet any obligation under the Franchise Agreement or Area Development Agreement, respectively, you must give ROLY POLY written notice of such claim within 150 days of its occurrence, providing ROLY POLY with an opportunity to cure of at least 30 days. The New York Riders amend these provisions of the Franchise Agreement and the Area Development Agreement by stating that you may utilize whatever legal rights you may have to suspend or discontinue operations due to a material breach by us.

T&C's Paragraph 6.A of the Franchise Agreement permit ROLY POLY to assign its rights and obligations under the agreement to another party. The New York Rider amends this provision to add the requirement that we will make a good faith effort to ascertain that any party to whom we assign our rights and obligations under the Franchise Agreement possesses the economic resources to fulfill our obligations to you and our other licensees.

RHODE ISLAND ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT

Paragraphs 13.A and 13.B of the Terms and Conditions of the Franchise Agreement provides that (i) Florida law governs the agreement and (ii) that you agree to settle any disputes with Roly Poly by arbitration in Florida. The Rhode Island Franchise Act states that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." To conform to the requirements of Rhode Island law, the Rhode Island Rider to the Agreement provides that to the extent Rhode Island law applies and is in conflict with Paragraphs 13.A and 13.B of the Terms and Conditions of the Franchise Agreement, Rhode Island law prevails.

VIRGINIA ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17(h) of the Franchise Disclosure Document for Roly Poly Franchise Systems, LLC for use in the Commonwealth of Virginia will be amended as follows:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise and development agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT

If any of the provisions in this Disclosure Document or the Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of this Disclosure Document and the Franchise Agreement or Area Development Agreement with regard to any franchise sold in Washington.

The provisions of the Franchise Agreement (which are also incorporated by reference into the Areas Development Agreement) concerning the conditions to ROLY POLY's approval of a transfer of your franchise are amended to provide that any general release of claims you may have against ROLY POLY that ROLY POLY requires you to execute shall not apply to any liabilities of ROLY POLY under the Washington Franchise Investment Protection Act. (See Item 17(m) and Paragraph 3 of the Washington Rider to the Franchise Agreement.)

Although ROLY POLY's form of Franchise Agreement (and by incorporating certain of its provisions, its form of Area Development Agreement) requires that all disputes be arbitrated in the state of Florida, requiring a forum outside of Washington is void with respect to any cause of action which is otherwise enforceable in Washington. (See Item 17(v) of this Disclosure Document and Paragraph 4 of the Washington Rider to the Franchise Agreement.)

EXHIBIT L

FRANCHISE DISCLOSURE QUESTIONNAIRE

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, Roly Poly Franchise Systems, LLC and you are preparing to enter into a Franchise Agreement for the operation of a Roly Poly Restaurant. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that Roly Poly Franchise Systems, LLC has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Franchise Agreement and each exhibit and schedule attached to it? Yes No ___

2. Do you understand all the information contained in the Franchise Agreement and each exhibit and schedule attached to it? Yes No ___

   If no, what parts of the Franchise Agreement do you not understand? (Attached additional pages, if necessary)

3. Have you received and personally reviewed the Roly Poly Franchise Systems, LLC Franchise Disclosure Document we provided to you? Yes No ___

4. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it? Yes No ___

5. Do you understand all of the information contained in the Disclosure Document? Yes No ___

   If no, what parts of the Disclosure Document do you not understand? (Attach additional pages, if necessary)

6. Have you discussed the benefits and risks of operating a Roly Poly Restaurant with an attorney, accountant or other professional advisor and do you understand those risks? Yes No ___

7. Do you understand that the success or failure of your franchise will depend in large part on your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors? Yes No ___

8. Has any employee or other person speaking on behalf of Roly Poly Franchise Systems, LLC made any statement or promise concerning the revenues, profits or operating costs of a Roly Poly Restaurant operated by Roly Poly Franchise Systems, LLC or its franchisees? Yes No ___

9. Has any employee or other person speaking on behalf of Roly Poly Franchise Systems, LLC made any statement or promise concerning the revenues, profits or operating costs of a Roly Poly Restaurant operated by Roly Poly Franchise Systems, LLC or its franchisees that is contrary to, or different from, the information contained in the Disclosure Document? Yes No ___

10. Has any employee or other person speaking on behalf of Roly Poly Franchise Systems, LLC made any statement or promise regarding the amount of money you may earn in operating the Roly Poly Restaurant? Yes No ___

11. Has any employee or other person speaking on behalf of Roly Poly Franchise Systems, LLC made any statement or promise regarding the amount of money you may earn in operating the Roly Poly Restaurant that is contrary to, or different from, the information contained in the Disclosure Document? Yes No ___

12. Has any employee or other person speaking on behalf of Roly Poly Franchise Systems, LLC made any statement or promise concerning the total amount of revenue the Roly Poly Restaurant will generate? Yes No ___

13. Has any employee or other person speaking on behalf of Roly Poly Franchise Systems, LLC made any statement or promise concerning the total amount of revenue the Roly Poly Restaurant will generate that is contrary to, or different from, the information contained in the Disclosure Document? Yes No ___

14. Has any employee or other person speaking on behalf of Roly Poly Franchise Systems, LLC made any statement or promise regarding the costs you may incur in operating the Roly Poly Restaurant? Yes No ___

15. Has any employee or other person speaking on behalf of Roly Poly Franchise Systems, LLC made any statement or promise regarding the costs you may incur in operating the Roly Poly Restaurant that is contrary to, or different from, the information contained in the Disclosure Document? Yes No ___

16. Has any employee or other person speaking on behalf of Roly Poly Franchise Systems, LLC made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Roly Poly Restaurant? Yes No ___

17. Has any employee or other person speaking on behalf of Roly Poly Franchise Systems, LLC made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Roly Poly Restaurant that is contrary to, or different from, the information contained in the Disclosure Document? Yes No ___

18. Has any employee or other person speaking on behalf of Roly Poly Franchise Systems, LLC made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that Roly Poly Franchise Systems, LLC will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?
Yes No ___

19. If you have answered "Yes" to any of questions eight (8) through thirteen (13), please provide a full explanation of your answer(s). (Attach additional pages and refer to them below.) If you have answered "No" to each of the foregoing questions, please do not attach additional pages.

You understand that your answers are important to us and that we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

FRANCHISE APPLICANT

Signature: ___________________________________

Print Name: _________________________________

Date: ____________________________, 20________

ROLY POLY FRANCHISE SYSTEMS, INC.

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	
Illinois	
Indiana	
Maryland	
Michigan	
New York	
Rhode Island	
Utah	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and ale of business opportunities or seller-assisted marketing plans.

EXHIBIT M

ACKNOWLEDGMENT OF RECEIPT

EXHIBIT ~~M~~N – RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT FOR PROSPECTIVE FRANCHISEES

ROLY POLY FRANCHISE SYSTEMS, LLC
13 EMERALD DRIVE, KEY WEST, FLORIDA 33040

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Roly Poly Franchise Systems, LLC offers you a franchise, Roly Poly Franchise Systems, LLC must provide this Disclosure Document to you at least 14 days before you sign a binding agreement or make a payment to Roly Poly Franchise Systems, LLC in connection with the proposed franchise sale. Under Michigan and Wisconsin law, Roly Poly Franchise Systems, LLC must provide this Disclosure Document to you 10 business days before signing any contract or making any payment relating to the franchise relationship. Under New York, Oklahoma and Rhode Island law, Roly Poly Franchise Systems, LLC must provide this Disclosure Document to you at the earliest of the first personal meeting or 10 business days before signing any contract or making any payment relating to the franchise relationship.

If Roly Poly Franchise Systems, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency listed in Exhibit I.

The franchise seller(s) name(s), address(es) and telephone number(s) is(are):

Name	Principal Business Address	Telephone Number
Linda L. Wolf, Julie A. Reid, Jane Ferguson	13 Emerald Drive, Key West, Florida 33040	(305) 296-7631

Issuance Date: ~~February 22~~March 13, ~~2019~~2020

I have received a Roly Poly Franchise Disclosure Document dated ~~February 22~~March 13, ~~2019~~2020. The name and address of our registered agent authorized to receive service of process is shown in Exhibit J. This Disclosure Document included the following Exhibits:

	Exhibit
Franchise Agreement	A
Area Development Agreement	B
Guaranty of Franchisee's Undertakings	C
Financial Statements	D
Confidential Operating Manual Table of Contents	E
Franchises Currently in Operation	F
Franchises Which Have Been Terminated, Canceled, Not Renewed or Otherwise Ceased to Do Business or Which Have Not Communicated	G
RESERVED	H
State Administrators	I
Agents for Service of Process	J
State Addenda	K
Franchise Disclosure Questionnaire	L
Receipts	M

SIGNATURE:________________________________ DATE:______________________
PRINT NAME:____
ADDRESS:____
PHONE NUMBER:____

CONTROL NO:____________________
KEEP THIS COPY FOR YOUR RECORDS.

EXHIBIT ~~M~~N – RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT FOR PROSPECTIVE FRANCHISEES

ROLY POLY FRANCHISE SYSTEMS, LLC
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State Addenda	K
Franchise Disclosure Questionnaire	L
Receipts	M

SIGNATURE:_________________________________ DATE:______________________
PRINT NAME:____
ADDRESS:____
PHONE NUMBER:____

CONTROL NO:____________________

Please sign this copy of the Receipt, date your signature and return it to us.