FRANCHISE DISCLOSURE DOCUMENT
SALAD HOUSE FRANCHISING LLC
a New Jersey limited liability company
133 Prospect Street, Suite 1
Westfield, New Jersey 07092
www.thesaladhouse.com

SALAD HOUSE
FRESH SALADS & WRAPS • SPECIALTY SANDWICHES

The franchised business you will own and operate is *The Salad House* restaurant (the "Restaurant"). The Restaurant offers fresh salads and other food prepared to order and served quickly for dine-in, delivery or carry-out customers, including, without limitation, salads, soups, wraps, pizza, and other dishes; pre-packaged foods and beverages; and catering services.

The total investment necessary to begin operation of a Restaurant ranges from $263,393 to $554,900. This includes $40,000 that must be paid to the franchisor or affiliate.

We offer qualified individuals the right to own and operate two or more Restaurants in a designated development area by entering into an Area Development Agreement ("ADA"). The total initial investment necessary to begin operating under the ADA will vary depending on the number of Restaurants to be opened in your designated development area. The development fee due under the ADA depends on the total number of Restaurants you are required to open under the ADA and is calculated as follows: (i) $40,000 for the initial Restaurant; plus (ii) $30,000 for each additional Restaurant you are required to open under the ADA. The total invest necessary to begin operation of two units under the ADA ranges from $516,786 to $1,099,800. This includes $70,000 for two units that must be paid to the franchisor or affiliate.

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, please contact Megan McAleer at 133 Prospect Street, Suite 1, Westfield, New Jersey, 07092, or at franchise@thesaladhouse.com.

The terms of your contract will govern your franchise relationship. Do not rely on this Disclosure Document alone to understand your contract. Read all of your contracts 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.

Issuance Date: April 29, 2022

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D and E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability in provide support to my business?	Item 21 or Exhibit F 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 **Salad House** 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 **Salad House** franchisee?	Item 20 or Exhibits D and E list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

“What You Need to Know About Franchising *Generally*”

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

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

SALAD HOUSE FRANCHISING LLC
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EXHIBITS

ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor is Salad House Franchising LLC, which will be referred to as "SHF", "we", "our", or "us". The terms "you" and "your" refer to the person, corporation, limited liability company, partnership or other legal entity that is granted a franchise (as well as the direct or indirect owners of any corporation, limited liability company, partnership or other legal entity that becomes a franchisee).

The Franchisor

We are a New Jersey limited liability company formed on October 5, 2016. We have offered franchises since October 2016. Our principal place of business is 133 Prospect Street, Suite 1, Westfield, New Jersey, 07092. We conduct business as Salad House Franchising LLC. We do not operate a business of the type to be operated by your franchisees. We have not conducted business in any other line of business and we have not offered franchises in any other line of business.

Our Parents, Predecessors and Affiliates

We do not have any parent companies, predecessors, or affiliates that offer franchises in any line of business, or that offer, sell, or provide products or services to our franchisees.

As disclosed in Item 13, our affiliate, Salad House IP, LLC, owns the proprietary marks, including the *The Salad House* mark, and licenses them to us. Salad House IP, LLC was formed on October 5, 2016, and is located at our headquarters.

The Salad House Franchised Business

We offer the right to develop and operate casual restaurants offering fresh salads and other food prepared to order and served quickly for dine-in, delivery or carry-out customers, including, without limitation, salads, soups, wraps, pizza, and other dishes; pre-packaged foods and beverages; and catering services (each a "Restaurant" or a "Franchised Business"). Restaurants are required to offer customer pick-up and we require Restaurants to offer delivery service. Restaurants are to be operated from an indoor structure that need not be free-standing, but vary in size. The Restaurant will operate under our designated proprietary trade names, trademarks and service marks, including *The Salad House* (the "Mark"). We have the right to change, substitute, alter, modify and/or supplement the Mark at any time, in our sole discretion. There is no limitation on our right to do so.

If you are approved as a franchisee, you will sign the Salad House Franchising, LLC Franchise Agreement, under which you will have the right and obligation to develop and operate a single Restaurant under the terms of the Franchise Agreement.

In addition to our single-unit offering, we grant qualified individuals the right to own and operate multiple Restaurants through an Area Development Agreement (the "ADA"). If you sign an ADA, you are required to develop a certain number of Franchised Businesses in the area designated in the ADA as the "Development Area" in accordance with the development schedule attached to the ADA (the "Development Schedule"). A copy of the ADA is attached as Exhibit C. Under the ADA, before you sign a lease agreement for each of the locations you commit to open under the ADA, you must demonstrate that you meet our then-current financial criteria for new franchisees, and that you are continuing to use all commercially reasonable efforts to meet your future development obligations. If you do not meet our then-current financial criteria, or if you do not establish that you are continuing to use all commercially reasonable efforts to meet your future development obligation, you will not be permitted to continue with the development, opening and operation of subsequent Restaurants and may lose any territorial protection granted to you under the ADA. You must sign our then-current form of Franchise Agreement for each of the locations you are obligated to develop under the ADA. For your second and each subsequent location, you must pay the balance of our then-current franchise fee for each of the locations you are obligated to develop under the ADA. The then-current Franchise Agreement may contain materially different terms as compared to the form of Franchise Agreement attached to this FDD as Exhibit B. We also have the right to require you to sign a general release as a condition to our granting you the right to enter into your second and each subsequent Franchise Agreement. A current copy of our form of sample general release is attached to this FDD as Exhibit G.

We may periodically make changes to the franchise system, including changes to the products and services Restaurants are required to offer; standards; facility requirements; signage; equipment; and fixture requirements. You may have to make additional investments in the franchised business periodically during the term of the franchise if changes are made, or if your Restaurant's equipment or facilities wear out or become obsolete, or for other reasons, including changes in the system standards. All Restaurants must be developed and operated to our specifications and standards. You have no discretion in the products or services you sell. The franchise operates using our standards, methods, procedures and specifications, called our "System."

The typical Restaurants will be "in-line" stores or pad sites, meaning they are developed in strip Restaurants or a retail lot adjacent to businesses and/or office buildings. Restaurants must consist of approximately 1,200 to 2,500 square feet in size. We prefer the Restaurant to be located in a space with ample parking, good visibility and visible signage.

System Restaurants are to feature our standards, specifications and procedures for operations; distinctive exterior and interior design, signage, decor, color scheme, fixtures and furnishings; proprietary recipes and methods of preparation and cooking; training and assistance; and marketing programs; all of which we may change, improve upon, further develop or discontinue at our discretion at any time.

As of our last fiscal year end, there were five Restaurants in operation, all of which are located in New Jersey. Two of these Restaurants are owned and operated by our affiliates.

<u>General Description of the Market and Competition</u>

You compete with independent, franchised, national and local restaurants. The market for the types of goods and services offered by Restaurants is well established and competitive. You will face other business risks that could have an adverse effect on your business, including pricing policies of competitors, changes to laws or regulations, changes in supply, cost of and demand for products, new technologies and competition that provide related products or services.

Regulations Specific to the Industry

We are not aware of any regulations specific to the industry in which *The Salad House* franchise operates. You must, however, comply with all local, state and federal laws, regulations and licensing requirements that apply to your Restaurant operations, including food handling requirements, health regulations pertaining to restaurants, EEOC, OSHA, discrimination, employment and sexual harassment laws. The regulations and requirements concern, among other things: the fitness and adequacy of buildings and equipment; the appropriateness of materials and supplies; qualifications of staff members; staff training and licensing; record-keeping; health, fire and safety standards; disabilities of your employees and customers. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. For example, you must obtain real estate permits (such as zoning permits), real estate licenses and operational licenses. There are also regulations that pertain to sanitation, labeling, food preparation, food handling and food service. You are required to investigate and comply with all applicable laws, rules and regulations, including local zoning requirements, which vary from jurisdiction to jurisdiction. You alone are responsible for complying with all applicable laws and regulations despite any advice or information that we may give you. You are strongly encouraged to consult with an attorney concerning these and other local laws and ordinances that may affect your Restaurant's construction and operation.

Agents for Service of Process

Our agents for service of process are listed on Exhibit A to this Disclosure Document.

ITEM 2 BUSINESS EXPERIENCE

Founder & CEO: Giuseppe Cioffi
Mr. Cioffi is the founder of *The Salad House* concept and has served as our CEO since our inception. Mr. Cioffi owns an interest in and is employed by the affiliate entity that owns and operates *The Salad House* location in Morristown, New Jersey, and Cioffi's of Springfield (since October 2001) located in Springfield, New Jersey. Mr. Cioffi, a 30+ year veteran of the restaurant industry, earned his stripes as a dishwasher and worked his way up to co-owner of Cioffi's Deli. Mr. Cioffi previously owned an interest in an entity that owned and operated *The Salad House* location in Millburn, New Jersey, through November 2019 before transferring ownership of the restaurant to a franchisee. In 2022, he became a Board Member of "The Young Leaders" at Cooperman Barnabas Medical Center.

Chairman: Gerald Eicke
Mr. Eicke has served as Chairman of *The Salad House* since February 2017. Mr. Eicke owns an interest in and is employed by Ike Enterprises LLC, the affiliate entity that owns and operates *The Salad House* location in Westfield, New Jersey. Mr. Eicke, a franchising veteran, is also a Master Franchisee of Playa Bowls, a New Jersey-based smoothie bowl concept. Additionally, Mr. Eicke

is a Founding Member of a New Jersey-based fitness franchise, Alpha Fit Club. Mr. Eicke previously served as a Partner with YA Global Investments, LP in Mountainside, New Jersey, from October 2001 to January 2017. Mr. Eicke served as Finance Chairman for the Downtown Westfield Corporation from 2018 to 2021.

Chief Branding Officer: Tim Banos

Mr. Banos has served as our Chief Branding Officer since September 2021. Mr. Banos previously held positions of Director of Brand Development and Chief of Staff since joining the company in March of 2017. Mr. Banos is concurrently the Operating Partner of a New Jersey-based smoothie franchise, Playa Bowls. Additionally, Mr. Banos is a Founding Partner of a New Jersey-based fitness franchise, Alpha Fit Club. Mr. Banos previously was a teacher with the Edison Board of Education in Edison, New Jersey, from September 2007 through February 2017, and was a Co-Founder and General Manager of Full Count Academy in Middlesex, New Jersey, from September 2009 through September 2016.

Director of Business Development: Megan McAleer

Ms. McAleer has served as our Director of Business Development since August 2017. Ms. McAleer is also the Operating Partner of Alpha Fit Club Red Bank in Red Bank, New Jersey. Before joining the Salad House team, Ms. McAleer served as VP of Marketing and Investor Relations for Yorkville Advisors in Mountainside, New Jersey, where she dealt with high-net-worth individuals as well as institutional investors, from October 2010 through July 2016.

Vice President of Operations: Jarrod Bravo

Mr. Bravo serves as our Vice President of Operations, a position he has held since March 2015. Mr. Bravo, a restaurant veteran of 15+ years, has been involved in the Salad House concept since its founding in 2011 as Mr. Cioffi's lead operator. Mr. Bravo is the Operating Partner of Salad House of Montclair. Mr. Bravo served as the General Manager for *The Salad House*® restaurant located in Morristown, New Jersey, since November 2011. Mr. Bravo previously served as General Manager for *The Salad House*® location in Millburn, New Jersey, through November 2019, at which time the restaurant was sold to a franchisee.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee

You must pay an Initial Franchise Fee of $40,000 to us for your Restaurant (the "Initial Franchise Fee"). The Initial Franchise Fee is due in full upon signing the Franchise Agreement. The Initial Franchise Fee is uniform and is non-refundable upon payment.

The Initial Franchise Fee is compensation to us for our efforts in offering and selling a franchise to you, for our franchise sales and marketing activities to promote the sale of a franchise to qualified franchisees, our participation in the franchise sale, our legal compliance with franchise laws and regulations, site selection assistance and guidelines, and/or the development and hosting of initial training programs.

In the fiscal year 2021, we discounted the initial franchise fee for franchisees between $5,000 and $22,000.

Existing Franchisee Discount

We will agree to reduce your Initial Franchise Fee to $30,000 for your second and each additional Restaurant, if you are, at the time you enter into the Franchise Agreement for each additional Restaurant, in compliance with any and all other Franchise Agreements entered into by and between you and us.

Veteran's Discount

In support of those who have served our country, if you are a qualified veteran of the U.S. Armed Forces (a "Qualified Veteran"), an active member of the military or a spouse of a Qualified Veteran or active member of the military, we will agree to reduce your Initial Franchise Fee to $30,000.

Referral Fee

We may pay a referral fee to existing franchisees that refer a prospective franchisee to us if the prospect becomes a franchisee and opens a Restaurant. We may change or discontinue this program at any time. Franchisees that refer prospective franchisees to us have no authority to make any representations on our behalf, to bind us to any contract, accept any payments from, or to negotiate on our behalf with prospective franchisees.

Except as disclosed in this Item, you are not required to pay any other fees to us and/or our affiliates before you open your Restaurant.

Area Development Agreement

If you acquire rights under an ADA, you must pay an Area Development Fee based on the total number of Restaurants you are obligated to open within the Development Area designated in your ADA. We require you to pay a portion of the Area Development Fee when you sign the ADA in consideration of the territorial rights granted. This amount is equal to $40,000 for the first location, plus $30,000 multiplied by the total number of Restaurants you are obligated to develop under the ADA (the "Initial Development Fee"). In addition to the Initial Development Fee, for the second and each subsequent location you commit to open under the ADA, you must also pay the balance of the then-current initial franchise fee at the earlier to occur of: (a) the date you sign a lease agreement for each such subsequent location; or (b) the lease execution deadline set forth in the ADA for each such subsequent location.

The Initial Development Fee and subsequent initial franchise fees are deemed fully earned and non-refundable upon payment. Except as otherwise disclosed in this Item, all fees described herein are calculated and imposed uniformly on franchisees who purchase franchises under this Disclosure Document.

ITEM 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	6% of gross sales	Payable monthly on or before the 15th day of each month	You must pay the monthly royalty fee directly to us. See definition of gross sales[1.]
Brand Fund Contribution	1% of gross sales	Payable monthly on the 15th day of the subsequent month	You pay the monthly Brand Fund Contribution to us.
Technology Fee	Our then-current technology fee; Currently = $0	Payable monthly on the 15th day of the subsequent month	We reserve the right to require you to pay us a continuing Technology Fee in the amount we specify each month during the term. The Technology Fee may be used for technology related purposes, including in connection with the development and maintenance of one or more websites, the development, installation and maintenance of current and future developed software, mobile applications and other technological platforms.
Audit	Cost of audit, plus 18% interest on the underpayment from the date of the underpayment	Immediately upon receipt of invoice.	We will have the right, at any time, to audit or to have an independent audit made of your books and records. If an inspection shows that any payments have been understated by you in any report to us, then you must pay to us the amount understated plus interest in the amount of 18% per annum, or the maximum rate permitted by law, whichever is less. Audits

Type of Fee	Amount	Due Date	Remarks
			are conducted at our expense, however, if an audit shows an underpayment by you of 2% or more, then, in addition to repayment of monies owed, with interest, you must reimburse us for all costs and expenses we incur by for the audit, including travel, lodging and wage expenses, and reasonable accounting and legal costs.
Interest on Past Due Amounts	18% per year or the highest amount allowed by applicable law, whichever is less	Upon invoice.	Charges will be uniformly imposed on a state-by-state basis in conformance with applicable state laws regulating interest rates.
Bank Charges and Fees	Charges and fees assessed by banks and third parties as a result of default in EFT payments	When assessed	If any EFT payment is not honored by your bank for any reason, you are responsible for the dishonored payment plus any bank or other charges incurred by or assessed upon us.
Costs of enforcement	All costs, including total amount of attorney's fees incurred as a result of any act or omission as well as fees incurred for enforcing this agreement.	Upon invoice.	You are obligated to reimburse us for costs and attorney's fees incurred as a result of any act or omission as well as for fees incurred for enforcing this agreement.
Approval of Products or Suppliers[4]	$500 - $1,500, approximately	Time of evaluation	Applies to the costs we expend in our evaluation of new suppliers you wish to purchase from or products you wish to purchase.
Product, Equipment and Services Purchases	See Item 8	See Item 8	You must buy products, equipment and services from our designated and approved suppliers whose items meet our standards and specifications. We reserve the right to be the sole supplier of any product, equipment and/or service. If we exercise this right, you must

Type of Fee	Amount	Due Date	Remarks
			purchase the designated product, equipment, and/or services from us at the prices we specify, which may include a mark-up.
Insurance Policies	Amount of unpaid premiums plus 10% of the cost of the insurance procured to reimburse us for our time and expense in obtaining the policies	Upon demand	Payable to us only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Successor Franchise Fee	$2,000	Upon expiration of the initial term	You must pay us a successor franchise fee as a condition of entering into a successor franchise agreement for an additional 5-year term on the date your initial term expires.
Transfer Fee	25% of our then-current initial franchise fee	Prior to consummation of the transfer.	Payable to us when you transfer your franchise. There is a $1,000 charge if you submit a proposed transfer to us for our approval, but do not affect the transfer. No charge if your franchise is transferred to an entity that you wholly own and control during the first six months of the Term. A $1,500 charge if you transfer your franchise to a corporation or limited liability company in which you own a 100% interest.
Local Advertising Deficiency Fee	$1,500 per month or 1% of Gross Sales, whichever is greater	Monthly expenditures required to be spent by you on local advertising.	Uniformly Imposed. If you fail to expend the local advertising requirement as directed, we have the right to require you to pay us any unexpended amounts to be used for advertising and marketing in your local area.

Type of Fee	Amount	Due Date	Remarks
System Modifications	Cost of implementation, unlimited.	As required	If we make changes to our System, you must adapt your business to conform to the changes. Some examples of changes include new equipment, fixtures, software or incorporation of new Marks.
Relocation Fee	$5,000	Upon receipt of our approval to relocate.	If you request the right to relocate your Restaurant, and we approved the relocation, you must pay us a relocation fee of $5,000.
Additional Hourly Training Fee[2]	You will pay us our designated hourly rate and reimburse us for all out-of-pocket expenses incurred by our training instructor, including travel expenses, food, lodging and auto rental. Currently = $50 per hour	Additional Training – as incurred before beginning of program.	Members of your Franchisee Training Team in excess of those we require to attend must pay our then-current training fees. You are responsible for all travel and living expenses for you and your Franchisee Training Team. We may require you to attend or undergo additional training during the term of your franchise and we may charge you additional training fees for this additional training.
System Conferences	Currently, $0, but we reserve the right to charge you a fee for attendance at any System conference (which will not exceed $1,000 per person per conference).	At the time of registration. Non-refundable.	We reserve the right to hold System conferences, including mandatory conferences. We have the right to charge you a fee to attend.
Temporary Management Assistance	Currently, $300 to $600 per day, plus our expenses and costs	Each day that it applies	If you breach the Franchise Agreement or following the death or incapacity of an owner of the franchise, we may temporarily manage your franchised restaurant.
Indemnification	All costs including actual attorneys' fees	Upon demand	You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your operation of the franchised

Type of Fee	Amount	Due Date	Remarks
			restaurant. We also provide indemnification to you for any lawsuits or claims arising from your authorized use of the Mark.
Liquidated Damages	Aggregate Royalty Fees and Continuing Brand Fund Contributions due to us during the 36-month period immediately preceding termination	Upon termination	If the Franchise Agreement is terminated as a result of your default prior to the expiration of the Term, you must pay us liquidated damages equal to the aggregate Royalty Fees and Continuing Brand Fund Contributions accrued under your Franchise Agreement during the 36 full calendar months during which the Restaurant was open and operating immediately before the termination date. If the Restaurant has not been open and operating for 36 months before the termination date, liquidated damages shall be equal to the average monthly Royalty Fees and Continuing Brand Fund Contributions accrued under the Franchise Agreement for all months during which the Restaurant was open and operating multiplied by 36. If there are less than 36 months remaining on the Term, the liquidated damages shall be calculated by multiplying the amount calculated above by a fraction, the numerator of which is the number of calendar months (including partial months) remaining on the Term, and the denominator of which is 36.
Non-Compliance Fee	Up to $500 per incident	Upon demand	If you fail to comply with any of your obligations under the Franchise Agreement, and we issue you a notice of default

Type of Fee	Amount	Due Date	Remarks
			(each a "Default Notice"), in addition to any other right and remedy we may have under the Franchise Agreement and applicable law, we have the right to assess a Non-Compliance Fee, which, if assessed, will be due and payable to us immediately upon your receipt of the Default Notice.
Taxes[3]	Amount of tax or fee	When assessed	If any tax or fee (other than federal or state income tax) is imposed on us by any government or governmental agency due to our receipt of fees you pay to us under the Franchise Agreement, you must pay us the amount of such tax or fee as an additional franchise fee.

NOTES

GENERAL NOTE Unless otherwise stated, all fees imposed by, paid to and collected by us are non-refundable. Except as otherwise disclosed in this Item, for all franchises offered pursuant to this disclosure document, all fees described in this Item 6 are uniformly imposed, however, in some circumstances under which we deem appropriate, we reserve the right to waive or reduce some or all of these fees for a particular franchisee. We require that all fees payable to us be paid through an electronic fund transfer, including automatic debits from your bank account(s), unless we specify otherwise.

Note 1 "Gross Sales" shall mean all revenue derived from the sale of any and all products and services, and all other income of every kind and nature, related in any way to the Franchised Business, whether for cash or credit (and regardless of collection in the case of credit) and whether or not such sales are made at or by the Franchised Business, including but not limited to catalog or mail order sales, internet sales (or the like), sales to restaurants, clubs, hotels and the like, and corporate gifts; *provided*, *however*, that you may deduct any sales taxes which were collected by you as required by law.

We reserve the right to, in writing, approve granting franchises with lower royalty fees in certain limited circumstances. Before varying from standard fees, we will take into account many factors, including prior experience and financial capabilities. We may offer incentives in new or developing markets. Incentives may be offered to new and/or existing franchisees. We anticipate that any reduced fees will only apply to franchisees who are in compliance with all of our agreements and requirements. We are not currently offering an incentive program, but may do so in the future. We reserve the right to cancel or modify any future incentive program we may offer. You will not be entitled to receive the benefits of any such incentive programs unless agreed by us in writing.

Note 2 You must pay all personal expenses incurred by your Franchise Training Team in attending and providing the Initial Training Program, and for you and your employees in connection with attendance at additional training programs or sessions, including costs and expenses of transportation, lodging, meals, wages and employee benefits. SHF will not charge for the attendance of your Franchise Training Team at the initial training program. Additional attendees and additional training programs are at your cost and expense.

Note 3 If your state, or any governmental body in your state, charges a tax on the royalty we receive from you, then you are required to pay an additional earned service fee equal to the amount of this tax. This does not apply to any federal or income taxes we have to pay.

Note 4 We currently require you to pay all fees and sums due to us by electronic funds transfer (EFT). You must provide us all of the bank and other forms we need to set up or change EFT authorization. We will also require you to report your Gross Sales to us in the manner we designate. Currently, you must report your Gross Sales electronically over the Internet via e-mail. You must have computer equipment capable to accessing and using the electronic form. We reserve the right to withdraw the electronic payment form at any time and designate another form and payment procedure that you will be required to follow.

ITEM 7 ESTIMATED INITIAL INVESTMENT

A. YOUR ESTIMATED INITIAL INVESTMENT – FRANCHISE AGREEMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[1]	$40,000	Lump Sum	At signing of Franchise Agreement	Us
Leasehold Improvements[2]	$100,000 to $175,000	Lump Sum	As Incurred/Before Opening	Vendors/Designated Suppliers/Service Providers
Kitchen Equipment[3]	$4,200 to $150,000	As Incurred	As Incurred/Before Opening	Vendors/Designated Suppliers
Grand Opening Advertising[4]	$5,000	As Incurred	As Incurred/Before Opening or Relocation	Vendors/Designated Service Providers
Licenses & Permits[5]	$5,000 to $7,000	Lump Sum	Before Opening	Third Parties

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Legal Expenses & Accounting	$2,000 to $5,000	As Incurred	Before Opening	Third Parties
Prepaid Insurance Premiums[6]	$1,000 to $3,000	As Incurred	Before Opening	Third Parties
Travel and Living Expenses while Training[7]	$200 to $2,000	As Incurred	During Training	Airlines, Hotels, Restaurants, Etc.
Real Estate Rental Fees – three months[8]	$9,000 to $25,000	Lump Sum	As Incurred	Service Providers
Opening Inventory[9]	$5,000 to $8,000	Lump Sum	As Incurred	Designated Vendors
Utility Deposits	$500 to $2,000	As Arranged	Before Beginning Operations	Utility Company
Office Equipment, Furniture, Fixtures & Supplies[10]	$5,000 to $10,000	As Arranged	Before Beginning Operations	Suppliers
Signage	$7,500 to $15,500	As Arranged	Before Beginning Operations	Designated Suppliers
Uniforms	$500 to $1,000	As Arranged	Before Beginning Operations	Designated Suppliers
Audio/Video	$8,000 to $12,000	As Arranged	Before Beginning Operations	Designated Suppliers
POS[11]	$493 to $4,400	As Arranged	Before Beginning Operations	Designated Suppliers
Additional Funds – first three months[12]	$70,000 to $90,000	Lump Sum	As Incurred	Service Providers; Vendors; Suppliers; Third Parties
TOTAL	**$263,393 to $554,900**			

NOTES

GENERAL NOTE: The above chart lists estimates of the initial investment funds necessary to open a *The Salad House* Restaurant. These are estimates only, as most costs are not within our control and may change at frequent intervals. We cannot, and do not, guarantee that your costs will fall within the stated ranges. These estimated ranges are based on market research and our affiliate's experience in developing the affiliate-owned Restaurants. Accordingly, these estimates are likely to vary based on a number of factors, including your specific location and market. Costs are constantly changing and your costs may be higher. You are strongly advised to diligently investigate all potential costs with a qualified business advisor before proceeding with this investment to gain a better understanding of your expected individual costs and expenses.

Note 1 The Initial Franchise Fee for a Restaurant is $40,000. The Initial Franchise Fee is due and payable in full when you sign the Franchise Agreement and is non-refundable under any circumstances. See Item 5 for more details regarding the Initial Franchise Fee.

Note 2 The construction, leasehold improvements and real estate rental fees vary depending on a number of factors including the size, location, existing leasehold improvements and costs of construction in the area of the Restaurant. Your location must conform to our specifications. Costs are influenced by local building standards and labor rates. If the premises are leased, the lessor's contribution toward the cost of construction, if any, may be a factor that will affect initial costs as well as on-going rent. These costs will vary based on building size, configuration and condition of the premises, material costs, construction costs, labor costs, installation costs, geographic location, requirements imposed by government and distance from suppliers. Payments for building or leasehold improvements are made to third party contractors and suppliers not related to us. Payments to these contractors and suppliers are typically made as the services are received or when the stages of work are completed. These payments are usually not refundable. Real estate/space development costs vary considerably. Your costs can be higher depending on the site and code requirements, and other factors.

Note 3 The estimated range for the kitchen equipment includes the current equipment items you must purchase, finance or lease to open your Restaurant, including: ice machine, sandwich units, refrigerated toss salad bar, sinks, worktable, slicer, deck pizza oven, burners, equipment stand, griddle, fryer, exhaust hood, freezers, walk in cooler/freezer, and freight delivery set. If you choose to purchase the kitchen equipment your estimated expenses will exceed the minimum range amount and fall within the higher range estimate provided in the table. If you choose to finance or lease the kitchen equipment the estimates range from $2,100 per month for 60 months to $4,400 per month for 24 months. If you secure an Approved Restaurant Location that was previously operated as a restaurant, and space includes a functional hood and walk-in freezer that meets our standards and specifications, you will not be required to acquire these items and under these circumstances your estimated expenses for kitchen equipment may be lower than the range provided in the table. The estimated purchase cost for an exhaust hood is approximately $20,000 and the estimated purchase cost for a walk-in freezer is approximately $20,000.

Note 4 You are responsible for Grand Opening Advertising fees at the time of opening of a Restaurant as well if you relocate and/or the Restaurant to a new location.

Note 5 You are responsible for obtaining all necessary permits required for the development, opening and operation of the Restaurant. The costs for permitting vary from location to location.

Note 6 You must purchase and maintain the types and amounts of insurance that we designate in our Manuals or otherwise in writing. These policies must be written by a responsible carrier or carriers acceptable to us, and must include, at a minimum (unless we specify otherwise), the following:

Comprehensive General Liability Insurance, including broad from contractual liability, broad form property damage, personal injury, advertising injury, completed operations and products liability, with minimum limits of liability for each type of insurance of: $1,000,000 for general aggregate; $1,000,000 products-completed operations aggregate; $1,000,000 personal and advertising injury, $1,000,000 each occurrence; $50,000 fire damage; $1,000 medical expense; $1,000,000 liquor liability (if you are operating a Restaurant authorized to offer alcohol of any kind); automobile liability insurance, including, without limitation, contractual liability coverage, liability for autos owned, hired or borrowed ("owned auto" and "hired auto" coverage, respectively) and liability coverage for autos owned by others ("non-owned auto" coverage), with limits of not less than $1,000,000 per occurrence of body injury and property damage combined, together with an umbrella liability policy with minimum limits of $2,000,000 per occurrence; worker's compensation insurance as required under applicable law; Employer's liability insurance with minimum limits of $1,000,000; Umbrella excess liability insurance with minimum limits of $2,000,000, and any other or increased amounts of insurance which we may, from time to time, require.

You may, with our consent, have reasonable deductibles for the coverages described in the previous paragraph. If you perform any construction, renovation, refurbishment or remodeling of your Restaurant, you must also obtain Builder's All Risks insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to us. You must provide us with a Certificate of Insurance evidencing these insurance coverages before you begin construction and/or development of the Restaurant. All policies must contain a waiver of subrogation in our favor, and must name us and any additional parties we designate as additional insureds. You must maintain these insurance policies, in addition to any other requirements we impose, throughout the term of the Franchise Agreement.

<u>Note </u>7 The range in the chart is based upon three persons attending the training program. This range increases if additional persons attend the training program.

<u>Note 8</u> The estimate provided in the chart is based on our affiliate's experience in developing and operating the affiliate-owned Restaurants in New Jersey. Real estate rental fees vary extensively depending upon your area and specific location. You are strongly advised to consult with a business advisor to determine a more appropriate estimate of the real estate rental fees, costs and expenses you are likely to incur in the area in which you wish to open a Restaurant before signing the franchise agreement.

<u>Note 9</u> The range in this chart represents an estimate for opening inventory requirements. Your costs may vary depending on factors such as the size of the location and any upgrades or changes in the specifications.

<u>Note 10</u> The range includes an estimate of leasing and purchasing costs for tables, chairs, countertops, counters, lighting, and supplies (including menus, office supplies, desktop computer or laptop for back of the house office purposes). Your costs may vary and will depend upon, among other things, the location and size of your Restaurant, and whether you decide to lease or purchase certain equipment.

<u>Note 11</u> You must acquire our designated POS System. You must acquire our designated POS system from our designated supplier. Your POS system will include at least three terminals, three printers, a router, and software. The POS System also includes an online ordering/system hook up

and ongoing monthly software and support fees. The range in the chart reflects an estimate for the monthly financing/lease estimate of $493.00 per month for a period of 36 months. We have independent, unlimited access to both the POS system.

Note 12 The "Additional Funds" category includes estimated start-up costs calculated for a period of three months, with additional operating capital to be available as may be needed during the initial phase. These expenses do not include owner's salary or draw. We cannot and do not estimate when, or whether any franchisee will achieve a positive cash flow or profits during this period, or any period. These amounts are estimates only and specific amounts will vary.

Note 13 This chart provides estimates of your initial start-up expenses and does not include ongoing marketing and advertising expenses or percentage rent payable under the terms of your lease. Depending on the size of the Store, these estimates may vary. These figures are estimates only based upon our affiliate's experience in developing and operating two affiliate-owned locations. We cannot and do not guarantee that you will not have different or additional expenses starting your business. Your costs will depend on your management skill, experience and business acumen; local economic conditions; the local market for the Restaurant's goods and services; competition; and the sales level reached during the initial period. You are strongly advised to review these figures carefully with a business advisor before making any decision to purchase the franchise. All fees payable to us are non-refundable. The terms you negotiate with outside suppliers or third parties govern the refundability of all payments to them.

Note 14 We do not offer direct or indirect financing. We do not guarantee your note, lease or any other obligation. We do not have any agents or affiliates who offer financing directly or indirectly to you.

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B. YOUR ESTIMATED INITIAL INVESTMENT - AREA DEVELOPMENT AGREEMENT[1]

If you sign an Area Development Agreement, you should review both the above tables of estimated initial investment expenses applicable to Franchise Agreements as well as the following table of fees.

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Development Fee[2]	$40,000 for your first Restaurant	Lump sum, non-refundable	When you sign the Area Development Agreement	Company
Initial Development Fee[2]	$30,000 for each additional Restaurant after the first, that you commit to open under the development schedule	Lump sum, non-refundable	When you sign the Area Development Agreement	Company

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Investment for the First Restaurant[3]	$223,393 to $514,900	See Chart 7(A) above. The range is equal to the range of the total from Chart 7(A) minus the $40,000 Initial Development Fee, now accounted for in the row above in Chart 7(B). See Note 3.		
Initial Investment for the Second Restaurant[3]	$223,393 to $514,900	See Chart 7(A) above. The range is equal to the range of the total from Chart 7(A) minus the $40,000 Initial Development Fee, now accounted for in the row above in Chart 7(B). See Note 3		
Total Initial Investment	**$516,786 to $1,099,800** (for a two-unit example)	In addition to the Initial Development Fee, you will incur initial investment expenses for the development and opening of each Restaurant you are obligated to open under the development schedule (including the initial franchise fee due under the Franchise Agreement for the second and each subsequent location). The current estimated initial investment range for the development of a Restaurant is disclosed in the above table and is subject to adjustment and increase in the future.		

<u>Note 1</u> All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

<u>Note 2</u> The Initial Development Fee is described in greater detail in Item 5 of this FDD.

<u>Note 3</u> This range represents the estimated initial investment for the development of your first Restaurant under the ADA as of the issuance date of this Disclosure Document. The range does not include any of the estimated costs or expenses you will incur in opening any additional Restaurants you are obligated to open under the ADA. The estimated initial investment for each Restaurant you are obligated to develop under the ADA is subject to change for future Restaurants, based on our then current offer at the time of sale, and costs associated with the types of expenditures listed in Chart 7(A) above. Also, as disclosed in Item 5, you must pay the balance of our then-current initial franchise fee for your second and each subsequent Restaurant you are obligated to open under the ADA. You will be required to enter into our then-current form of franchise agreement for each Restaurant you are obligated to open under the ADA.

ITEM 8 RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS

We have spent considerable time, effort and financial resources to develop *The Salad House* franchise system (the "System"). We have established standards and specifications for most of the goods and services used in the operation of the Restaurant. The System is subject to modification, change and improvement going forward. You must conform to our System standards, including high standards of quality, safety, cleanliness, appearance and service. We anticipate that our standards will change over time. You must adhere to these changes. Our requirements are critical to assure the quality, safety and consistency of the goods and services provided by Restaurants in the System, and to protect and enhance the image of the Mark.

You must, at your expense, construct, improve and operate the Restaurant under the System and in accordance with our standards and specifications, as set forth in our Manual and other publications we issue from time to time. You must, at your expense, purchase or lease, install and use all fixtures, signage, equipment, furnishings, improvements, supplies, other products and items (including point of sale, computer hardware and software, security systems), decor items, related items and services we require, all of which must conform to the Manual and our standards, specifications and other publications we issue from time to time. You may not install or permit to be installed at the Restaurant any fixtures, furnishings, equipment, decor items, signs, games, vending machines or other items that do not comply with our standards without our prior written consent.

You must maintain in sufficient supply, use and sell at all times only the services, items, products, materials, supplies and goods designated by us. You may not deviate from our standards and specifications in any way without obtaining our written consent first, which we are not required to give. You must sell and offer for sale only those items, products and services that we expressly approve for sale in writing. You must offer for sale all programs, products and services we require in the manner and style we require. You must immediately discontinue offering for sale any items, products and/or services we may disapprove in writing at any time.

We have the right to, and expect to, supplement or modify the Manual and our standards, specifications and other publications we issue in our sole discretion, at any time. We will provide written notice to you of any charges.

We require you to purchase certain products, services, signs, furnishings, supplies, fixtures, inventory, computer hardware and software, and equipment from distributors we have approved or designated (collectively, "suppliers"). You must purchase all goods, items and services required for the development and operation of the Restaurant from our approved or designated suppliers for any given item of service. We will provide you with a list of suppliers, which list may change over time.

Currently Required Purchase from Us or our Affiliates

As of the issuance date of this Disclosure Document, you are not currently required to purchase any items from us. As of the issuance date of this Disclosure Document, you are not required to purchase any other goods or services from us or our affiliates, however we reserve the right to require you to purchase any item, good or service from us, our affiliates, and/or our designated supplier, as we specify, in the future at any time. We and/or our affiliates will derive revenue and other material consideration, including through mark-ups on your purchases, on account of these and other purchases.

We may also derive revenue on account of your purchases from us, our affiliates and any other supplier without limitation. The amount of markup and pricing for required purchases is subject to the absolute discretion of the SHF. SHF will be free to act in its own self-interest without any obligation to act reasonably or to act subject to any other standards of care limiting SHF's rights.

System Modifications

We have the right to supplement, improve and otherwise change the System at any time, including in response to the opportunity to offer new services and products to customers of Restaurants operating under the System, the experience of Restaurants over time and other factors. We will have full control and discretion over any of these developments and you must comply with all reasonable requirements, including offering and selling new or different products or services specified by us. System modifications may be transmitted via the Internet, mail or through modifications to the Manual.

Authorized Suppliers

We provide you with a list of all then-current approved suppliers and distributors during the training program, or before you open your Restaurant. We may designate additional suppliers, or remove any supplier from our approved list at any time. We reserve the right to purchase items from us and/or our affiliates in the future. Currently, you must purchase the following items and services from our designated suppliers: architecture, exterior and interior store signage, POS system, credit card processing services, payroll services, certain salad dressings, uniforms, and beverages.

Products/Items Bearing the Marks

If you wish to purchase any items bearing the Marks, you must submit a sample of the items bearing the Marks to us for approval before purchasing them from a third-party supplier. We reserve the right to require you to purchase these and other items from us or a designated supplier in the future.

Derived Revenue

We may derive revenue on account of your purchases of any and all products, items, goods, equipment, fixtures, furnishings and services. We and/or affiliates may charge you markups on any item, product and service sold to you by us and/or our affiliates and there is no limitation on the amount of any such markups.

Except as disclosed in this Item, as of the issuance date of this Disclosure Document, we have not established any purchasing arrangements with designated suppliers and do not currently receive any payments on the basis of required franchisee purchases. We reserve the right to establish purchasing arrangements with designated suppliers and to receive payments and other consideration on the basis of franchisee purchases at any time in the future.

There is currently one purchasing arrangement with Pepsi where Pepsi is our only approved soft drink supplier. The agreement, signed on January 6, 2020, provides us with marketing support funds based on case sales of approved products. We also receive new outlet support funds when new locations open, and rebates for volume purchases based on case sales. We and our affiliates will receive any and all of these rebates. We and our affiliates may collect and retain any or all of these rebates, without restriction, and will earn revenue as a result of these rebates. We may also choose to contribute these rebates to the Brand Development Fund, but if we do so it does not reduce or eliminate your requirement to pay the Brand Development Fee. As of December 31, 2021, we derived revenues of $2,832, or 1.1% of our total revenues of $261,792, resulting from this arrangement with Pepsi.

Furniture, Fixtures and Equipment

You must lease or purchase furniture, fixtures, equipment, including point of sale and computer hardware, software, security systems, inventory, signage, decor and services we require under specifications set forth in the Confidential Operations Manual (the "Manual").

You must at your expense, construct, improve and operate the Restaurant under the System and in accordance with our standards and specifications as set forth in the Manual and other publications we may issue from time to time. These specifications include standards and specifications for the appearance, quality, price, performance and functionality. These standards and specifications will be based on our affiliates' experience in operating a Restaurant of the type we are franchising and through research and testing. We may communicate our standards and specifications directly to suppliers who wish to supply you with furniture, fixtures, equipment, inventory and signage under specifications. We communicate our standards and specifications to you when we evaluate your proposed location for the franchised Restaurant during training, before you conduct your grand opening advertising, during on-site opening assistance, during periodic visits to your franchise location and through the Manual (including periodic bulletins). We will periodically issue new standards and specifications (if any) through written notices.

One of the individuals listed in Item 2 owns an interest in the franchisor company, which may offer or sell products and services to franchisees. With the exception of this disclosed interest, as of the issuance date of this Disclosure Document, no officer of the franchisor or anyone listed in ITEM 2 has any ownership or other interest in any supplier.

New Products and Services, Review Criteria

If you would like to purchase any goods or services in establishing and operating the Restaurant that we have not approved, (for goods and services that must meet our standards, specifications or that require supplier approval), you must first send us sufficient information, specifications and samples for us to determine whether the goods or services comply with our standards and specifications or the supplier meets our approver supplier criteria. You must pay our expenses to evaluate goods, services or suppliers. We anticipate the cost of testing to range from $500 to $1,500. We will decide within a reasonable time (usually 30 days) after receiving the required information whether you may purchase or lease the goods or services or from the supplier. Our criteria for approving or revoking approval of suppliers include: the supplier's ability to provide sufficient quantity of goods; quality of goods or services at competitive prices; production delivery and capability; and dependability and general reputation. Our decision, however, to approve or revoke approval of suppliers is subject to our sole and absolute discretion, without regard to any standard of reasonableness or other standards of care limiting our rights.

Periodically, we may review our approval of any goods, services or suppliers. We will notify you if we revoke our approval of goods, services or suppliers, and you must immediately stop purchasing disapproved goods or services, or must immediately stop purchasing from a disapproved supplier. Additionally, we may, but are not required to, negotiate pricing arrangements, including volume discounts on behalf of our franchisees with our suppliers. Volume discounts may not be available to franchisees located in outlying markets that a particular supplier does not serve in significant volume. Presently, there are no purchase or supply agreements in effect and no purchasing or distribution cooperatives that you must join.

We estimate that approximately 85% to 95% of your expenditures for leases and purchases in establishing your franchised Restaurant will be for goods and services that must be purchased from us, our affiliates or an approved or designated supplier. We estimate that approximately 55% to 85% of your expenditures on an ongoing basis will be for goods and services that must be purchased from us, our affiliates, or an approved supplier.

We do not guarantee the availability of independent sources of supply for any particular item, product or service required to established or operate your Restaurant. We do not provide material benefits to you (including renewal rights or the right to additional franchises) based on whether you purchase through the sources we designate or approve. We have no purchasing or distribution cooperatives serving our franchise System.

We must approve your Restaurant location and your lease agreement. The terms of the lease agreement which you may be required to enter into for your Restaurant are described in Item 11 below.

At our request, you must sign a Security Agreement which creates a security interest for our benefit in your inventory items, fixtures and equipment and other assets owned by you and used for the operation of, or related to, your Restaurant, in order to secure your obligations to us. The Security Agreement is included in Item 22 below of this Disclosure Document. You must sign a Collateral Assignment of Lease agreement assigning all of your rights under your lease agreement to us, at our option, if your Franchise Agreement is terminated or expires. The Collateral Assignment is included in Item 22 of this Disclosure Document.

You must purchase and use the computer software services and electronic cash register system designated by us from our designated supplier. See item 11 for additional disclosures relating to the POS system. We reserve the right to change our supplier of software services and electronic cash register system at any time. You must comply with all such changes at your sole cost and expense.

Insurance

You must obtain and maintain insurance, at your expense, as we require. See Item 11 for more information on insurance requirements. You are also required to expend certain amounts on your grand opening advertising and ongoing local advertising. All advertisements must be approved by us in writing before use. You must provide us with proof of these expenditures.

Pricing and Promotion Requirements

We reserve the right, subject to restrictions imposed under applicable law, to require Restaurants in the System to offer all products, items and services at prices not to exceed the prices we publish from time to time. We currently do not prohibit our franchisees from charging prices lower than our suggested prices for any item and service; however, we reserve the right to do so in the future, to the maximum extent allowed by applicable law.

Except as stated in this Item 8, there are no goods, services, supplies, equipment, computer hardware and software or real estate which you must purchase or lease from us or our designee or from suppliers approved by us.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

OBLIGATION		SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site Selection And Acquisition/Lease	Article 2 of the Franchise Agreement	Item 7 and 11
b.	Pre-Opening Purchases/Leases	Sections 4.02, 4.03 and 8.04, 9.01 through 9.06 of the Franchise Agreement	Item 6, 7 and 8
c.	Site Development And Other Pre-Opening Requirements	Article 2, 4 and 8 of the Franchise Agreement	Items 6, 7 and 11
d.	Initial And Ongoing Training	Sections 7.01 through 7.03 of the Franchise Agreement	Item 11
e.	Opening	Sections 4.01.10 and 8.2 of the Franchise Agreement and Section 1.2 of ADA	Item 7, 8 and 11
f.	Fees	Article 5 of the Franchise Agreement and Section 2.1 of ADA	Items 5, 6 and 11
g.	Compliance With Standards And Policies/Operating Manual	Articles 8, 9 and 10 of the Franchise Agreement	Item 8, 11, 14 and 16
h.	Trademarks And Proprietary Information	Article 10 of the Franchise Agreement	Items 13 and 14
i.	Restrictions On Products/Services Offered	Articles 8 and 9 of the Franchise Agreement	Item 16
j.	Warranty And Customer Service Requirements	Article 8, Section 8.02.5 of the Franchise Agreement	Item 11
k.	Territorial Development And Sales Quotas	Section 1.2 of ADA	Item 12
l.	Ongoing Product/ Service Purchases	Articles 8 and 9 of the Franchise Agreement	Item 8 and 16

OBLIGATION		SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
m.	Maintenance, Appearance And Remodeling Requirements	Articles 4 and 8 (including 8.03) of the Franchise Agreement	Item 8 and 11
n.	Insurance	Article 15 of the Franchise Agreement	Items 7 and 8
o.	Advertising	Article 14 of the Franchise Agreement	Items 6 and 11
p.	Indemnification	Section 22.03 of the Franchise Agreement and Section 9.4 of the ADA	Item 6
q.	Owner's participation/ Management/ Staffing	Articles 8 and 9 of the Franchise Agreement	Items 11 and 15
r.	Records/Reports	Article 13 of the Franchise Agreement	Item 6
s.	Inspections/Audits	Section 13.05 of the Franchise Agreement	Items 6 and 11
t.	Transfer	Article 16 of the Franchise Agreement and Section 6 of ADA	Item 17
u.	Renewal	Section 3.02 of the Franchise Agreement	Item 6 and 17
v.	Post-Termination Obligations	Article 18 of the Franchise Agreement and Section 5.3 of ADA	Item 6 and 17
w.	Non-Competition Covenants	Article 18 and Article 19 of the Franchise Agreement and Section 7.1 of ADA	Item 12, 15 and 17
x.	Dispute Resolution	Article 25 of the Franchise Agreement and Section 8 of ADA	Item 17
y.	Security Interest	Attachment 8 to the Franchise Agreement	Item 8

ITEM 10 FINANCING

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

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

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

Pre-Opening Obligations

A. Before you open your Restaurant, we will do the following:

1. We will make available to you, at no charge, standard specifications for the construction of a prototypical Restaurant, including exterior and interior design and layout, display requirements, fixtures, equipment and signage. You shall, at your expense, adapt the standard specifications to the Restaurant. (Franchise Agreement Section 6.01.1, page 14).

2. We will provide an initial training program prior to the opening of the Franchised Business for your Initial Training Team at the place we designate. (Franchise Agreement, Section 6.01.2, page 14).

3. We will provide to you, on loan, one copy of the Manual. (Franchise Agreement, Section 6.01.4, page 14).

4. We will give you information and the identification of source from which you may purchase certain products, signage and location collateral material. (Franchise Agreement, Section 6.01.5, page 14).

B. Although not obligated to do so, we may also:

1. Provide such other training programs, after the opening of the Restaurant as we, in our sole discretion, deem appropriate. (Franchise Agreement, Section 6.02.1, page 15).

2. Provide such continuing advisory assistance to you in the operation of the Franchised Business, after the opening of the Restaurant, as we, in our sole discretion, deem advisable. (Franchise Agreement, Section 6.02.2, page 15).

3. Provide to you, periodically, as we, in our sole discretion, deem appropriate, advice and written materials concerning techniques of managing and operating the Franchised Business, including required and suggested inventory and sales instructions, new developments and improvements in Restaurant layout and design, and new developments in services, merchandising and packaging of products and services, however, we are not obligated to assist you in obtaining your inventory. (Franchise Agreement, section 6.02.3, page 15).

Site Selection

A. You must find an approved location and secure a lease for the Restaurant within 90 days after you sign your Franchise Agreement. We do not select your site, however your location must be approved by us. Factors considered for site selection approval include: location of the site and its setting (free-standing building, shopping center, shopping mall, downtown location, etc.); availability of parking; traffic patterns, visibility from main roads; availability, size and placement of signage; co-tenants in the shopping center or immediate area; accessibility to the site; condition of the premises and how much build-out or construction it will need; area demographics; proximity to competitive businesses; availability of utilities; and lease terms. We will use these and other factors in determining the suitability of your proposed site for a Restaurant. We generally do not own the premises and lease it to you. We shall approve or disapprove the proposed location within 30 days after the date that We receive all information that We reasonably request regarding the proposed location. Once you find an approved location and secure a lease for the location, you will have 180 days to open your Restaurant. If you do not find a site (or if we are unable to agree on an acceptable site) and open your Restaurant within the time periods required under your Franchise Agreement, we have the right to terminate your Franchise Agreement. The Franchise Agreement requires you to open for business no later than (a) 270 days after you sign the Franchise Agreement, or (b) 180 days after you enter into a lease agreement for the Restaurant. (Franchise Agreement, Section 17.02.1, page 40). At your request, we may assist you in finding an approved location, however, our assistance will in no way constitute an assurance, representation or warranty of any kind as to the suitability of the location, however, our assistance will in no way constitute an assurance, representation or warranty of any kind as to the suitability of the location, or for any other purpose. (Franchise Agreement, Section 2.02, page 5).

B. You must negotiate and obtain a lease agreement for the approved location at your expense and sign and deliver to us a Collateral Assignment of your rights under the lease agreement in order to secure your obligations and our rights under your Franchise Agreement. You must submit to us a copy of your lease before signing. We will require you to include certain provisions in your lease agreement, including the provision outlined in C below. Any assistance we may provide in negotiating your lease agreement, will in no way constitute an assurance, representation or warranty of any kind as to the suitability for the lease agreement for the operation of the Restaurant or for any other purpose. (Franchise Agreement, Section 2.02, page 5).

C. We require the inclusion of the following provisions in the lease agreement: (Franchise Agreement, Section 2.02 pages 5-6)

1. A provision that restricts the use of the premises solely to the operation of your Franchise;

2. A provision that, if you fail to timely pay all amounts due to us, or the landlord, we have the right to charge and collect from you all resulting costs and expenses incurred by and penalties imposed on us;

3. A provision that prohibits you from subleasing or assigning all or any part of your rights or extending the term of or renewing the lease agreement without our prior consent;

4. A provision giving us the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under your Franchise Agreement or the lease agreement;

5. A provision reserving to us the right to receive an assignment of the leasehold interest upon the termination or expiration of the lease agreement or your Franchise Agreement;

6. A provision requiring the landlord to provide SHF with written notices of any defaults issued to you under the lease; and

7. Any other provision that SHF believes is necessary to protect its interests.

C. If you enter into an ADA, we will designate your Development Area.

Plans and Specifications for your Restaurant

We provide to you, at no charge, standard, generic, prototypical plans and specifications for the construction of your Restaurant, including design and layout, display requirements, fixtures, equipment and signage. (Franchise Agreement, Section 6.01, page 14). You will then, at your expense, have specific plans and specifications for construction or conversion of the space for the Restaurant prepared by a licensed architect. You may request our assistance with the design layout for the Restaurant, which we may provide at our discretion. We are not contractually obligated to assist you with the design layout. Before you may begin construction, these plans and specifications must be approved by us in writing. Any changes or modifications must also be approved by us in writing. All construction and build-out costs will be at your sole expense.

You must ensure, before opening, that your Restaurant is accessible to, and useable by, persons with disabilities, meets the Standards for Accessible Design for new construction in the ADA Accessibility Guidelines ("ADAAG") as may be amended from time to time, or any more stringent accessibility standard under federal, state or local law. It is your responsibility to ensure that your Restaurant is constructed in compliance with all applicable laws, rules and regulations.

You must perform all necessary construction of your Restaurant, and you must purchase and install all fixtures, equipment and signs designated by us, at your expense. You must completely remodel or refurbish your Restaurant, at our request, no more frequently than every 5 years unless you are required by your lease or applicable law to do so more frequently. We are a start-up franchisor and, as of the issuance date of this Disclosure Document, we have not imposed any remodeling or refurbishment requirements. We cannot predict the range of costs and expenses associated with any remodeling or refurbishment requirements. There are no limits on the costs and expenses you may incur in complying with any remodeling or refurbishment requirements. We do not expect that your costs and expenses you will incur in remodeling or refurbishing your Restaurant will exceed the cost you incur in initially building out your Restaurant.

Estimated Opening Time Period

We expect that franchisees will typically open their Restaurants within four to eight months after they sign their franchise agreements and typically two to five months after they find an approved location and secure a lease for the location. The factors that affect this time are the ability to locate a suitable site and obtain a lease, financing or building permits, zoning and local ordinances, construction schedules, obtaining licenses and permits, weather conditions, shortages, and delayed installation of equipment, fixtures and signs.

If you enter into an ADA, you will be required to open and operate the total number of Restaurants identified in the Development Schedule by the deadlines stated in the schedule. If you do not meet your development obligations, we have the right to terminate your ADA, in which case, you will not have any further rights within the Development Area, except for any territory protections granted under any Franchise Agreement then in effect. Additionally, if you do not meet our then-current financial criteria, or if you fail to devote all commercially reasonable efforts to continue with the development of Restaurants under your ADA, we have the right to terminate your territory rights.

Computer System

You must use all computer hardware and software applications that meet our specifications. You must purchase our designated computer system. The current computer system includes the following components: POS System, including hardware, touchscreens, router, port switches, and printers for order receipts ("POS"). The POS software was not manufactured or produced specifically for our franchise system. You are required to pay ongoing monthly software and support fees to the POS System provider. As of the issuance date of this disclosure document, the ongoing monthly software and support fees range from approximately $300 to $500 per month, which includes the costs for any optional or required maintenance updating, upgrading or support contracts. Additionally, the cost of the POS System, Security and Camera system is approximately $8,500. There are no contractual limitations on the frequency and cost of upgrading or updating your computer system. As of the issuance date of this disclosure document, our current supplier for the POS system does not charge for annual updates, repairs or upgrades. You may be required to update, repair or upgrade your POS system and components in the future. A franchisee's estimated annual cost for all optional or required maintenance, updating, upgrading or support contracts for the POS System, Security and Camera system is approximately $12,100 to $14,500, which totals include the initial $8,500 cost.

You use the computer to, among other things, keep sales, inventory and customer information. We may independently access the information in your computer system to audit your sales or analyze your operations. There are no contractual limitations on our rights to access your computer information.

You must make reasonable upgrades and updates to your computer system, at our request and at your expense. We need not assist you to obtain your computer hardware, software or related services, i.e. maintenance, upgrades or repairs. Except as provided by the manufacturer's warranties, neither we nor any third party has a contractual obligation to provide ongoing repairs, upgrades or updates to your hardware or software.

If we change or modify our electronic point of sale system or computer system used in Stores, you are required to change or modify your electronic point of sale or computer system to conform to our new standards.

Operations Manual

We provide to you, on loan, one copy of the Manual, which contains mandatory and suggested specifications, standards and procedures. (Franchise Agreement, Section 6.01.4, page 14). This Manual is confidential, contains our trade secrets and remains our property. We may modify the Manual, but the modification will not alter your status and rights under your Franchise Agreement. (Franchise Agreement, Article 11, page 25). You are permitted to view the Manual at our offices before signing the Franchise Agreement, but you must sign a confidentiality agreement before doing so. The Table of Contents of our Manual is attached to this Disclosure Document as Exhibit

H, which also shows the total number of pages devoted to each subject. Our Manual contains approximately 260 pages exclusive of approximately forty electronic forms for your use.

We give you advice as to products and supplies, however, we are not required to assist you in obtaining any products or supplies. (Franchise Agreement, Section 6, page 14)

We have no obligation to develop new products or services to be offered by you to your customers, hire or train employees, improve or develop the franchised business, establish prices, establish or use administrative, bookkeeping, accounting or inventory control procedures, or to resolve operating problems encountered by you in the operation of your Restaurant. We need not provide you with any other service or assistance before you open your Restaurant.

Ongoing Support

During your operation of the Restaurant, we provide you with advice regarding the management and operation of your Franchise, to the extent that we deem necessary and desirable.

As we deem appropriate, we also issue updated information and revisions to the Manual as new and improved methods, systems and procedures for the operation of your Franchise are developed or adopted by us. (Franchise Agreement, Article 11, page 25).

Advertising Council

We have not currently established an advertising council ("Advertising Council"), but we reserve the right to do so in the future. If we establish an Advertising Council, it will serve in an advisory capacity to us with respect to certain advertising expenditures, including providing advice/guidance on how to administer the Fund (if established in the future). At our discretion, the Advertising Council may be comprised of our management representatives, employees, you and/or other franchisees in the System. We will have the right to modify or dissolve an Advertising Council (if created) at any time.

Brand Fund

You are required to pay us an ongoing Brand Fund Contribution of up to 1% of your Gross Sales for advertising and marketing (the "Brand Fund Contribution"). You must pay your Brand Fund Contribution to the Fund(s) on a monthly basis on the 15th day of each month. Payments shall be made via ACH, electronic funds transfer, or, if we designate, by separate checks made payable to SHF, its designee(s) or the Fund(s). Our current advertising is provided through a combination of in-house services and regional and/or national agencies. We retain discretion in deciding upon future sources for advertisement.

We will determine from time-to-time what portion of the Brand Fund Contribution you must (i) contribute to the System Brand Fund (as defined below); (ii) contribute to a Regional Ad Fund (as defined below); (iii) pay to us for Local Marketing Purposes (as defined below); or (iv) be spent directly by you for Local Marketing Purposes. We reserve the right to amend and adjust the allocation of the Brand Fund Contribution upon 30 days written notice to you. You acknowledge and agree that the Brand Fund Contribution may be used as follows:

System Brand Fund

At our sole discretion, the Brand Fund Contribution shall be paid to SHF, its designee(s) or one or more funds to be used for the purpose of maximizing general public recognition and awareness of Restaurants and the System (collectively, "System Brand Fund"), including, without limitation, expenditures reasonably related to the production, creation, development, administration and supervision of marketing and advertising programs and menu development for System Restaurants. We do not represent or warrant that the Franchised Restaurant or any particular Restaurant will benefit directly or pro rata from any marketing or advertising activity of any Fund, including the System Brand Fund.

Regional Ad Funds

In addition to the establishment of the System Brand Fund, we have the right in our sole discretion to establish one or more funds for the implementation of regional advertising programs intended to increase general public recognition and acceptance of System Restaurants in specific regions. Subject only to the limitation on the total amount of Brand Fund Contribution (1% of Gross Sales), we may require you to contribute all or part of the Brand Fund Contribution to a regional fund implemented in your regional area ("Regional Ad Fund"). Fees allocated to a Regional Ad Fund will be used for the implementation, production, creation, development, administration and supervision of regional marketing and advertising programs and menu development for System Restaurants in the designated region. We do not represent or warrant that the Franchised Restaurant or any particular Restaurant will benefit directly or pro rata from any marketing or advertising activity of the Regional Ad Fund.

Local Marketing Purposes

We may require that some or all of the Brand Fund Contribution be paid to us or our designee, or used directly by you, for marketing, advertising, sponsorships, public relations or promotions specifically directed to or featuring the Franchised Restaurant in your local area ("Local Marketing Purposes"). If we elect to have you directly spend a portion of the Brand Fund Contribution for Local Marketing Purposes, you must submit to us for our review and approval, a marketing plan specifically describing how you propose to spend the designated portion of the Brand Fund Contribution for Local Marketing Purposes during each calendar quarter. If you do not spend the designated amount for Local Marketing Purposes as we direct, we will have the right, in addition to any and all other rights and remedies available under the Franchise Agreement or applicable law, to require you to immediately pay all sums you were required to, but failed to expend: (a) to one or more Funds established or designated by us, (b) to us to be used for Local Marketing Purposes, or (c) to expend the Local Advertising Deficiency, as we direct, for Local Marketing Purposes.

Administration

We may administer the System Brand Fund or one or more Regional Ad Funds (each a "Fund" and collectively, the "Funds") ourselves, or designate or license a third party to do so. We may change, dissolve or merge any of the Funds at any time, in our sole discretion. We have sole discretion over the creative concepts, materials, media, type, nature, scope, frequency, place, form, copy, layout and content of all national, regional, and local advertising paid out of the Funds; and the Funds will be maintained and administered by us, or our designee, as follows:

The Funds are intended to maximize general public recognition and acceptance of the Marks for the benefit of the System, and neither we, nor the Funds, are obligated to make expenditures for you that are equivalent or proportionate to your contributions. We are not required to ensure that you benefit directly or pro rata from the placement of advertising.

The Funds, all Brand Fund Contributions and contributions to the Funds, and any earnings by the Funds, may pay for creating, producing, maintaining, administering, directing, conducting, printing and preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including the costs of preparing and conducting television, radio, Internet, mobile applications, magazine, newspaper and other media advertising campaigns; developing and/or hosting an Internet web page or similar activities; conducting market research; providing other marketing materials to franchisees; direct mail advertising; on-line Internet advertising and marketing including click-through charges paid to search engines, sources of banner advertising and host sites; marketing surveys and other public relations activities; employing advertising and/or public relations agencies; printing and production costs; purchasing promotional items, conducting and administering visual merchandising, promotions and merchandising programs; and providing promotional and other marketing materials and services. Advertising may be local, regional or national, in any type of media, including Internet, print, radio and/or television.

Brand Fund Contributions contributed to the Funds may also be used to provide rebates or reimbursements to you for local expenditures on products, services or improvements, approved in advance by us, which we believe will promote general public awareness and favorable support for the System. We have no obligation to segregate Brand Fund Contribution payments or maintain accounts separate from our other funds. Brand Fund Contributions may be commingled with funds in our general accounts. We expect to use an amount equal to all contributions made in any fiscal year, but any monies remaining in any Funds at the end of any year will carry over to the next year. We expect to use any interest or other earnings of the Funds before using current contributions, but are not required to do so.

We are not required to prepare or provide you with any statements relating to the Brand Fund Contribution, the Funds or expenditures of the Funds, although we may do so at our option. The Funds will not be audited, unless we decide, in our sole discretion, to require an audit. If we choose to require an audit, all expenses for the audit will be paid out of Brand Fund Contributions contributed to the Funds. We may, but are not required to, create internally prepared, periodic statements of operations for the Funds. These statements, if created, may be made available to you, upon your reasonable prior written request.

We have the right to terminate any one or more of the Funds at any time. If a Fund is terminated, we are not required to return any Brand Fund Contribution contributed to any such terminated Fund by you and will expend any retained contributions for the terminated Fund for System advertising purposes. None of the Brand Fund Contributions paid to us are refundable at any time, including upon termination or expiration of the Franchise Agreement.

We may use the Brand Fund Contributions and Fund contributions to pay: the salaries and benefits of personnel who manage, administer and/or work the Fund(s) and its activities; administrative costs, travel expenses, meeting costs, overhead costs and expenses; a management fee payable to us, an affiliate and/or our designee; taxes on Brand Fund Contributions and contributions; market research; public relations; and the creation, preparation and production of advertising, promotions and marketing materials. We are not required to spend any of your Brand Fund Contributions and Fund contribution in your Protected Territory you are granted under your Franchise Agreement.

The Fund is not a trust. We have no fiduciary obligation to you for administering the Fund or for any other reason. We will not use Brand Fund Contributions principally to develop materials and programs to solicit franchisees. However, media, materials and programs prepared using Brand Fund Contributions and Fund contributions may describe our franchise program, reference the availability of franchises and related information and process franchise leads.

We may structure the Fund(s) organization and administration in any way that we determine. We may organize or reorganize the Fund into a separate entity as we deem appropriate and we may transfer all Brand Fund Contributions and Fund contributions and assets to the entity. We may require you to pay the Brand Fund Contributions directly to the entity.

During our fiscal year ended December 31, 2021, 19% of the Brand Fund Contributions were spent on production, 2% on media placement, .1% on administrative expenses, 8% to solicit new franchise sales and 71% on other expenses including Ad/M/PR.

Local Marketing

You must expend the greater of $1,500 or 1% of Gross Sales each month on local advertising, marketing, sponsorships, public relations and promotions specifically identifying or featuring your Restaurant in your local area (your "Local Marketing Expenditure Requirement"). Expenses for employee salaries, wages, travel expenses, and menu printing and/or distribution do not count towards your Local Marketing Expenditure Requirement. We reserve the right to require you to submit to us, on a quarterly or monthly basis as we designate, a local marketing plan specifically describing how you propose to spend Local Marketing Expenditure Requirement.

If you do not meet your Local Marketing Expenditure Requirement, or if you fail to otherwise comply with your local marketing obligations, we have the right, in addition to any and all other rights and remedies available to us under the Franchise Agreement and applicable law, to (a) require you to immediately pay all sums you were required to, but failed to expend ("Local Advertising Deficiency"), to the Fund, (b) require you to spend the Local Advertising Deficiency in the manner designated or approved by us for local marketing purposes, or (c) require you to immediately pay the Local Advertising Deficiency to us to be expended by us or our designee directly in your Restaurant's area for local marketing purposes.

Cooperative Advertising

We encourage the formation and operation of franchisee cooperative advertising associations (each a "Co-op"). If formed, each Co-op will be organized for the exclusive purpose of administering advertising, marketing efforts and programs for use by the members, and attempt to maximize the efficient use of local advertising media. Membership for each Co-op is defined by region, you must participate in the Co-op or lose your right to vote as to decisions regarding advertising and marketing efforts and programs. In no event will you be required to be a member of more than one Co-op. We have the right to require any Co-op to be organized and governed (a) in a form and manner approved in advance by us in writing, and (b) for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized promotional materials for use by the members in local advertising. Any Franchisor-owned Restaurant that is located within the Co-op region will not be required to contribute to the Co-op. Franchisees will have the opportunity to review certain advertising and marketing documents in connection with the advertising and marketing programs the Co-op participates in.

The payments you make to a Co-op will be equal to your local marketing requirement and may be applied by you toward satisfaction of your local marketing requirement. If the amount you contribute to a Cooperative is less than your local marketing requirement, you must still spend the difference locally.

If the Co-op operates according to written documents, we must approve such documents, and a copy of the Co-op documents applicable to the geographic area in which your Restaurant will be located will be provided to you upon request.

No advertising or promotional plans or materials may be used by any Co-op, or furnished to its members, without our prior approval. We, in our sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in a Co-op, and/or from the obligation to contribute to the Co-op (including a reduction, deferral or waiver of such contribution), on written request of the franchisee stating reasons supporting the exemption. Our decision concerning such request for exemption shall be final. As of the issuance date of this Disclosure Document, you are not required to participate in any local or regional advertising cooperatives; however, we reserve the right to require your participation in the future.

Promotional Programs

We have the right to create national, regional and/or local promotional programs that involve giveaways and/or sales at specified prices for the time periods we designate. We may develop digital promotions, social media promotions, customer loyalty programs, gift card programs, coupons and similar programs for time period we designate.

Grand Opening Advertising Campaign

You must conduct a Grand Opening Advertising Campaign for your Restaurant and expend $5,000 in the manner we specify or approve (the "Grand Opening Advertising Expenditure"). We may designate an approved supplier of local advertising and marketing services and may require you to engage that supplier's services in connection with the Grand Opening of your Restaurant. We may require you to expend the Grand Opening Advertising Expenditure in accordance with any approved or designated supplier's Grand Opening advertising program. You are required to prepare and submit to us a written plan detailing the grand opening advertising campaign no later than 30 days before the Restaurant's scheduled grand opening. If we consent to the relocation of your Restaurant, you are responsible for the Grand Opening Advertising Expenditure in connection with the relocated Restaurant. Within four months following the date the Restaurant opens for business, you must furnish us evidence as we may reasonably require to verify your compliance with the Grand Opening Expenditure requirements.

Use of Your Own Advertising Material including Electronic Media

You may develop advertising and promotional materials for your own use, however, we must approve all advertising promotional materials before you use them. If we do not approve or disapprove your proposed materials within 15 days of your submission, they will be deemed approved. We may require that a "tag line", stating that franchise and/or career opportunities are available, be included in any advertising.

You are prohibited from using the Marks and listing, marketing, advertising, or otherwise promoting your Franchised Business on or through the Internet, any social media site, mobile application, networking website, electronic media, or any emerging or future developed media outlet or platform, including Facebook®, Snap Chat, Twitter®, LinkedIn®, Living Social®, Instagram®, Groupon®, YouTube, Pinterest, Foursquare, Yelp, Google, Yahoo, or any similar sites, without our prior written consent in each instance. We may withhold our consent for any reason and we may condition our consent on your compliance with our designated methods, procedures, rules and regulations. You may not post any content on the Internet, electronic media, mobile applications, social media or any future developed media outlet relating to the Restaurant or the System without first (a) obtaining our prior written consent (which we may grant or refuse in our sole and absolute discretion) and (b) complying with any and all restrictions, terms and conditions we impose. You must comply with any and all policies, terms and conditions we designate, including those related to privacy and security. We have the right to establish any requirement we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our website.

We have the right to establish a website or other electronic system providing private and secure communications between us, our franchisees and other persons and entities that we deem appropriate. If we require, you must establish and maintain access to the extranet in the manner we designate. We may periodically prepare agreements and policies concerning use of any extranet that you must acknowledge and sign.

Training

The training program we currently offer, which is subject to modification at any time, consists of the following:

We provide you an initial training program that covers material aspects of the operation of the Restaurant. The topics covered are listed in the chart below. The following persons are required to attend and complete the initial training program: you (or one of your owners if you are a legal entity), and your designated manager (you may serve as the designated manager) (collectively, your "Training Team" or "Franchisee Trainees"). You are permitted, but not required, to bring up to three additional persons to initial training at no charge.

We provide the initial training program to your Training Team. Your Training Team must complete the initial training program to our satisfaction. Your Training Team must satisfactorily complete the initial training no later than 15 days before the opening of the franchised Restaurant. We expect that the Training Team will advance through the training program at different rates depending on a variety of factors, including background and experience. The time frames provided in the chart are an estimate of the time it will take to complete training. Except as otherwise disclosed in this Item, we do not charge for initial training. You must pay for all travel costs, salaries (if applicable) and living expenses for yourself and the Training Team. These costs (not inclusive of salaries) are estimated in ITEM 7. If you replace your designated manager, your new designated manager must attend our training program. You may be charged fees for additional training. Our current fees for additional training are described in ITEM 6. You are responsible for training your own employees and other management personnel. We currently conduct training programs on an as-needed basis, after you sign your franchise agreement and before you are required to begin operations, and do not have a regularly scheduled initial training programs at this time. You must reimburse the expenses our representative incurs while providing opening assistance, such as travel, lodging and meals.

Your franchised Restaurant must at all times be under the day-to-day supervision of a designated manager who has satisfactorily completed our training program. After a replacement of the designated manager, he or she has 60 days to complete initial training to our satisfaction. We may permit the replacement manager to complete the initial training at your Restaurant, in which case, you must pay our trainer(s) on an hourly basis at a rate of $60 per hour.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Concept overview, Business, Model, Finances,	4	0	Westfield, NJ

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Developing Relationships with Professionals (Accountants, Lawyers, etc.)	2	0	Westfield, NJ
Recipes, Menu, Food control, Cooking, Prepping, etc.	2	40	Morristown, NJ
Hiring, Staffing, Scheduling, Payroll, and Labor laws	2	4	Westfield, NJ
Day to day operations of business including Inventory Management, Ordering Product, operating the POS, opening/closing procedures,	3	40	Morristown, NJ
Financial Controls, Budgeting, & Record Keeping,	2	0	Westfield, NJ
Managing the backend of POS, POS Reporting, and Third-Party Services	2	0	Westfield, NJ
Setting Up the Location, Ordering Equipment, Arranging the Layout, Display Cases, and Signage	2	6	Westfield, NJ
Establishing the Business, Building the Brand, Marketing the Business, Customer Interaction and Management	4	10	Westfield, NJ
TOTAL:	**23**	**100**	

Training will be conducted by Jarrod Bravo. Please refer to Item 2 for Jarrod's relative experience. If circumstances require, a substitute trainer may provide training to you. A substitute trainer will have at least 6 months of experience in any subject they teach. We may periodically name additional trainers if the training schedule requires it. There are no limits on our right to assign a substitute trainer to provide training.

The training will occur in Westfield, New Jersey, and Morristown, New Jersey, and, at our discretion, at your Restaurant location. We will inform you of the dates and location of the training.

Periodically, you, your managers or employees must attend refresher-training programs to be conducted at our headquarters or another location we designate. Attendance at these programs will be at your expense. You do not have to attend more than one of these programs in any calendar year and these programs will not exceed two days during any calendar year.

We may require you to attend system conferences, including annual conferences, and to charge you a fee to attend.

ITEM 12 TERRITORY

Franchise Agreement

Your franchised Restaurant is to be located at a location to be approved by us. Once we approve your location, a "Protected Territory" will be granted to you. We will not establish or license another to establish a Restaurant within a specified area (your "Protected Territory"), during the term of your Franchise Agreement, with the exception of Restaurants located in Special Venues.

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.

Minimum Protected Territory

We will describe your Protected Territory in your Franchise Agreement when we approve your site for the Restaurant. We will determine the size and boundaries of your Protected Territory in our discretion, based upon factors including geographic area, population density, character of neighborhood, location and number of competing businesses in the surrounding area, and other factors. While there is no minimum territory size and the exact size of each territory varies based on the applicable factors, a typical territory will cover an area that consists of (a) approximately a three-mile radius surrounding your Restaurant if your Restaurant is located in a rural area; (b) a seven-block radius surrounding your Restaurant if your Restaurant is located in an urban area; (c) the boundaries of the shopping center or mall premises, if your Restaurant is located within a shopping center or mall. You have no option, right of first refusal or similar contractual right to acquire additional Franchised Businesses within your Protected Area or in contiguous areas.

You must comply with your royalty payment obligations in order to retain your Protected Territory. If you do not comply with your royalty payment obligations, subject to the notice and cure periods stated in your Franchise Agreement, we have the right to terminate your Franchise Agreement, which will eliminate all rights, including territorial protection. You are not required to achieve or maintain any given level of sales or to satisfy any other contingency in order to retain your Protected Territory and, provided that you are not otherwise in default under your Franchise Agreement, this will continue to apply even if the population in your Protected Territory increases, or you sell or transfer your Franchise.

Area Development Agreement ("ADA")

Under the terms of the ADA we grant you the right to establish, according to a schedule, two or more Restaurants within a geographical territory ("Development Area"). A Development Area is usually defined by zip codes or other boundaries such as streets, city, county, or state limits or by other reasonable boundaries. The number of Restaurants to be developed may be adjusted depending on demographics and other characteristics of a Development Area, including population density, income and other characteristics of the surrounding area, natural boundaries, extent of competition and whether the proposed Development Area is urban, suburban or rural in nature. You have no option, right of first refusal or similar contractual right to acquire additional Franchised Businesses within your Development Area or in contiguous areas.

Each additional Franchised Business must be open according to the Development Schedule described in the ADA, which will specify the number of Franchised Businesses to be open and the time frames within which they must be open. You must demonstrate that you meet our then-current financial criteria before you sign a lease agreement for each Restaurant you are obligated to open under the ADA. If you do not meet the financial criteria, you will not be permitted to continue with the development and operation of additional locations under the ADA and we will have the right to eliminate your rights in the Development Area. If you fail to meet the mandatory Development Schedule and the ADA is terminated, you will retain your rights to any individual Businesses, including the territorial rights described in the Franchise Agreement for such Businesses, provided that the ADA was not terminated as a result of your failure to comply with the terms of your existing Franchise Agreement(s). Your rights to any Businesses for which there is no Franchise Agreement and your protection in the Development Area will terminate immediately. Thereafter, we will have the right to develop the Development Area on our own or through third parties.

<u>Special Venues</u>

We reserve the right to establish and operate, or license others to establish and operate, Restaurant(s) in “Special Venues”, including Special Venues located in your Protected Territory. The term “Special Venues” shall mean travel centers, airports, schools, railroad/railway or bus stations, government institutions, hospitals, military installations, stadiums, sports arenas, casinos, amusement parks, theaters, golf clubs, “big box” retail stores, and other locations within institutional or public service operations.

<u>Relocation of Your Restaurant</u>

Under the terms of the Franchise Agreement or ADA, you do not have the right to relocate your Restaurant without our prior written consent. If you are not in default under your Franchise Agreement or ADA, your Protected Territory will continue to apply even if you sell or transfer your Franchise. Except for this Protected Territory, your Franchise is non-exclusive. You are not granted any options, rights of first refusal or similar rights to acquire additional Restaurants.

If the lease agreement for your Approved Location expires or is terminated before the expiration of your Franchise Agreement or ADA, other than because of your default under the lease agreement or your Franchise Agreement or ADA, you have up to 180 days within which to: (i) find a new location for your Franchise which is acceptable to us and does not conflict with any rights granted by us to others; and (ii) secure a lease for the premises. You must open your relocated Franchised Business within 180 days after you find your new location and obtain a lease for the premises.

If the lease agreement for your Approved Location expires or is terminated before the expiration of your Franchise Agreement or ADA, you must use best efforts to secure a renewal of the existing lease. If you are unable to secure a renewal of the existing lease, you must find a new location which meets our then current site-selection criteria and which does not conflict with any rights granted to third parties, and secure a lease for this location within 180 days after the termination or expiration of the lease agreement. You must open your Restaurant for business at the new Approved Location within 180 days after you secure the lease for the Approved Location. If you are unable to secure a renewal of your existing lease, and/or you do not find an Approved Location and open your Franchised Business, then your Protected Territory terminates and we may elect to terminate your Franchise Agreement or ADA.

If you are unable to secure a renewal of your existing lease (despite using best efforts), you must secure a new location approved by us. Your Franchise Agreement and ADA will remain in effect following the expiration or termination of the lease; provided, however, that you do not have to make royalty payments to us until the earlier of: (i) the date you find an Approved Location and secure a lease for the premises; or (ii) the expiration of 180 days from the date your lease expires or is terminated. If we consent to the relocation of your Restaurant, you are responsible for the Grand Opening Advertising Expenditure in connection with the relocated Restaurant.

Non-Competition

If we terminate your Franchise Agreement or ADA, you may not, for a period of two years thereafter, operate, engage in, provide assistance to, or have any interest in any business operating, or granting franchises or licenses to others to operate, a fast-casual restaurant, a fast-casual food service business, or a restaurant marketed or promoted as a salad restaurant or restaurant serving healthy food, that is, or is intended to be, located (a) at the Approved Location; (b) within a 25-mile radius of the Approved Location; (c) within a 25-mile radius any other Restaurant; or (d) anywhere in the state of New Jersey. You further covenant that you shall not engage in unfair competition with SHF or any of its System Restaurants.

Reservation of Rights

We, or our affiliate(s), may: (i) establish and license others to establish *The Salad House* Restaurants under the System at any location outside of your Protected Territory and/or your Development Area (if you sign an ADA); (ii) establish and license others to establish retail stores, kiosks or the like under other systems, using other proprietary marks, which offer or sell other products or services which are located either within or outside of your Protected Territory and/or Development Area (if you sign an ADA) ; (iii) market, distribute and sell, directly or indirectly, or license others to market, distribute or sell, directly or indirectly, any products from any location or to any purchaser (whether the purchaser is located within or outside your Protected Territory and/or your Development Area) under any proprietary mark, including "*The Salad House*" mark through alternative channels of distribution, within or outside your Protected Territory and the Development Area, including through the Internet and wholesale distribution centers; (iv) establish or operate and license others to establish or operate a *The Salad House* restaurant or kiosk at any location outside the Protected Territory and the Development Area, regardless of the restaurant's proximity to your Protected Territory and/or the Development Area; and (v) acquire, be acquired by, merge or affiliate with, or engage in any transaction with other businesses (whether or not those businesses are competitive), including competing franchise systems with units operating in your Protected Territory and/or your Development Area. If we acquire a competitive business or a competitive franchise system with units operating in your Protected Territory and/or your Development Area, we and/or our licensees have the right to operate the business under the Marks in your Protected Territory without affording any rights to you or providing any compensation to you.

<u>Restrictions on Solicitations</u>

You are not permitted to solicit customers or advertise outside of your Protected Territory without our prior written approval. We may condition its approval on your agreement to offer other *The Salad House* franchisees who are operating Restaurants in territories encompassed by the circulation base of the proposed advertising, the opportunity to participate in, and share the expense of your solicitation and/or advertising. You are not permitted to use other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing, to make sales outside of your Protected Territory without our prior written approval. We have the right to condition our approval on the terms that we determine necessary, such as requiring that your domain name and home page belong to us and be licensed to you for your use during the term of your agreement.

While we will not establish or license another to establish a Restaurant within your Protected Territory, nothing in the Franchise Agreement and ADA prohibits us from soliciting or accepting business within your Protected Territory through alternative channels of distribution (e.g. the Internet, catalog sales, telemarketing or other direct marketing). We are not under any obligation to pay you compensation for any business we solicit or accept inside your Protected Territory.

We have one affiliate that operates a restaurant selling similar goods and services under different trademarks, Cioffi's of Springfield located in Springfield, New Jersey. While neither we, nor our affiliate, currently have any plan to open or operate, or to license others to open or operate additional restaurants under this mark, we and/or our affiliates or licenses may do so at any time in the future, including in your Protected 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.

ITEM 13 TRADEMARKS

You must operate your Restaurant under the Marks. Our current principal marks are identified on the chart below. The Franchise Agreement licenses you the right to operate a Restaurant under the Marks. We may require you to use other current or future developed trademarks to operate your Restaurant. The term trademarks means trade names, trademarks, service marks and logos used to identify the Restaurant. Throughout this Disclosure Document, our trademarks, including those developed in the future and licensed to you for use in connection with the operation of your Restaurant, may be referred to as the "Marks."

You are required to follow our rules when using the Marks. **You are not permitted to use any of the Marks as part of a corporate, limited liability company, or other entity name, email address, electronic identifier or internet domain name.** You cannot use any of the Marks, except for those we license to you. You may not use any of the Marks for the sale of any unauthorized product or service, or in any manner we have not authorized in writing. The Marks licensed to you may only be used by you for the purpose of operating a Restaurant in accordance with the Franchise Agreement, Manual and System.

Our affiliate, Salad House IP, LLC, is the current owner of the Marks, and Salad House IP, LLC has registered the following Marks with the U.S. Patent and Trademark Office ("USPTO"):

Mark	Registration Date	Registration Number	Register
SALAD HOUSE	5/24/2022	6,735,085	Principal
THE SALAD HOUSE	11/12/2013	4,434,056	Supplemental

Salad House IP, LLC licensed us the right to use the mark, and the right to license others to use the mark, in connection with the franchise system. The term of the license agreement is 20 years, and is automatically renewed for additional 10-year terms. If the license agreement is terminated or expires, your franchise agreement will be assigned to the trademark owner or its designee, authorizing you the right to continue use of the Mark through the expiration of your Franchise Agreement, subject to the restrictions set forth in your Franchise Agreement.

We expect and intend to file all required affidavits and renewals with the USPTO for the Mark above, as and when they become due.

Currently, we know of no effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of any state or any court; pending infringement, opposition or cancellation; or pending material litigation involving the Marks.

Other than the above, there are no agreements currently in effect that significantly limit our rights to use or license the use of the Mark in any manner material to the franchise.

We know of no infringing or prior superior uses that could materially affect the use of the Mark in the State of New Jersey.

You do not receive any rights to the Mark other than the non-exclusive right to use them in the operation of your franchised Restaurant. You must follow our rules when you use the Mark. You must use the Mark as the sole trade identification of the franchised Restaurant. You cannot use a name or Mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use any Mark in connection with the sale of any unauthorized services or products, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law. You must not use the Mark as part of any email address. Any unauthorized use of the Mark by you is a breach of the Franchise Agreement and an infringement of our rights in the Mark. You must not contest the validity or ownership of the Mark, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Mark.

You must immediately notify us when you learn about an infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Mark, and you must not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense. We will take the action we think appropriate in these situations; we have exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Mark.

While we are not required to defend you against a claim arising from your use of our Marks, we will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, signs, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your franchised Restaurant for the new or modified Marks. There is no limitation on the costs you may be required to incur in complying with any designated changes or modifications. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not advertise on the Internet using, or establish, create or operate an Internet site or website using any domain name containing, the word “Salad House”, “Cioffi’s” or any variation thereof without our prior written consent.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. We own copyrights in the Confidential Operations Manual, textbooks, our website, our social media pages, our marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights. You may use these items only as we specify while operating the franchised Restaurant and you must stop using them if we direct you to do so.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating *The Salad House®* restaurants. We may provide our trade secrets and other confidential information to you during training, in the Operations Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your franchised Restaurant. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the franchised Restaurant. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to trade secrets or other confidential information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Non-disclosure and Non-Competition Agreement attached to the Franchise Agreement. An immediate family member is defined as a parent; sibling; child by blood, adoption, or marriage; spouse; grandparent or grandchild. A member of household includes any individual who resides at the same premises as the shareholder. We will be a third-party beneficiary with the right to enforce those agreements.

All ideas, concepts, techniques or materials concerning the franchised Restaurant and/or the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees, and you agree to assign to us all right, title and interest in any intellectual property so developed. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Your use of the Confidential Operations Manual, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in ITEM 17.

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED RESTAURANT

You, or if you are a corporation, limited liability company or other entity, at least one of your owners must (the "Responsible Owner"), must devote his or her full time and effort to the active management and operation of the franchised Restaurant; possess the authority and responsibility to manage and operate the franchised Restaurant and to represent and act on your behalf in all dealings with us. If you wish to hire a manager in addition to the Responsible Owner, that person must meet our educational, managerial and business standards, must not have any interest in any competitive business, and must attend and satisfactorily complete our initial training program (the "Designated Manager"). The Restaurant must always be under the direct, full-time, day-to-day supervision of the Responsible Owner or Designated Manager. You must keep us informed at all times of the identity of your Designated Manager. If you must replace the Designated Manager, your replacement must attend and satisfactorily complete our initial training program.

As described in ITEM 14, certain individuals associated with your franchised Restaurant, including your owners (and members of their immediate families and households), officers, directors, partners, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements the same as or similar to the Non-disclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the independent right to enforce the agreements.

If you are a corporation, limited liability company or other business entity, anyone who owns an interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Personal Guarantee attached to the Franchise Agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell the products, services and items we specify, including catering services. You may not sell any products that we have not authorized and you must discontinue offering any services or products that we disapprove. We may take action, including terminating your franchise if you purchase or sell unapproved products or services, or if you make purchases from unapproved suppliers. We may periodically change required or authorized services or products. There are no limits on our right to do so.

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on factors, including test marketing, your qualifications, and regional or local differences.

We do not place restrictions on you with respect to who may be a customer of your franchised business.

ITEM 17 THE FRANCHISE RELATIONSHIP

A - SINGLE-UNIT FRANCHISE AGREEMENT

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreement attached to this Disclosure Document. You should refer to your state's specific addendum attached to this Disclosure Document for exceptions to this Item 17.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a.	Length of the Franchise Term	Section 3.01	The term is 10 years.
b.	Renewal Or Extension Of The Term	Section 3.02	We will grant you a successor franchise agreement for a successor term of 5 years, subject to your eligibility and compliance with certain obligations.
c.	Requirements For You To Renew Or Extend	Sections 3.02	If you wish to obtain a successor franchise, you must sign our then- current franchise agreement with materially different terms or conditions than your original contract, pay us a successor franchise fee of $2,000, replace, upgrade or update equipment, sign a release, notify us in advance, not less than 180 days prior to the expiration of your then-current term of your desire to obtain a successor franchise, be in compliance with all terms and conditions of your existing franchise agreement, and complete any refresher training programs we may require.
d.	Termination By You.	Not Applicable	
e.	Termination By Us Without Cause	Not Applicable	
f.	Termination By Us With Cause	Article 17	We can terminate if you default.
g.	"Cause" Defined - Curable Defaults	Section 17.02 and 17.03	You have a designated time period within which to cure certain defaults, i.e., non-payment of fees (10 days) , non-submission of reports (5 days), default under other agreements between you and us, and other defaults under the Franchise Agreement (30 days).
h.	"Cause" Defined - Non-Curable Defaults	Sections 17.02.1-17.02.4, 17.02.9, 17.02.11, 17.02.20, 17.02.21, 17.02.22,	Non-curable defaults include: failure to timely obtain an approved location and all licenses, permits and approvals; failure to open the Restaurant timely; failure to complete training; if you file for

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		17.02.23, 17.02.25, and 17.02.26	bankruptcy, seek reorganization, liquidation or dissolution; abandonment of your Restaurant; conviction of felony, repeated defaults even if cured, loss or suspension of your business license, abandonment, trademark misuse, unapproved transfers; termination of other franchise agreements between you and us; and other defaults listed in Section 16.2.
i.	Your Obligations On Termination/Non-Renewal	Article 18	Obligations include complete de-identification and payment of all amounts due (see also r. below).
j.	Assignment Of Contract by Us	Section 16.01	There is no restriction on our right to assign.
k.	"Transfer" By You – Defined	Sections 16.02 and 16.03	Includes transfer of contract or assets or ownership change.
l.	Our Approval Of Transfer By You	Section 16.04	We have the right to approve all transfers but will not unreasonably withhold our approval.
m.	Conditions For Our Approval Of Transfer By You	Section 16.04	New franchisee qualifies, transfer fee paid, training arranged, release signed by you and current agreement signed by new franchisee (also see r. below).
n.	Our Right Of First Refusal To Acquire Your Franchise	Section 16.05	We can match any offer for your franchise.
o.	Our Option To Purchase Your Franchise	Section 18.02	We have the option to purchase your franchise upon expiration or termination of the Franchise Agreement.
p.	Your Death Or Disability	Section 16.07	Franchise must be assigned by your estate to an approved buyer within six months.
q.	Non-Competition Covenants During The Term Of The Franchise	Section 19.02	No involvement in a competing business.
r.	Non-Competition Covenants After The Franchise Is Terminated Or Expires	Section 19.03	No involvement in a competing business for two years at the Approved Restaurant Location, within a 25-mile radius of the Approved Restaurant Location, within a 25-mile radius of any other Restaurant (including after assignment), or within the state of New Jersey.
s.	Modification Of The Agreement	Section 26.05	No modifications to the Franchise Agreement unless the modifications are in writing and signed by both parties. We may change the Operations Manual and System Standards at any time.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
t.	Integration/Merger Clause	Section 26.05	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.
u.	Dispute Resolution By Arbitration Or Mediation	Section 25.02 and 25.03	With the exception of actions by SHF under Section 24.4 of the Franchise Agreement, all claims must first be mediated prior to arbitration or litigation. Except for certain claims, all disputes must be arbitrated in New Jersey. The arbitration will occur with each respective party paying their own costs.
v.	Choice Of Forum	Section 25.01	Litigation must be in the state or Federal courts in the State of New Jersey. (Subject to state law. See the state specific addenda attached to this Disclosure Document)
w.	Choice Of Law	Section 25.01	New Jersey law. (Subject to state law. See the state specific addenda attached to this Disclosure Document)

B - AREA DEVELOPMENT AGREEMENT

This table lists important provisions of the Area Development Agreement. You should read these provisions in the Area Development Agreement attached to this FDD.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
	a. Term of the franchise	Section 5.1	Commences on the date of the ADA is signed and ends on the last Development Deadline of the Development Schedule.
	b. Renewal or extension of the term	Section 5.1	The ADA is not subject to renewal.
	c. Requirements for you to renew or extend	None	Not Applicable
	d. Termination by you	None	Not Applicable
	e. Termination by us without cause	None	Not Applicable
	f. Termination by us with cause	Section 5.2	We can terminate you for cause.
	g. “Cause” defined – defaults which can be	Section 5.2	If you commit a default under the ADA (other than the type of default disclosed in

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
	cured		(h) below, which defaults are non-curable), you have 15 days after you receive notice from us to cure the default identified in the notice.
	h. "Cause" defined – non-curable defaults	Section 5.2	We have the right to terminate the ADA effective immediately on notice to you if you commit a Material Default, including: (i) you fail to meet your Minimum Development Obligations; (ii) you commit any conduct that impairs the goodwill associated with the marks or otherwise causes harm to us or the reputation of the brand or the System; (iii) the termination of any Franchise Agreement entered into by you or any of your affiliates and us and any of our affiliates; (iv) uncured default under any such Franchise Agreement; (v) violation of the confidentiality and/or non-competition covenants; and (vi) failure to cure any other default within 15 days after notice.
	i. Your obligations on termination/nonrenewal	Section 5.3, Section 7.1.2, 7.3	Comply with covenants and all post-term obligations of the ADA.
	j. Assignment of contract by us	Section 6.1	No restriction on our right to assign.
	k. "Transfer" by you – definition	Section 6.2	Includes transfer of the ADA or your ownership change.
	l. Our approval of transfer by you	Section 6.2	You are not permitted to assign or transfer the ADA.
	m. Conditions for our approval of transfer	Not applicable	You have no right to transfer or assign the ADA.
	n. Our right of first refusal to acquire your business	None	Not Applicable
	o. Our option to purchase your business upon termination or non-renewal	None	Not Applicable
	p. Your death or disability	None	Not Applicable
	q. Non-competition covenants during the term of the franchise	Section 7.1.1	You may not (a) own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any Competing Business (as defined in the franchise agreement), other than any other Restaurant; or (b) divert or attempt to divert any business or customer or prospect of the

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
			Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.
	r. Non-competition covenants after the franchise is terminated or expires	Section 7.1.2	During the two-year period after expiration or termination of this Agreement, you and your owners, officers and agents will not directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business that is located: (a) anywhere in the Development Area; (b) within a 25-mile radius of the Development Area; or (c) within a 25-mile radius of any Restaurant in operation, under lease, or under construction as of the date of termination or expiration, as applicable. During the two-year period after expiration or termination of this Agreement, you and your owners, officers and agents will not directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any franchise system that is offering or selling the right to develop, open or operate Competitive Businesses anywhere in the United States. The covenants not to compete are in addition to and not in lieu of your express agreements set forth above to not use any trade secrets, confidential information or personal contacts except as authorized by us.
	s. Modification of the agreement	Section 9.10	No modification except by written agreement signed by both parties.
	t. Integration/merger clause	Section 9.10	Only the terms of the ADA are binding (subject to state law). Any representations made outside of the disclosure document and ADA may not be enforceable.
	u. Dispute resolution by arbitration or mediation	Sections 8.1 and 8.2	Except for certain claims, all disputes must be mediated and if not resolved through mediation, arbitrated (subject to state law).
	v. Choice of forum	Section 9.1	Mediation and arbitration must be held in Morris County, New Jersey (subject to state law). (or, if our corporate headquarters is no

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
			longer in Morris County, New Jersey, the county in which our corporate headquarters is then-located)
	w. Choice of law	Section 9.1	New Jersey law applies (subject to state law).

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

HISTORIC FINANCIAL PERFORMANCE REPRESENTATION

Written substantiation for this financial performance representation is available to you upon request.

As of the issuance date of this Disclosure Document, there were five Salad House® restaurants open and operating: two of which are owned and operated by affiliates; one of which was previously owned and operated by our affiliate and sold to a franchisee in 2019; and two of which are independently owned and operated by franchisees. The restaurants included in this Item 19 are collectively referred to as the "Item 19 Restaurants". We have excluded franchised restaurants operating for less than a full year as of April 29, 2022.

GROSS SALES	2017	2018	2019	2020	2021
Millburn	$535,636.28	$651,222.96	$889,692.78	$1,051,324.88	$1,332,911.13
Morristown	$1,026,345.90	$1,083,274.20	$1,240,061.54	$1,243,005.67	$1,597,198.02
Westfield	$658,673.28	$815,734.76	$1,142,021.45	$1,324,391.80	$1,833,754.48
Somerville		$606,713.01	$693,235.39	$398,615.71*	
Livingston					$1,221,317.55
Montclair					$1,564,960.36

**Reflects data from January 1, 2020, through September 2020.*

Notes to Table:

1. General. The information presented in the above table reflects total annual Gross Sales for each of the Item 19 Restaurants for the calendar years listed.

2. Information Regarding Item 19 Restaurants. Each of the Item 19 Restaurants are located in the state of New Jersey in suburban areas. With the exception of the Westfield Restaurant, which is restricted from selling smoothies due to lease restrictions imposed under the lease agreement for the premises, all of the Item 19 Restaurants offer a menu that is substantially similar to the current approved menu offerings for franchised restaurants.

- ❖ The Millburn Restaurant was owned and operated by our affiliate from November 2011 until it was sold to a franchisee in November 2019, and continues to be operated by that franchisee.
- ❖ The Morristown Restaurant is owned by our affiliate and opened for business in April 2014.
- ❖ The Westfield Restaurant is owned by an affiliate and opened for business in February 2017.
- ❖ The Livingston Restaurant is independently owned and operated by System franchisees, and first opened for business in Somerville, New Jersey, in March 2018. The Somerville location closed in September 2020 and was relocated to Livingston, New Jersey, where it reopened in February 2021.
- ❖ The Montclair Restaurant opened in January 2021.

3. Gross Sales Definition. For purposes of this Item 19, the term "Gross Sales" means all revenue generated by the applicable restaurant over the calendar year stated, as reported to us through the POS system, which reflects revenue generated before payment of any taxes, tips, discounts and comps.

4. Unaudited Information. The information presented in this Item 19 has not been audited.

Some Restaurants have sold these amounts. Your individual results may differ. There is no assurance that you'll sell as much.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our Chief Executive Officer, Giuseppe Cioffi, 133 Prospect Street, Suite 1, Westfield, New Jersey, 07092, 973-644-4049, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2019 TO 2021				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	2019	1	2	+1
	2020	2	1**	-1
	2021	1	3	+2
Company-Owned*	2019	3	2	-1
	2020	2	2	0
	2021	2	2	0
Total Outlets	**2019**	**4**	**4**	**0**
	2020	**4**	**3**	**-1**
	2021	**3**	**5**	**+2**

*The company-owned outlets are owned and operated by our affiliates.

** The Somerville Restaurant located at 54 West Main Street, Somerville, New Jersey, 08876, closed in September 2020 to relocate to Livingston, New Jersey, where it reopened in February 2021.

Table No. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2019 TO 2021		
State	**Year**	**Number of Transfers**
All States	2019	0
	2020	0
	2021	0
Total	**2019**	**0**
	2020	**0**
	2021	**0**

Table No. 3

STATUS OF FRANCHISEE OUTLETS FOR YEARS 2019 TO 2021								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Terminations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations – Other Reasons**	**Outlets at End of the Year**
New Jersey	2019	1	1*	0	0	0	0	2
	2020	2	0	0	0	0	1**	1
	2021	1	2	0	0	0	0	3

STATUS OF FRANCHISEE OUTLETS FOR YEARS 2019 TO 2021								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Terminatio ns**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations – Other Reasons**	**Outlets at End of the Year**
Total	**2019**	**1**	**1**	**0**	**0**	**0**	**0**	**2**
	2020	**2**	**0**	**0**	**0**	**0**	**1****	**1**
	2021	**1**	**2**	**0**	**0**	**0**	**0**	**3**

*This outlet was previously owned and operated by our affiliate and was sold to a franchisee in November 2019.

**The Somerville Restaurant located at 54 West Main Street, Somerville, New Jersey, 08876, closed in September 2020 to relocate to Livingston, New Jersey, where it reopened in February 2021.

Table No. 4

STATUS OF COMPANY-OWNED* OUTLETS FOR YEARS 2019 TO 2021							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of the Year**
New Jersey	2019	3	0	0	0	1	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
Total	**2019**	**3**	**0**	**0**	**0**	**1**	**2**
	2020	**2**	**0**	**0**	**0**	**0**	**2**
	2021	**2**	**0**	**0**	**0**	**0**	**2**

*The company outlet is owned and operated by our affiliate.

Table No. 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2021			
State	**Franchise Agreements Signed But Outlet Not Yet Opened**	**Projected New Franchised Outlets In The Next Fiscal Year**	**Projected New Company-Owned Outlet in the Next Fiscal Year**
NJ	12	5	0
Total	**12**	**5**	**0**

As of the issuance date of this disclosure document, no system franchisees have signed confidentiality clauses restricting their ability to speak openly about their personal experience with us during the last three fiscal years.

Current franchisee information, including store addresses and telephone numbers, is disclosed in Exhibit D to this Disclosure Document. Attached as Exhibit E is a list of the name, city and state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who has had a franchise terminated, transferred, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

As of the Issuance Date of this Disclosure Document, there were no trademark-specific franchisee organizations associated with the System that have either been created, sponsored or endorsed by us, or that have been incorporated or otherwise organized under state law and have requested us to be included in this Disclosure Document within the 60-day period following the close of our fiscal year.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit F are our audited financial statements for the fiscal years ended December 31, 2021, December 31, 2020, and December 31, 2019, and our unaudited financial statements as of June 30, 2022.

Our fiscal year end is December 31.

ITEM 22 CONTRACTS

THE FOLLOWING AGREEMENTS PROPOSED FOR USE IN THIS STATE ARE ATTACHED AS EXHIBITS TO THIS DISCLOSURE DOCUMENT:

EXHIBIT B Franchise Agreement
EXHIBIT C Area Development Agreement
EXHIBIT G Sample Release
EXHIBIT I State Specific Addenda

ITEM 23 RECEIPTS

The last pages of this Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Disclosure Document with an issuance date of April 29, 2022, by you. Please note that the issuance date is not the effective date for any registration state. Please refer to the state effective dates provided at the end of this Disclosure Document, immediately preceding the Receipt pages, under the page titled "State Effective Dates - 2022." You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to: Megan McAleer at 133 Prospect St, Suite 1, Westfield, NJ 07092 or at megan@thesaladhouse.com.

EXHIBIT A
TO THE FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Securities Division 1511 Pontiac Avenue, Building 68-2 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of South Dakota Division of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B
TO THE FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

SALAD HOUSE FRANCHISING LLC
FRANCHISE AGREEMENT

THIS AGREEMENT (this "Agreement") is made and entered into this ____________________________, (the "Effective Date") by and between Salad House Franchising LLC, a New Jersey limited liability company, with its principal place of business at 133 Prospect Street, Suite 1, Westfield, New Jersey, 07092 ("Franchisor," "SHF," "we," "us," or "our"), ____, a(n) _______ ____, with its principal place of business located at ____, and ______________'s principals _ ____________________, an individual, residing at ____ _______, and _________________________________, an individual, residing at ______________ ______________________________________ ("Principal(s)"). _______________________________ and Principal(s) shall be collectively referred to in this Agreement as "Franchisee", "you", or "your".

BACKGROUND

A. SHF is the franchisor of the *The Salad House* franchise system (the "System"), which System involves the establishment and operation of casual restaurants offering fresh salads and other food prepared to order and served quickly for dine-in, delivery or carry-out customers, presently including salads, soups, wraps, pizza, and other dishes; pre-packaged foods and beverages; and catering services.

B. The characteristics of the System currently include: sales and operating methods; interior and exterior design; décor; layout; fixtures and furnishings; food preparation and presentation techniques; customer service and development techniques; procedures for inventory and management control; standards and procedures for efficient business operations; training and assistance; marketing programs; and menu items, all of which may be changed, discontinued, improved and further developed from time to time by SHF.

C. SHF identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, without limitation, the marks "*The Salad House*", and the *Salad House* logo, and/or such other different and/or additional trade names, trademarks, and service marks as are now designated and may hereafter be designated by SHF in writing for use in connection with the System (collectively, the "Marks").

D. SHF has the right to establish brand standards and specifications for various aspects of the System (as may be prescribed and/or modified by SHF from time to time, the "Standards and Specifications"), including, among others, standards and specifications related to: location selection; the Restaurant's physical characteristics; operating procedures; products and services offered; supplier qualifications; training; marketing; and other aspects that affect and/or relate to enhancement and protection of the brand.

E. You desire to enter into the business of operating a Restaurant under the System and to obtain a franchise from SHF for such purpose.

F. You have had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement and have had sufficient time and opportunity to evaluate and investigate the business concept and the procedure and financial requirements associated with the business, as well as the competitive market in which the business franchised under this Agreement shall operate.

G. You understand and acknowledge the importance of SHF's high standards of quality, cleanliness, appearance, and service, and the necessity of operating the business franchised under this Agreement in conformity with SHF's Standards and Specifications.

AGREEMENT

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agree as follows:

ARTICLE 1. GRANT OF LICENSE; RESERVATION OF RIGHTS

1.01 Grant of License. Subject to the terms and conditions contained in this Agreement, SHF hereby grants to you, and you hereby accept, the right and nonexclusive license to operate a single Restaurant (the "Franchised Restaurant") at the Approved Restaurant Location (as such term is defined in Attachment 2), and to use the Marks and the System solely in connection with the operation of the Franchised Restaurant. You acknowledge and agree that you are obligated to operate the Franchised Restaurant for the duration of the Term (as defined in Section 3.01 below) and that you shall not engage in any other business at the Approved Restaurant Location during the Term. The background paragraphs A through G set forth at the beginning of this Agreement are hereby incorporated by reference as if set forth fully herein.

1.02 Protected Territory Rights. During the Term of this Agreement, so long as you are in substantial compliance with your obligations under this Agreement, and subject to SHF's Reservations of Rights set forth in Sections 1.3 and 1.4 below, SHF shall not establish, nor license to any other person the right to establish, a Restaurant under the System at any location within the geographic area described in Attachment 2 (the "Protected Territory"). SHF maintains the right to revoke your Protected Territory upon a material breach of this Agreement, including, without limitation, your failure to comply with your continuing obligation to pay Royalty Fees.

1.03 Reservation of Rights. You expressly acknowledge that the license granted to you under this Agreement is nonexclusive and that any territorial protection afforded to you in connection therewith relates solely to your use of the Marks and the System in connection with the operation of the Franchised Restaurant at the Approved Restaurant Location during the Term. SHF retains all other rights. Specifically, but not exclusively, and without limiting the generality of the foregoing, SHF, and/or its affiliates, has the right, without granting you any rights therein, to:

1.03.1 establish, and/or license to others the right to establish, restaurants and/or businesses under other systems, using other proprietary marks, which offer or sell other products and services within the Protected Territory;

1.03.2 market, sell and distribute, directly or indirectly, or license to others the right to market, sell and distribute, directly or indirectly, any products, from any location or to any purchaser (whether within or outside the Protected Territory), using the Marks or other trademarks or service marks through alternative channels of distribution, including through the Internet, supermarkets and wholesale distribution centers;

1.03.3 advertise and promote the System within the Protected Territory;

1.03.4 establish and operate, and to license others to establish and operate, a Restaurant or business at any location outside the Protected Territory, notwithstanding such business's proximity to the Protected Territory; and

1.03.5 acquire, be acquired by, merge or affiliate with, or engage in any transaction with any other business (whether or not these businesses are competitive), including competing franchise systems with restaurants operating in the Protected Territory. You acknowledge that, in the event that SHF acquires a competitive business or a competitive franchise in the Protected Territory, SHF has the right to operate, or license to a third party the right to operate, such competitive business in the Protected Territory under the Marks without affording you any rights thereto or providing you with any compensation therefor.

1.04 Special Venues. SHF shall have the right to develop, open and operate, and to license to others the right to develop, open and operate, Restaurant(s) in any Special Venues, including any Special Venue located within the Protected Territory, without providing you any rights thereto or compensation therefor. The term "Special Venues" shall mean non-traditional venues, including, without limitation, travel centers, airports, schools, railroad/railway stations, bus stations, government institutions and facilities, hospitals, shopping mall food courts, military installations, stadiums, arenas, convention centers, casinos, boardwalks, amusement parks, theaters, "big box" retail stores, and other locations within institutional or public facilities.

1.05 Modifications to the System.

1.05.1 You understand and agree that the System shall not remain static, even in the face of, among other things, unforeseen changes in technology, competitive circumstances, economic circumstances, demographics, populations, consumer trends, societal trends, regulations, and other marketplace variables. Accordingly, you expressly understand and agree that SHF may, in its sole and absolute discretion, supplement, improve, and otherwise modify the System at any time in the future. In the interest of preserving the integrity of the System, SHF shall have full control and discretion over such developments, and you shall comply with all of SHF's requirements in that regard, including, without limitation, offering and selling new or different products or services, participating in specific promotions, including price-point promotions, or discontinuing the sale of certain products or the offering of certain services. Upon reasonable notice by SHF of any System modifications, you shall be required to comply with any such modifications within the time period specified in the notice. SHF shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby.

1.05.2 If you or any of your owners, if you are a Legal Entity (as defined in Section 20.01 below), or any of your employees, develop any new modification, concept, process, improvement or slogan related to the operation or promotion of the Franchised Restaurant or the System, the same shall be deemed a work made for hire. You shall promptly notify SHF of, and provide SHF with all necessary information regarding, such modification, concept, process, improvement or slogan. You acknowledge that any such modification, concept, process, improvement or slogan shall become SHF's sole and exclusive property and that SHF may use, and allow other franchisees to use, the same in connection with the System and the operation of Restaurants, without compensation to you.

1.06 Acknowledgments; No Additional Rights.

1.06.1 You hereby acknowledge that, as a franchisee, you are required to comply with the Standards and Specifications, which SHF has the right to (and expects to) change and modify over time. SHF's Standards and Specifications shall be communicated to you in writing through SHF's Operations Manual (as defined in Section 11.01 below) and in any other form that SHF may deem necessary or desirable from time to time. You acknowledge that complete uniformity may not be possible or practical throughout the System. You further acknowledge and agree that SHF is under no obligation to continue to offer or to sell franchise opportunities in the future and may elect to cease offering and selling franchises at any time in SHF's sole and absolute discretion without any liability to you.

1.06.2 You acknowledge and agree that this Agreement relates solely to, and is limited to, the operation of the Franchised Restaurant at the Approved Restaurant Location, and affords you no right, title or interest in any additional franchises to be operated at any other location (subject to relocation of the Franchised Restaurant, if authorized, in accordance with the terms and conditions of this Agreement). You shall not, without the express written permission of SHF, which permission may be withheld in SHF's sole and absolute discretion, offer or sell products or services through any other means or locations, including, without limitation, retail or wholesale stores, supermarkets, grocery stores, convenience stores, temporary locations, portable carts, kiosks or trailers, catalogs, mail order or electronic means (including the Internet).

ARTICLE 2. APPROVED RESTAURANT LOCATION

2.01 Site Selection Process.

2.01.1 If you have not secured an Approved Restaurant Location as of the Effective Date, you shall at your sole cost and expense: (a) find a location within the Site Search Area (as set forth in Attachment 2), which location shall be subject to SHF's prior approval in accordance with Section 2.01.2 below; (b) within ninety (90) days after signing this Agreement, enter into a binding lease agreement for the location in accordance with the terms and conditions set forth in Section 2.02 below; and (c) as soon as possible after execution of the lease agreement, begin constructing and equipping the Franchised

Restaurant in strict accordance with Article 9 hereof and each of SHF's then-current standards, procedures, plans and specifications.

2.01.2 You shall submit a proposed location for the Franchised Restaurant in writing in advance to SHF for approval of the location, which approval may be granted or withheld in SHF's sole and absolute discretion. SHF shall approve or disapprove the proposed location within 30 days after the date that SHF receives all information that SHF requests regarding the proposed location. If SHF does not approve or disapprove the proposed location within this 30-day period, the proposed location shall be deemed disapproved.

2.01.3 You acknowledge that the selection, procurement and development of the site for the Franchised Restaurant are your responsibility. You further acknowledge that SHF's approval of a site and/or rendering of assistance in the selection of any site does not constitute a representation, promise, warranty or guarantee, express or implied, by SHF, its officers, employees, directors or agents, as to the potential sales volume, profits, or success of the Franchised Restaurant to be developed, opened and operated by you at such location. SHF shall not be liable to you in any way with respect to any assistance that SHF provided to you during the site selection process, and/or in SHF's recommendation or approval of any site location.

2.01.4 If you do not secure an Approved Restaurant Location within 90 days after signing this Agreement, SHF has the right to immediately terminate this Agreement.

2.01.5 Once the location for the Franchised Restaurant is secured in accordance with the terms of this Agreement, the parties shall amend the Attachment 2 to identify the approved location as the "Approved Restaurant Location."

2.02 Lease Requirements.

2.02.1 You shall acquire or lease the Approved Restaurant Location at your expense. If you lease the Approved Restaurant Location, you shall obtain SHF's prior written approval, which may be granted or withheld in SHF's sole and absolute discretion, before entering into a lease agreement. Before you sign any lease agreement, you shall provide a copy of the proposed lease agreement to SHF for its review. You are not a third-party beneficiary of the lease review. You agree that SHF does not guarantee that the terms, including rent, shall represent the most favorable terms available in the market. If SHF is required to engage in more than one lease review for the proposed franchised location (or a different proposed franchised location), you shall pay SHF or its designated supplier a Lease Review Fee for each lease review SHF undertakes. SHF is not required and has no obligation to negotiate the terms of your lease. You shall provide SHF with a copy of your fully executed lease agreement immediately after signing.

At a minimum, SHF requires the inclusion of the Lease Rider in the form attached to this Agreement as Attachment 3, and the following provisions in the lease:

(1) The requirement that you and the landlord execute and deliver to SHF a collateral assignment of your rights under the lease (in substantially the form attached hereto as Attachment 3, the "Collateral Assignment of Lease"), pursuant to which you shall,

at SHF's option, assign all of your rights under the lease to SHF or its designee upon termination or expiration of this Agreement;

(2) A provision that if you fail to timely pay all amounts due to SHF or the lessor, SHF has the right to charge and collect from you all resulting costs and expenses incurred by, and penalties imposed on, SHF;

(3) A provision which restricts the use of the premises solely to the operation of the Franchised Restaurant;

(4) A provision which prohibits you from subleasing or assigning all or any part of your occupancy rights, or extending the term of or renewing the lease, without SHF's prior written consent, which SHF may withhold in its sole and absolute discretion;

(5) A provision giving SHF the right to enter the premises to make modifications necessary to protect the Marks or the System, or to cure any default under this Agreement, including the right to de-identify the Approved Restaurant Location as a Restaurant and to remove and/or destroy any objects or others materials bearing any of the Marks; and

(6) Any other provision which SHF deems necessary in its sole and absolute discretion.

2.03 Lease Renewal Efforts. If the term of the lease for the Franchised Restaurant is shorter than the Term, you agree to use your best efforts to obtain a renewal of the existing lease of the Franchised Restaurant premises, or a new lease for the Franchised Restaurant premises, to enable you to continue to operate the Franchised Restaurant at the Approved Restaurant Location for the duration of the Term. You shall provide SHF with written notice of your lease expiration no later than eight (8) months prior to the expiration of your lease term.

2.04 Relocation. You may not relocate the Franchised Restaurant unless you: (1) obtain SHF's prior written consent, which may be granted or withheld in SHF's sole and absolute discretion; and (2) meet and satisfy each of the following conditions at the time of such relocation: (a) you are not in default under this Agreement or any other Agreement with SHF or any of its affiliates; (b) you and all persons and entities that have executed the personal guarantee (in substantially the form attached hereto as Attachment 4, the "Personal Guarantee") agreeing to be bound by your obligations under this Agreement (each a "Guarantor", collectively "Guarantors") have agreed to cancel this Agreement and to execute the then-current form of franchise agreement, which shall include a term equal to the then-remaining term of this Agreement; (c) you have secured a site which meets with SHF's then-current size and demographic requirements, and if you are leasing the space, you have submitted the proposed lease agreement for SHF's review and have paid SHF's then-current lease review fee; (d) you have agreed to equip and furnish your new Franchised Restaurant so that it meets the then-current standards, procedures, plans and specifications applicable to new Restaurants; (e) you and your Guarantors and owners have executed a general release, in a form satisfactory to SHF, of any and all claims against SHF, its affiliates, parents, subsidiaries and their respective members, managers, directors, officers, shareholders, partners, agents, representatives, servants, and employees, in both their corporate and individualized capacities, including, without limitation, claims arising under this Agreement, any other agreement between you and SHF or its affiliates, and all federal, state and local laws and rules, to the fullest extent permitted by law; (f) you shall comply with the Grand Opening Expenditure required for relocation under Paragraph 14.05; and (g) you have agreed that you shall require no more than one (1) day to move all equipment from the old Approved Restaurant Location to the new Approved Restaurant Location and shall not cease operations of the Franchised Restaurant for any period longer than such one (1)-day period. If SHF consents to the relocation, Franchisee must pay to SHF a "Relocation Fee" of $5,000 immediately upon receipt of SHF's written consent, and shall timely comply with any and all conditions imposed by SHF in connection with any such approved relocation, including, without limitation, compliance with site selection criteria, construction and build-out requirements, lease requirements, and opening requirements.

ARTICLE 3. TERM & SUCCESSOR FRANCHISE

3.01 Initial Term. The initial term of this Agreement shall commence on the Effective Date and shall expire ten (10) years from the Effective Date, unless sooner terminated by SHF in accordance with the terms of this Agreement (the "Initial Term" or "Term").

3.02 Successor Franchise Agreement. Upon the expiration of the Initial Term, Franchisee will have the option to obtain a Successor Franchise Agreement for an additional ten (10)-year term (the "Successor Term"), providing that this Agreement has not yet been terminated and you comply with each of the conditions set forth below:

3.02.1 You deliver written notice to SHF of your desire to obtain a Successor Franchise Agreement no later than one hundred eighty (180) days prior to the expiration of the Initial Term;

3.02.2 You are not in default of any provision of this Agreement, any amendments to this Agreement, or any other agreement between you (or any of your owners, Guarantors or affiliates) and SHF and/or its subsidiaries and affiliates at the time you deliver the notice required under Section 3.02.1 above, or on the date that the Initial Term expires;

3.02.3 You have not received more than three (3) written notices of default of this Agreement during the Initial Term, nor more than two (2) such notices during the five (5) years immediately preceding the expiration of the Initial Term;

3.02.4 You have satisfied all monetary obligations owed by you to SHF and SHF's subsidiaries and affiliates;

3.02.5 You agree to make any renovations and improvements to the Franchised Restaurant as SHF may deem necessary or advisable to modernize, renovate, equip and decorate the Franchised Restaurant to reflect SHF's then-current System standards;

3.02.6 At least thirty (30) days before the Initial Term expires, you execute SHF's then-current form of franchise agreement (the "Successor Franchise Agreement"), which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement and may include increased fees (including an increased Royalty Fee and Brand Fund Contribution); *provided*, *however*, that you shall not be required to pay another initial franchise fee;

3.02.7 You execute a general release, in a form prescribed by SHF, of any and all claims against SHF, its officers, directors, managers, employees and agents, as well as SHF's affiliates, parents and subsidiaries and their respective officers, directors, managers, employees and agents;

3.02.8 You comply with SHF's then-current qualification and training requirements; and

3.02.9 You pay to SHF a successor franchise fee equal to Two Thousand Dollars ($2,000).

For the avoidance of doubt, you understand and agree that the option to obtain a Successor Franchise Agreement shall be forfeited if you fail to comply with the conditions set forth in this Section 3.02.

ARTICLE 4. CONSTRUCTION AND OPENING

4.01 Construction Requirements.

4.01.1 Plans and Specifications. SHF shall provide you with SHF's then-current generic, prototypical plans for a typical Restaurant, which may consist solely of a sample layout for the interior of a typical franchised location. You acknowledge that such plans and specifications shall not contain the requirements of any federal, state, or local law, code, or regulation (including, without limitation, those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build the Franchised Restaurant. It shall be your sole and absolute responsibility to construct the Franchised Restaurant in accordance with all applicable laws, including the ADA and the local laws, rules and regulations governing public accommodations.

4.01.2 Adaptation of Plans and Specifications. You shall, at your sole cost and expense, employ architects, designers, engineers or others as may be necessary to complete, adapt, modify or substitute the sample plans and specifications of SHF prior to commencing construction of the Franchise Restaurant. SHF shall have the right to review such plans and specifications to determine compliance with brand standards and specifications, and shall either approve the plans and specifications, in the manner specified in Section 4.01.3 below, or disapprove them and provide comments thereon.

4.01.3 SHF Approval. You shall not commence construction of the Franchised Restaurant until SHF approves, in writing, the final plans and specifications to be used in constructing the Franchised Restaurant. Once the final plans are approved, you shall cause the Restaurant to be completed in full accordance therewith.

4.01.4 Alterations and Modifications. If SHF determines that the Franchised Restaurant is not being built, or was not built, in full accordance with the final plans, SHF shall have the right to require you to cause to be made all alterations or modifications of the Franchised Restaurant that SHF deems necessary. SHF may consult with you, to the extent SHF deems necessary, on the construction and equipping of the Franchised Restaurant, but it shall be and remain your sole responsibility to diligently design, construct, equip and otherwise ready and open the Franchised Restaurant.

4.01.5 Zoning and Permits. You shall be responsible, at your expense, for obtaining all zoning classifications, permits, clearances, certificates of occupancy, and Franchised Restaurant clearances, which may be required by governmental authorities for the Franchised Restaurant.

4.01.6 Insurance Coverage. You shall obtain and maintain in force, during the entire period of such construction, such insurance policies and for such amounts as set forth in this Agreement and as SHF may designate in its sole and absolute discretion.

4.01.7 Licensed Contractors. You shall use licensed general contractors, designers and architects to perform any and all construction work at the Franchised Restaurant, including in connection with any remodeling or renovations. SHF expressly disclaims any warranty of the quality or merchantability of any goods or services provided by architects, contractors, or any other persons or entities to which SHF may refer to you. SHF is not responsible for delays in the construction, equipping or decoration of any Franchised Restaurant or for any loss resulting from the Franchised Restaurant design or construction. You acknowledge that SHF has no control over the landlord or any developer and numerous construction and/or any related problems that could occur and delay the opening of the Franchised Restaurant.

4.01.8 SHF Access to Restaurant and Progress Reports. SHF shall have access to the Franchised Restaurant at all times during the Term, including while work is in progress, and shall require alterations or modifications of the construction of the Franchised Restaurant as SHF may deem necessary or appropriate in its sole and absolute discretion.

4.01.9 Final Inspection; Approval. You shall promptly notify SHF of the date of completion of the construction of the Franchised Restaurant and, within ten (10) days thereafter, SHF shall have the right to conduct a final inspection of the Franchised Restaurant. You shall not open the Franchised Restaurant for business without the express written authorization of SHF, and SHF's authorization to open may be conditioned upon your strict compliance with the specifications of the approved final plans and with the standards of the System.

4.01.10 Completion and Opening Requirements. You shall complete construction of the Franchised Restaurant (including all exterior and interior carpentry, electrical, plumbing, painting, and finishing work, and installation of all furniture, fixtures, equipment, and signs) in accordance with the plans approved in writing by SHF, at your expense, and open the Franchised Restaurant no later than the earlier to occur of: (a) two hundred seventy (270) days after the Effective Date; or (b) one hundred eighty (180) days after the date on which you enter into a valid and binding lease agreement or purchase agreement, as applicable, for the Approved Restaurant Location (the "Required Opening Date").

4.02 Installation of Equipment, Furnishings, Fixtures and Signs / Decor.

4.02.1 You shall install and use in and about the Franchised Restaurant only such equipment, fixtures, furnishings, interior and exterior signage, and other personal property which strictly conforms to the appearance, uniform standards, specifications and procedures of SHF and the System, as may be revised from time to time in SHF's sole and absolute discretion. Such items are sometimes referred to herein collectively as the "Equipment and Furnishings". You shall purchase and install all Equipment and Furnishings only from those suppliers which SHF designates or approves in its sole and absolute discretion. SHF shall have the right to retain any rebates or incentives offered by such vendors or suppliers. SHF and/or its affiliates reserves the right to be one of the suppliers, or the sole supplier, of any Equipment and Furnishings and may derive revenue, benefits, or other material consideration from such purchases. SHF shall have the right to inspect and approve all Equipment and Furnishings and their installation to ensure your compliance with SHF's Standards and Specifications.

4.02.2 You agree that all décor of the Franchised Restaurant shall be previously approved by SHF and shall comply with SHF's Standards and Specifications, as described in the Operations Manual, this Agreement, or in such other written communications provided to you by SHF, which communications may be periodically revised. SHF owns all intellectual property rights, including, without limitation, all copyrights, in and to all forms of art or other visual media displayed in your Franchised Restaurant including pictures, drawings, photographs and all other items that SHF directs you to display (the "Art"). You shall not, without SHF's prior written consent, allow any of the Art to become a fixture of your Franchised Restaurant and you shall not display or use the Art in any other business, including any Competitive Business (as defined in Section 19.02.2 below). Your failure to maintain your Franchised Restaurant's décor in compliance with SHF's Standards and Specifications, the Operations Manual, or any other policy of SHF constitutes a material breach of this Agreement.

4.03 Initial Inventory Package, Equipment, Furniture and Supplies.

4.03.1 After you sign this Agreement, SHF shall give you a list of the start-up inventory, furniture, fixtures, software, equipment and supplies that SHF requires you to obtain before you open your Franchise Restaurant (the "Initial Inventory Package"), together with a list of any designated or approved suppliers.

4.03.2 You shall purchase the Initial Inventory Package from suppliers designated or approved by SHF before you open the Franchised Restaurant. SHF does not provide any warranty or service guaranty of any item, including, without limitation, any inventory item.

4.03.3 Unless SHF designates otherwise in writing, you shall establish independent commercial relationships with SHF's approved or designated suppliers for specific items. You shall establish independent commercial relationships with other suppliers for the goods and services for which SHF only provides specifications. SHF's list of approved suppliers and specifications for goods and services shall be set forth in the Operations Manual, the Initial Inventory Package, or in such other materials provided to you by SHF from time to time.

ARTICLE 5. FEES

5.01 Initial Fees.

5.01.1 Initial Franchise Fee. In consideration of the franchise granted under this Agreement, you shall pay to SHF, upon or prior to the execution of this Agreement, an initial franchise fee of Forty Thousand Dollars ($40,000) (the "Initial Franchise Fee"). The Initial Franchise Fee is deemed fully earned and non-refundable upon payment.

(1) Existing Franchisee Discount. Provided that you are, at all times during the term of this Agreement, in strict compliance with this Agreement and any and all other franchise agreements entered into by and between you, or any of your owners or affiliates, and SHF, or any of its affiliates, successors or assigns, then, SHF will agree to reduce the initial franchise fee for your second and each additional Restaurant to $30,000 per additional Restaurant.

(2) Qualified Veteran Discount. If you are a qualified veteran or active member of the military, and you are in strict compliance with this Agreement and any and all other franchise agreements entered into by and between you, or any of your owners or affiliates, and SHF, or any of its affiliates, successors or assigns, then, SHF will agree to reduce the initial franchise fee due under this Agreement to $30,000.

5.02 Royalty Fee. During the Term, you shall pay to SHF, without offset, credit or deduction of any nature, a continuing nonrefundable royalty fee equal to six percent (6%) of Gross Sales (as defined in Section 5.08 below) (the "Royalty Fee"). The Royalty Fee shall be due and payable in accordance with Section 5.05 below.

5.03 Brand Fund Contribution. During the Term, you shall pay to SHF or its designee a continuing Brand Fund Contribution of up to one percent (1%) of Gross Sales, as designated by SHF (the "Brand Fund Contribution"). The Brand Fund Contribution shall be due and payable in accordance with Section 5.05 below and the following provisions:

5.03.1 Brand Fund Contribution payments shall be due and payable in accordance with sections 5.05 and 5.05.2 below or as SHF may direct, in its sole and absolute discretion, to one or more Funds (as defined in Section 14.08 below) established or designated by SHF for advertising, marketing, promotion or other purposes, and/or for Local Marketing Purposes (as defined in Section 14.07.2 below). SHF shall have the right to adjust and reallocate the Brand Fund Contribution, at any time in SHF's sole and absolute discretion, by providing written notice to you, subject to the one percent (1%) limit.

5.03.2 SHF reserves the right, at any time, to direct that you pay an amount less than the entire Brand Fund Contribution for a period of time designated by SHF in its sole and absolute discretion.

5.03.3 You acknowledge and agree that SHF shall have the right, at any time, to enforce your obligation to pay the entire Brand Fund Contribution to the Funds in SHF's sole and absolute discretion.

5.04 Technology Fee. You must pay to us a continuing Technology Fee in the amount we specify each month during the term. You acknowledge and agree that we may use the Technology Fee for any technology related purposes, including, without limitation, in connection with the development and maintenance of one or more websites, the development, installation and maintenance of current and future developed software, mobile applications and other technological platforms.

5.05 Method of Payment. You shall pay the Royalty Fee, the continuing Brand Fund Contribution and the Technology Fee (collectively, the "Continuing Fees") in the manner and on the date designated by SHF. SHF has the right to change the date and manner through which it requires you to pay any or all amounts due to SHF under this Agreement upon written notice to you at any time. You shall immediately comply with all such changes and sign any and all documents and agreements necessary to implement any such payment program or process. Unless otherwise designated by SHF in writing, you shall pay the Continuing Fees on a monthly basis by electronic funds transfer ("EFT"). The Continuing Fees shall be payable as follows:

5.05.1 Royalty Fee Pay Period: SHF shall automatically draft the Royalty Fee due based on the Gross Sales for the previously concluded month via EFT on the tenth (10^{th}) day of each month. SHF may, in its sole and absolute discretion, permit or require you to pay the Royalty Fee to SHF via check, which check shall be due on the tenth (10^{th}) day of each month for the Royalty Fee due in connection with the immediately preceding month.

5.05.2 Brand Fund Contribution Pay Period: SHF shall automatically draft the Brand Fund Contribution due based on the Gross Sales for the previously concluded month via EFT on the tenth (10^{th}) day of each month. SHF may, in its sole and absolute discretion, permit or require you to pay the Brand Fund Contribution to SHF via check, which check shall be due on the tenth (10^{th}) day of each month for the Brand Fund Contribution due in connection with the immediately preceding month.

5.05.3 Technology Fee Pay Period. SHF will automatically draft the Technology Fee on the tenth (10^{th}) day of each month. SHF may in its sole and absolute discretion, permit or require you to pay the Technology Fee to SHF via check, which check shall be due on the tenth (10^{th}) day of each month for the Technology Fee due in connection with the immediately preceding month.

5.06 EFT.

5.06.1 You shall, upon execution of this Agreement, and at any time thereafter at SHF's request, sign and deliver to SHF the EFT form (in substantially the form attached hereto as Attachment 5 the "Electronic Funds Transfer Form") and such other documents or forms as SHF may require to process EFT payments initiated by SHF pursuant to this Agreement, including, without limitation, the Continuing Fees. In addition, from time to time at SHF's reasonable request, you shall sign and deliver such additional documents as SHF may require to enable SHF to draw drafts against your bank accounts for such purposes.

5.06.2 You shall report all Gross Sales to SHF in the form and manner designated by SHF. If any Gross Sales information obtained by or submitted to SHF is subsequently determined by SHF to be inaccurate, then: (a) if the actual amount of the Brand Fund Contribution and Royalty Fee due was more than the amount of the EFT processed by SHF, then SHF shall be entitled to withdraw additional funds through EFT from your designated bank account for the difference; or (b) if the actual amount of the Brand Fund Contribution and Royalty Fee due was less than the amount of the EFT by SHF, then SHF shall either return the excess amount to you, or credit the excess amount to the payment of your future Continuing Fee obligations.

5.06.3 Should any EFT payment not be honored by your bank for any reason, you agree that you shall be responsible for such payment plus any bank or other charges incurred by or assessed upon SHF, if any. You further agree that you shall at all times throughout the Term maintain a balance in your bank account against which such EFT payments are to be drawn sufficient to cover the Brand Fund Contribution and the Royalty Fee. If the Continuing Fees are not received when due, interest may be charged by SHF in accordance with Section 5.12.

5.06.4 Upon written notice to you, and at SHF's sole discretion, SHF may require you to pay any or all of the Continuing Fees and any other fees due under this Agreement directly to SHF in the form and manner designated by SHF, in lieu of an EFT.

5.07 Gross Sales Reporting. On or before the tenth (10^{th}) day of each month, you shall prepare and submit to SHF via electronic mail to the email address designated by SHF, or such other delivery method specified by SHF, a monthly Gross Sales report reflecting all Gross Sales for the previously concluded month. You hereby acknowledge that SHF has the unrestricted right to access your POS System (as defined in Section 8.04 below), which may include access to daily Gross Sales information. SHF reserves the right to require you to prepare and submit Gross Sales reports and/or statements in the form and manner designated by SHF at any time, in lieu of collecting written Gross Sales reports via electronic mail. You shall immediately comply with any and all such requirements upon your receipt of written notice from SHF. If, for any reason, SHF is unable to access your Gross Sales electronically, or if you fail to submit Gross Sales information in the form and manner designated by SHF for any given month, SHF shall have the right to deduct from your bank account an amount equal to the Continuing Fees due to SHF for the immediately preceding month.

5.08 <u>"Gross Sales" Defined</u>. As used in this Agreement, "Gross Sales" shall mean all revenue derived from the sale of any and all products and services, and all other income of every kind and nature, related in any way to the Franchised Restaurant, whether for cash or credit (and regardless of collection in the case of credit) and whether or not such sales are made at or by the Franchised Restaurant, including, without limitation, catalog or mail order sales, Internet sales (or the like), sales to restaurants, clubs, hotels and the like, and as corporate gifts; *provided*, *however*, that you may deduct any sales taxes which were collected by you as required by law. You shall retain and make available to SHF on ten (10) days' notice, copies of all tax reports and vendor invoices evidencing all sales tax payments.

5.09 <u>Taxes</u>. If any tax or fee (other than federal or state income tax) is imposed on SHF by any government or governmental agency due to SHF's receipt of fees owed to SHF under this Agreement, then you agree to pay SHF the amount of such tax as an additional franchise fee. SHF shall have no liability for any sales, use, excise, gross receipts, income, property or other taxes, whether levied upon you, the Franchised Restaurant or its assets, in connection with the sales made, services performed or business conducted by you.

5.10 <u>No Offset or Withholding</u>. You shall not offset or withhold payments owed to SHF for amounts purportedly due to you from SHF or its affiliates as a result of any dispute of any nature or otherwise; rather, you shall pay all amounts owed to SHF and seek reimbursement thereafter.

5.11 <u>Allocation</u>. SHF shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee to SHF or its affiliates, despite any other allocation by Franchisee.

5.12 <u>Interest on Late Payments</u>. All Royalty Fees, Brand Fund Contributions, amounts due for purchases from SHF or its affiliates, and all other amounts owed to SHF or its affiliates shall bear interest after the due date at the lesser of the highest legal rate permissible or eighteen percent (18%) per annum. Notwithstanding the foregoing, you acknowledge that this Section 5.12 does not constitute an agreement by SHF to accept such payments after the due date or a commitment by SHF to extend credit to, or otherwise finance, your operation of the Franchised Restaurant.

5.13 <u>Non-Compliance Fees</u>. If you fail to comply with any of your obligations under this Agreement and SHF issues you a notice of default (each a "Default Notice"), in addition to any and all other rights and remedies we may have available to us under this Agreement and applicable law, we have the right to assess a Non-Compliance Fee of up to $500 per default against you, which, if assessed, will be due to SHF and payable by you immediately upon your receipt of the default notice.

ARTICLE 6. SHF'S DUTIES

6.01 <u>Pre-Opening Obligations</u>.

6.01.1 SHF shall make available to you, at no charge, generic, standard specifications for the construction of a prototypical Restaurant, including the exterior and interior design and layout, display requirements, fixtures, equipment and signage. You shall, at your expense, adapt the standard specifications for use at the Franchised Restaurant at your Approved Restaurant Location, as provided in this Agreement.

6.01.2 SHF shall provide your Franchisee Training Team (as defined in Section 7.01 below) with an initial training program prior to the opening of the Franchised Restaurant. All initial training provided by SHF shall be subject to the terms and conditions set forth in this Agreement.

6.01.3 SHF shall provide to you such on-site pre-opening and opening supervision and assistance as SHF, in its sole and absolute discretion, deems advisable, subject to the availability of SHF's personnel.

6.01.4 SHF shall provide to you access to one copy of the Operations Manual, which SHF may provide to you in either written or electronic format. From time to time in SHF's sole and absolute discretion, SHF shall make such modifications and additions to the Operations Manual as are necessary in order to, among other things, incorporate new developments or other changes in System standards, specifications, procedures, and techniques (including, to the fullest extent permitted by law, changes relating to the maximum, minimum, or other prices for products and services offered and sold by the Restaurants). You agree to pay the then-current replacement fee established by SHF for the replacement of the Operations Manual or other SHF materials.

6.01.5 SHF may provide you with information and the identification of sources to purchase certain designated products, equipment, furnishings, fixtures, supplies, inventory, signage and Restaurant collateral materials.

6.02 Additional Discretionary Assistance. SHF may, in its sole and absolute discretion, provide the following to you:

6.02.1 Additional Training (as defined in Section 7.02 below), after the opening of the Franchised Restaurant, as SHF deems appropriate; and

6.02.2 Continuing advisory assistance in the operation of the Franchised Restaurant, after the opening of the Franchised Restaurant, as SHF deems advisable.

6.03 Conferences. SHF may conduct an annual conference at such place as SHF designates for System franchisees. SHF may require you to attend the annual conference or we may specify that attendance is optional. We may charge registration or similar fees for any and all conferences. You shall be responsible for the registration fees and similar fees, in addition to all costs that you and any other attendees you are permitted to bring to the conference incur in connection with attendance. The mandatory registration fees per conference will not exceed $1,000 per person.

6.04 Outsourcing. SHF may, in its sole and absolute discretion, elect to outsource, and/or subcontract certain of SHF's obligations under this Agreement to subsidiaries, affiliates, contract employees, third-party vendors, and/or other third-party suppliers; provided that: (a) any such outsourcing and/or subcontracting shall not discharge SHF from its obligations under this Agreement; and (b) any such outsourced or subcontracted obligations shall be performed in accordance with the terms of this Agreement.

6.05 Acknowledgement. If Franchisee believes Franchisor has failed to provide adequate pre-opening services as provided in this Agreement, Franchisee must notify Franchisor in writing within ninety (90) days following the opening of the Franchised Business. Absent such notice to Franchisor, Franchisee acknowledges, agrees and grants that Franchisor complied with all of its pre-opening and opening obligations set forth in this Agreement.

ARTICLE 7. TRAINING

7.01 Initial Training Program.

7.01.1 Franchisee Training Team. The "Franchisee Training Team" shall be comprised of each of the following "Franchisee Trainees": (a) Franchisee (or, if Franchisee is a Legal Entity, then at least one of Franchisee's owners) (the "Managing Owner"); and (b) Franchisee's designated manager (the "Designated Manager"). Each of the Franchisee Trainees shall attend and successfully complete, to SHF's satisfaction, an initial training program prescribed by SHF before the opening of the Franchised Restaurant (the "Initial Training"). Each member of the Franchisee Training Team who successfully completes the Initial Training in accordance with the foregoing shall be deemed a "Trained Manager". The Franchised Restaurant shall at all times be operated under the management and supervision of a Trained Manager. Any persons subsequently employed by Franchisee as a Designated Manager shall be required to attend and complete the Initial Training to SHF's satisfaction before commencing any management duties.

7.01.2 Training Completion Deadline. The Franchisee Training Team shall complete the Initial Training at the times designated by SHF, and unless otherwise approved by SHF, no later than fifteen (15) days before the Franchised Restaurant opens for business. Franchisee is not permitted to open the Franchised Restaurant until the Initial Training is completed in accordance with this Agreement.

7.01.3 Responsibility for Costs & Expenses. There is no fee payable to SHF for the Initial Training for the Franchisee Trainees, however, you shall be responsible for all of the costs set forth in Section 7.03 below.

7.02 Additional Training.

7.02.1 Additional Training Required. Should you require additional training or retraining for any of the Franchisee Trainees any time after the Initial Training has been completed ("Franchisee-Requested Training"), SHF may, in its sole and absolute discretion, provide such training. Furthermore, SHF may require, in SHF's sole and absolute discretion, that one or more of the Franchisee Trainees, including any replacement trainees, attend and successfully complete a periodic refresher/retraining course ("SHF-Requested Training", together with Franchisee-Requested Training, the "Additional Training"), in order to correct any problems or deficiencies that SHF becomes aware of in the operation of the Franchised Restaurant as it relates to maintenance or protection of the brand and/or the Marks.

7.02.2 Responsibility for Costs & Expenses. Any person who is required to attend the Additional Training shall do so at your expense. You shall be responsible for all of the costs set forth in Section 7.03 below. In addition, you shall pay to SHF in advance a standard hourly fee that SHF shall establish from time to time (the "Hourly Training Fee").

7.02.3 Form of Training. SHF reserves the right in its sole and absolute discretion to provide elements of any training required or contemplated under this Agreement via the Internet or any online source, remotely, via audio or video conferencing, or in any other manner that may be reasonable or appropriate under the circumstances.

7.03 Location of Training; Associated Costs/Expenses of Training. All training programs shall be held at such times and places as may be designated by SHF. If SHF elects to conduct such training at the Franchised Restaurant, Franchisee must reimburse SHF for the reasonable out-of-pocket expenses incurred by SHF's training instructor(s), including, without limitation, all travel expenses, food and lodging. If SHF elects to provide such training at SHF's facilities, Franchisee must reimburse SHF for all reasonable costs of attendance for SHF and its personnel, including, without limitation, all travel expenses, food and lodging. In addition to the foregoing, Franchisee is responsible for any and all additional costs and expenses incurred in connection with such training, including expenses related to any required courses, seminars, and/or programs.

ARTICLE 8. GENERAL OPERATING STANDARDS AND DUTIES OF FRANCHISEE

8.01 Franchisee Performance Obligations. You understand and acknowledge that every detail of the Franchised Restaurant is important to you, SHF, and the other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all franchisees, and to protect the reputation and goodwill of SHF and the System. You shall maintain SHF's high standards with respect to facilities, services, products, and quality. Without limiting the generality of the foregoing, you shall construct, open, maintain and operate the Franchised Restaurant for the Term pursuant to and in accordance with the System, the Standards and Specifications set forth in this Agreement, the requirements of the Operations Manual, and any other written publication or policy issued by SHF. You agree to operate the Franchised Restaurant in accordance with the System and only for the purpose(s) designated in this Agreement, the Operations Manual, and such other publications or policies issued by SHF from time to time.

8.02 General Obligations.

8.02.1 Quality Standards. All goods (including food and beverage products, equipment, supplies, materials and other items) used or offered for sale at the Franchised Restaurant shall meet SHF's then-current standards of quality, good taste, suitability, and conformity with the System's image and consumer expectations. You shall maintain all products, refrigeration equipment and other equipment in the Franchised Restaurant in excellent working condition. You shall replace such items with either the same or substantially the same types and kinds of equipment approved by SHF at the time replacement becomes necessary.

8.02.2 Hours of Operation. You shall keep the Franchised Restaurant open and in normal operation for such minimum hours and days as SHF may specify in its sole and absolute discretion. You shall provide dine-in, delivery and carry-out services at the Franchised Restaurant, and delivery services shall be provided directly or by third-party providers that SHF may specify in its sole and absolute discretion. You shall use the Approved Restaurant Location solely for the operation of the Franchised Restaurant and no portion of the premises may be assigned, subleased, or otherwise transferred except as part of a sale of the Franchised Restaurant that is approved by SHF in writing. You shall refrain from using or permitting the use of the Franchised Restaurant premises for any purpose or activity other than the operation of a restaurant at any time, and shall operate in strict conformity with such methods, Standards and Specifications as SHF may prescribe from time to time.

8.02.3 Direct Supervision. The Franchised Restaurant shall always be under the direct, on-premises supervision of a Trained Manager, unless you have received SHF's prior written consent to operate otherwise. You shall have exclusive control over, and assume full responsibility for, all labor relations, including, without limitation, the recruitment, hiring, firing, and disciplining of employees, setting employee compensation, and determining employee work schedules. You shall provide conspicuous notice on all employee application forms and employment agreements that you are an independently contractor operating a franchised Restaurant under license from SHF and that, if employed, the applicant will not be an employee of SHF or any of its affiliates.

8.02.4 Staff. You shall employ and maintain a competent, conscientious, and trained staff. You acknowledge that it is your responsibility to ensure that all managers and employees follow SHF's Standards and Specifications. You shall ensure compliance with the dress code as may be prescribed by SHF from time to time. We do not direct or control labor or employment matters for you or your employees, or for any of our franchisees and/or their employees. We may make suggestions and may provide guidance relating to such matters; however it is entirely your responsibility to determine whether to adopt, follow and/or implement any of our suggestions or guidance. Notwithstanding anything contained in this Agreement to the contrary, mandatory specifications, standards and operating procedures, including as set forth in any manual, do not include the terms or conditions of employment for any of your employees, nor do they include mandated or required personnel policies or procedures.

8.02.5 Customer Relations. You shall take such steps as are necessary to ensure that you and your employees preserve good customer relations and render competent, prompt, courteous and knowledgeable service. You shall handle all customer complaints, gift certificates, refunds and other adjustments in the manner prescribed in writing by SHF and in a manner that shall not detract from the name and goodwill of SHF.

8.02.6 Telephone Number. You shall maintain a telephone number for the operation of the Franchised Restaurant and shall execute a conditional assignment of all telephone numbers used in connection with the Franchised Restaurant (in substantially the form attached hereto as Attachment 6, the "Internet Advertising, Social Media, Software and Telephone Account Agreement").

8.02.7 Inspections. In an effort to advance the protection and enhancement of the brand and the Marks, you shall permit SHF and its agents to enter the Franchised Restaurant premises at any time for the purpose of conducting inspections of your operations and shall cooperate with SHF's representatives in such inspections by rendering such assistance as may reasonably be requested. Upon notice from SHF or its agents, and without limiting SHF's other rights under this Agreement, you shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as determined by SHF, SHF shall have the right and authority (but not the obligation), in addition to any other rights or remedies available to SHF under this Agreement or applicable law, to correct such deficiencies and to charge you a reasonable fee for SHF's expenses in so acting, payable by Franchisee upon demand.

8.03 Maintenance, Repairs, Renovations and Refurbishment.

8.03.1 Repairs and Maintenance of the Franchised Restaurant. You shall repair and maintain the Franchised Restaurant (including adjacent public areas and parking lots) in a clean, orderly condition and in good repair and in accordance with the System standards, the Operations Manual and this Agreement.

8.03.2 Remodeling of Franchised Restaurant.

(1) SHF may require you to renovate or remodel the Franchised Restaurant ("Remodeling") in order to comply with the prevailing brand image of the Restaurants in the System, or comply with System Standards and Specifications. Without limiting the generality of the foregoing, any such Remodeling may include: (a) the incorporation of an updated design, Trade Dress (as defined in Section 10.02), color scheme and/or presentation of the Marks in a manner that is consistent with the then-current image for new Restaurants in the System; (b) the replacement of worn out or obsolete equipment, fixtures, furniture and signs; (c) the substitution or addition of new or improved equipment, fixtures, furniture and supplies; (d) the redecorating of the interior of the Franchised Restaurant; and (e) any reasonable structural modifications to the premises. You shall complete all required Remodeling within the time period prescribed by SHF. Notwithstanding the foregoing, SHF shall not require you to complete a Remodeling of the Franchised Restaurant during the two (2)-year period after the Effective Date, during the last year of the Term (except as required in order to qualify for a Successor Franchise Agreement), or more than once every five (5) years.

(2) SHF may, without any limitation, require you to: (a) purchase or lease additional equipment that is required in a majority of the Restaurants in the System, such as new food preparation or service methods or products (e.g., a new computer and point of sale system); (b) make any and all repairs necessary, including repainting, in order to maintain the interior and exterior of the Franchised Restaurant in a clean and orderly condition satisfactory to SHF as required by Section 8.03.1; (c) complete any required renovations upon any transfer of the Franchised Restaurant; (d) make any changes related to the modification of the Marks; and/or (e) make any changes to the menus and menu boards, as required by SHF.

8.04 Computer System. You shall purchase and maintain the computer and point of sale system designated by SHF (the "POS System"), which shall be used in the operation of the Franchised Restaurant and for reporting purposes and purchased from a supplier designed by SHF. You shall comply with the following provisions relating to the POS System:

8.04.1 You shall update and upgrade the POS System as designated by SHF. SHF may require you to enter into a separate maintenance and/or support agreement for your POS System at any time, at your sole cost and expense.

8.04.2 You shall record all sales at or from the Franchised Restaurant at the time of sale on the POS System, in accordance with SHF's procedures.

8.04.3 You shall comply with such requirements determined by SHF from time to time regarding maintenance, training, storage and safeguarding of data, records, reports and other matters relative to the POS System.

8.04.4 SHF has the right to independently access any and all information on your POS System at any time without prior notice to you. Without limiting the generality of the foregoing, you shall, at your sole cost and expense, permit SHF immediate access to your POS System, electronically or otherwise, at all times. SHF shall have the right to use the information accessed on the POS System in any manner that SHF determines, including using any and all such information in SHF's Franchise Disclosure Document and/or sharing your financial statements, including profit and loss statements, with other System franchisees.

8.05 Security System. You shall purchase and install, at your expense, a video security and surveillance system as designated by SHF. SHF may require that the security and surveillance system provide SHF with continuous real-time visibility via the Internet or such other method as SHF may require from time to time. The purpose of the system is to verify your compliance with the terms and conditions of this Agreement, to maintain the integrity of the Marks, and to confirm whether you are maintaining the quality of service and products that SHF requires. You shall remain solely responsible for all activities within the Franchised Restaurant and SHF has no obligation to monitor the Franchised Restaurant for safety or security concerns, other concerns, or compliance with applicable laws, rules and regulations. You shall indemnify and hold SHF harmless from any and all damages, claims, demands, actions, suits, proceedings or judgments of any kind or nature, by reason of any claimed act or omission by SHF arising from SHF's surveillance access to the Franchised Restaurant.

8.06 Pricing and Promotional Programs.

8.06.1 Pricing. SHF reserves the right, subject to compliance with applicable laws, to require you to offer all menu items at prices not to exceed the prices SHF publishes from time to time, effective upon written notice to you. SHF reserves the right to prohibit you from charging prices lower than SHF's published menu prices for any item, to the maximum extent allowed by applicable law. You shall have sole discretion as to the prices to be charged to customers with respect to the offer and sale of all other goods and services.

8.06.2 Gift Card & Loyalty Programs. You shall participate in and comply with all of the terms and conditions of any gift card and/or loyalty program designated by SHF. SHF or its designee shall have the right to retain any and all funds and overages for unclaimed gift cards (whether in part or in whole) and/or loyalty programs. In connection with any such program(s), you may be required to, among other things: (a) enter into a gift card terms and conditions agreement with a designated supplier; (b) purchase card processing machines and a specified quantity of gift cards; (c) pay a transaction processing fee; and/or (d) pay an ongoing maintenance and/or service fee. In addition to the other indemnification obligations set forth in this Agreement, you shall indemnify and hold SHF harmless from any and all damages, claims, demands, actions, suits, proceedings or judgments of any kind or nature, by reason of any claimed act or omission related to gift cards issued by you in connection with the operation of the Franchised Restaurant.

8.06.3 Promotional Programs. You shall participate in all of the national, regional or local advertising and promotional activities that SHF requires. You understand that SHF may frequently implement promotions such as discount coupons, frequent customer cards, special menu promotions and other activities intended to enhance customer awareness and build traffic at Restaurants on a national, regional or local level. You understand that your participation in these programs is essential to the success of such advertising and promotional programs and that such participation may entail some cost to you. You agree that SHF has no obligation to reimburse you for any costs you incur due to your mandatory participation in these special promotional programs.

8.06.4 Data Security; Credit Cards & Debit Cards.

(1) You shall use your best efforts to protect your customers against any data breach or cyber-event, including, without limitation, identity theft or theft of personal information (a "Data Security Breach"). If a Data Security Breach occurs, in the interest of protecting the goodwill associated with *The Salad House* brand and franchise system, we reserve the right to perform and / or control any and all aspects of the response to such event, including, without limitation, the investigation, containment and resolution of the event and all communications with the franchise system, vendors and suppliers, customers, law enforcement agencies, regulatory authorities and the general public. You hereby acknowledge and agree that, if we elect to exercise this right, our actions and control of the response may potentially affect or interrupt operations of the Restaurant. You shall have no right to pursue or recover any damages against us or any of our affiliates in connection with any action taken in response to any Data Security Breach.

(2) You shall at all times be compliant with Payment Card Industry Data Security Standards (and its successors), any and all requirements imposed by all applicable payment processors and networks, including credit card and debit card processors, and any and all state and federal laws, rules and regulations relating to data privacy, data security and security breaches. You hereby acknowledge and agree that if we engage or designate a third-party service provider to administer a data security program, you will be required to comply with the requirements of such service provider. It is your responsibility to ensure that you operate your Restaurant at all times in compliance with all aforementioned laws, rules, regulations and requirements and you are strongly encouraged to engage legal and data security professionals to ensure your full compliance.

(3) You shall maintain, at all times, credit-card relationships with the credit and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, companies that provide services for electronic payment, and electronic-funds-transfer systems that we designate or authorize (each a "Payment Card Vendor"). We may require, as a condition of approval of any Payment Card Vendor, that each such Payment Card Vendor comply with our reporting standards. We may revoke approval of any previously authorized Payment Card Vendor at any time. You shall comply with all of our policies regarding acceptance of payment by credit cards, debit cards or other electronic forms of payment.

ARTICLE 9. REQUIRED PURCHASES; RESTRICTIONS ON EQUIPMENT, PRODUCTS, SERVICES AND SOURCES OF SUPPLY

9.01 Equipment, Fixtures and Furnishings. You shall, at your expense, purchase or lease, install and use in connection with the Franchised Restaurant only such Equipment and Furnishings which SHF designates or requires, all of which shall conform to the Operations Manual, SHF's Standards and Specifications, and such other publications and policies issued by SHF from time to time. You shall not install or permit to be installed at the Franchised Restaurant any item that is not specifically approved or designated by SHF. SHF shall have the right to inspect and approve all Equipment and Furnishings and their installation to ensure your compliance with this Agreement and SHF's Standards and Specifications. You shall not install or permit to be installed at the Franchised Restaurant:

9.01.1 any games, vending machines, entertainment devices, computer terminals, or other similar items, unless specifically approved or designated by SHF; or

9.01.2 any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items that do not comply with SHF's standards, unless SHF has provided its prior written consent.

9.02 Products and Services. You shall offer for sale, or otherwise use in the Franchised Restaurant, all food and beverage products, ingredients, materials, packaging, supplies, paper goods and non-food merchandise and items (collectively, the "Products") that SHF requires and approves, in its sole and absolute discretion, in the manner and style that SHF requires and in accordance with Section 8.01 of this Agreement. You shall offer, sell and provide the catering and other services (collectively, the "Services") that SHF designates in accordance with SHF's Standards and Specifications within your Protected Territory. You shall not offer for sale any Products or Services that are not specifically approved by SHF, or that are disapproved for sale at or from the Franchised Restaurant in SHF's sole and absolute discretion. You shall not offer any alcoholic beverages without obtaining SHF's prior written consent, which may be granted or withheld in SHF's sole and absolute discretion. You may not deviate from SHF's Standards and Specifications in any way without obtaining SHF's prior written consent, which may be granted or withheld in SHF's sole and absolute discretion. NEITHER SHF NOR ANY OF ITS AFFILIATES MAKE ANY EXPRESS OR IMPLIED WARRANTIES REGARDING THE GOODS AND SERVICES THAT YOU MUST PURCHASE, AND SHF AND ITS AFFILIATES EXCLUDE (AND EXPRESSLY DISCLAIM) ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A

PARTICULAR PURPOSE, except a set forth in a particular written warranty, if any, provided in connection with a particular Product or Service.

9.03 Supply of Designated or Approved Items. You shall maintain in sufficient supply the Products, and Equipment and Furnishings, as designated or approved by SHF, so as to be able to meet your obligations under this Agreement.

9.04 Approved Suppliers.

9.04.1 Approved and Designated Suppliers. You shall purchase all services and items, including, without limitation, Products, inventory, services, signs, Equipment and Furnishings, fixtures, and supplies only from distributors and suppliers that SHF has approved or designated. SHF shall provide you with a list of any designated suppliers, which SHF has the right to change at any time in its sole and absolute discretion. SHF has the right to revoke its approval of any approved or designated supplier at any time, in which event, you shall immediately cease from purchasing or acquiring any items from any such disapproved supplier. SHF reserves the right to become an approved vendor, or the only approved vendor for any item, product or service in the future.

9.04.2 Supplier Contracts. SHF may require you to enter into, and strictly comply with the terms of agreements and contractual arrangements directly with System suppliers in the form(s) designated by SHF (each a "Supplier Contract"), and you hereby agree to immediately sign and comply with all such requirements. You acknowledge that the Supplier Contracts may change over time and new Supplier Contracts may be designated in the future.

9.04.3 Proposal of Additional Suppliers. If you wish to purchase any items, Products, Equipment and Furnishings, or other supplies from a supplier or distributor who is not on SHF's approved list, you may request SHF's approval of the supplier or distributor. The following procedures shall apply in the event that you wish to propose an alternate supplier or distributor:

(1) In order for such supplier or distributor to be approved: (a) the product or service offered by the proposed supplier or distributor shall conform in every respect to SHF's Standards and Specifications; (b) the proposed supplier or distributor shall have a good business reputation and be able and willing to provide sufficient quantities of the product or service to you; (c) the proposed supplier or distributor shall provide SHF with any information that SHF requests in order to analyze the supplier's or distributor's suitability, and the composition and conformity of the product or service to SHF's Standards and Specifications; and (d) the proposed supplier or distributor shall agree that, if approved, it shall provide SHF with reports concerning all purchases by you and other franchisees. This evaluation may include a sampling of the product or service at the supplier/distributor's place of business or SHF's place of business, as SHF may designate. SHF expects that the cost of testing shall range from Five Hundred Dollars to Fifteen Hundred Dollars ($500 to $1,500) depending on the complexity of the particular product or service. You or the supplier/distributor shall be responsible for all costs and expenses incurred by SHF in the evaluation process.

(2) SHF cannot predict with any certainty how long SHF's evaluation process shall take, however, SHF shall attempt to complete the evaluation within a reasonable time, generally not to exceed sixty (60) days. Upon the completion of the

evaluation, SHF shall inform you of SHF's approval or disapproval of your request for an alternate supplier or distributor. If SHF approves the supplier or distributor, the supplier or distributor shall be added to SHF's approved list, however, SHF's approval of a supplier or distributor shall relate only to the item or product line evaluated and specifically approved by SHF.

(3) SHF's Standards and Specifications and other criteria for supplier or distributor approval have been developed by SHF through the expenditure of extensive work and time and shall therefore be considered Confidential Information (as defined in Section 12.01 below). Therefore, SHF has no obligation whatsoever to make its Standards and Specifications or other criteria for supplier or distributor approval available to Franchisee or any proposed or approved suppliers.

9.05 SHF's Right to Derive Revenue & Consideration. You acknowledge and agree that SHF and/or its affiliates reserve the right to derive income, consideration, payments and other material benefits on account of your purchase and/or lease, and any System franchisee's purchase and/or lease, of any item and/or service, including, without limitation, Equipment and Furnishings, Products, Services and other items from SHF or any supplier/distributor, including approved suppliers/distributors and/or designated suppliers/distributors. This income may be derived in any form, including as a rebate from any supplier or distributor based on the quantity of System franchisee purchases. SHF may use these benefits for any purpose that SHF deems appropriate. SHF is not obligated to remit any benefits to you and reserves the right to retain all such benefits. SHF does not guarantee the availability of independent sources of supply for any particular item, Equipment or Furnishings, Product or Service required to establish or operate the Franchised Restaurant.

9.06 Purchasing Programs. SHF shall have the right, in its discretion, to designate any geographical area for purposes of establishing a purchasing program ("Purchasing Program"). If a Purchasing Program applicable to the Franchised Restaurant has been established at the time Franchisee commence operations, or is established during the Term, you shall immediately participate in the Purchasing Program, unless prohibited by applicable state and/or federal laws, rules or regulations.

ARTICLE 10. MARKS

10.01 Ownership. The Marks are owned by SHF's affiliate, Salad House IP, LLC, and licensed to SHF.

10.02 Use of the Marks. With respect to your licensed use of the Marks and the trade dress of the Franchised Restaurant (the "Trade Dress") pursuant to this Agreement, you agree that:

10.02.1 You shall use only the Marks designated by SHF in connection with the operation of the Franchised Restaurant, and shall use them only in the manner authorized and permitted by SHF. Any unauthorized use thereof shall constitute an infringement of SHF's rights and trademark infringement.

10.02.2 You shall have the right to use the Marks only: (a) at the Franchised Restaurant and in connection with the operation of the Franchised Restaurant in strict accordance with the terms of this Agreement, the Operations Manual and SHF's

Standards and Specifications; and (b) in connection with the advertising and/or promotion of the Franchised Restaurant, in strict accordance with the terms of this Agreement, the Operations Manual and SHF's Standards and Specifications.

10.02.3 You acknowledge that this Agreement does not grant you the right to offer or sell products or services from any other location or by any other means, including, without limitation, catalog or mail order sales, Internet sales (or the like), sales to restaurants, clubs, hotels and the like, and as corporate gifts, without SHF's prior written consent, which may be granted or withheld by SHF in its sole and absolute discretion.

10.02.4 You shall not, without SHF's prior written consent: (a) develop, create, generate, own, license, lease or use, in any manner, any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, website, web page, domain name, bulletin board, newsgroup or other Internet-related medium or activity) that in any way uses or displays, in whole or in part, the Marks, or any of them, or any words, symbols or terms confusingly similar thereto; or (b) use electronic media, including, without limitation, the Internet or any social media sites (such as Facebook, Twitter, LinkedIn, Living Social, Instagram, Groupon, Pinterest, YouTube, Foursquare, Yelp, Google, Yahoo, or any other similar or comparable social media platform), in a manner that uses or displays, in whole or in part, the Marks, or any of them, or any words, symbols or terms confusingly similar thereto. If SHF's consent to any of the foregoing activities is granted, you shall in all instances comply with any conditions and restrictions that SHF imposes, including the Standards and Specifications and such other policies and procedures as SHF may establish from time to time. And, if such consent is granted, SHF reserves the right to revoke such consent effective upon written notice to you.

10.02.5 You shall execute any documents deemed necessary or advisable by SHF and/or SHF's counsel to obtain protection for the Marks or to maintain their continued validity and enforceability.

10.02.6 You shall not, directly or indirectly, contest the validity of the Marks, or SHF's ownership of the Marks.

10.02.7 In the event that litigation involving the Marks is instituted or threatened against you, you shall promptly notify SHF and shall cooperate fully in defending or settling such litigation.

10.02.8 Without limiting the generality of the foregoing restrictions, you shall not use the Marks on any employment applications, employment agreements, paychecks, or third-party agreements.

10.03 Infringement. You shall promptly notify SHF of any infringement of, or challenge to, the Marks, and SHF shall, in its sole and absolute discretion, take such action as SHF deems necessary or appropriate. SHF shall indemnify and hold you harmless from any suits, proceedings, demands, obligations, actions or claims (including costs and reasonable attorneys' fees) for any alleged infringement under federal or state trademark law arising solely from your use of the Marks in accordance with this Agreement, or as otherwise set forth by SHF in writing, if you have promptly notified SHF of such claim. If SHF undertakes the defense or prosecution of any litigation pertaining to any of the Marks, you shall execute any and all documents and do such acts and things as may, in the opinion of SHF's counsel, be necessary or advisable to carry out such defense or prosecution. SHF has the right to require, in its sole and absolute discretion, that you discontinue your use of the Marks and/or modify or substitute any of the Marks in connection with any pending or threatened litigation involving your use of such Marks.

10.04 Acknowledgments. You expressly understand and acknowledge that:

10.04.1 SHF's affiliate Salad House IP, LLC ("SH IP") is the owner of all right, title and interest in and to the Marks and the goodwill associated therewith and symbolized thereby.

10.04.2 Your use of the Marks pursuant to this Agreement does not give you any ownership interest or other interest in or to the Marks, except the license granted by this Agreement. Any and all goodwill arising from your use of the Marks shall inure solely and exclusively to SH IP's benefit, and upon expiration of termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System or the Marks.

10.04.3 SHF has the right, at any time, by giving notice to you, to completely change, add to, delete from, and/or make changes in the Marks in SHF's unrestricted discretion. You shall, at your expense, adopt and use any additions, deletions and changes to the Marks that SHF requires. If SHF decides at any time in its sole and absolute discretion to modify or discontinue the use of any Mark or use of additional or substitute Marks, you shall comply with SHF's directions within a reasonable time after SHF gives you notice. SHF has no obligation to reimburse you for any expenses you incur in connection with SHF's modification or discontinuance of any Marks, including your direct costs of changing signs, loss of revenue or costs of promoting any new or modified Mark.

ARTICLE 11. OPERATIONS MANUAL

11.01 Compliance with Operations Manual. In order to protect the reputation and goodwill of SHF and to maintain high brand standards of operation under SHF's Marks, you shall conduct your business in accordance with the Standards and Specifications and other standards, methods, policies, and procedures specified in the Operations Manual, one copy of which you acknowledge having received on loan from SHF for the Term. The "Operations Manual" shall mean SHF's confidential operations manual(s), including any Operating Amendments thereto (as defined in Section 0 below), which Operation Manual may consist of computerized documents of software, printed operations manuals, and all information provided through the Internet, extranet, audiotapes, videotapes and/or any other medium used from time to time by the System and designated as part of the Operations Manual. The Operations Manual may contain information and specifications concerning the Standards and Specifications and such other information concerning the System that SHF provides periodically to System franchisees.

11.02 Modifications, Revisions, Additions. SHF may, from time to time, revise, modify or make additions to the contents of the Operations Manual, and you expressly agree to comply with each new or changed standard and/or specification. Without limiting the generality of the foregoing, SHF may update and change the Operations Manual periodically ("Operating Amendments") in order to reflect changes in the Standards and Specifications. SHF may notify you of any Operating Amendment by e-mail, facsimile, Internet transmission, extranet, or by any other means. SHF may require you to access an extranet or comparable system on a daily basis to check for any such Operating Amendments. If you fail to do so as designated by SHF, you shall nevertheless be bound by any Operating Amendments that you would have received had you checked for the Operating Amendments as required.

ARTICLE 12. CONFIDENITIALITY

12.01 Confidentiality.

12.01.1 For purposes of this Agreement, the term "Confidential Information" shall mean information, knowledge, know-how and techniques related to the Franchisor, the System, the Products, the Services, the Marks, the Franchised Restaurant and the other Restaurants, and the general operation, business and management of the System, which is communicated to you or learned by you in the course of your operation of the Franchised Restaurant or you participation in the System. You shall treat the Operations Manual, and any other documents or manuals created for or approved for use in the operation of the Franchised Restaurant, and the information contained therein as "Confidential Information".

12.01.2 At all times during the Term and thereafter, you shall maintain all Confidential Information as secret and shall not communicate, divulge, or use for the benefit of any other person(s), partnership, association, limited liability company or corporation any Confidential Information. You shall divulge such Confidential Information only to such of your employees as are required to have access to it in order to operate the Franchised Restaurant. Any additional information that SHF shall consider to be Confidential Information shall be deemed confidential for purposes of this Agreement, except information which you can demonstrate came to your attention prior to disclosure thereof by SHF, or which, at or after the time of disclosure by SHF to you, had become or later becomes a part of the public domain, through lawful publication or communication by others.

12.02 Covenants. As a condition of employment, you shall require any and all Franchisee Trainees and employees who attend the Initial Training or any Additional Training, each of your Managers, and any personnel having access to any Confidential Information to execute a confidentiality and restrictive covenant agreement (in substantially the form attached hereto as Attachment 7, the "Confidentiality and Restrictive Covenant Agreement"), pursuant to which such persons shall agree to maintain the confidentiality of the Confidential Information that they receive in connection with their employment by you at the Franchised Restaurant. Each Restrictive Covenant Agreement shall include a specific identification of SHF as a third-party beneficiary of such agreement with the independent right to enforce it. You shall provide SHF with a copy of all executed Restrictive Covenant Agreements within five (5) days of hiring any such managers and/or employees.

12.03 Injunctive Relief. You acknowledge that any failure to comply with the requirements of this Article 12 shall cause SHF and/or its affiliates irreparable injury, and you agree to pay all court costs and reasonable attorney's fees incurred by SHF and/or its affiliates in obtaining specific performance of, or an injunction against violation of, the requirements of this Article 12.

ARTICLE 13. RECORDS, REPORTS & ACCOUNTING

13.01 Books & Records. You shall maintain and preserve, for at least ten (10) years from the dates of their preparation, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by SHF.

13.02 Required Reports. In addition to the monthly Gross Sales reports required under Section 5.07 above, you shall prepare and submit to SHF via electronic mail to the email address designated by SHF, or such other delivery method as specified by SHF, monthly profit and loss statements on or before the fifteen (15th) day of the following month.

13.03 Additional Reports. Without limiting the foregoing, you shall, at your expense, submit to SHF in the form prescribed by SHF, and maintain readily available for SHF's inspection, review, and/or auditing, any and all financial reports required by SHF. You are obligated to provide the following information to SHF:

13.03.1 a semi-annual internal balance sheet and profit and loss statement and an annual balance sheet and profit and loss statement reviewed by a certified public accountant;

13.03.2 an annual copy of your signed 1120 or 1120S tax form filed with the Internal Revenue Service (or any forms which take the place of those forms), all state and local sales and use tax reports that you are required to file and, upon SHF's written request, copies of all tax returns or reports filed by you for the periods specified in SHF's notice;

13.03.3 copies of all operating reports to your landlord and/or shopping mall operator, if required or provided pursuant to your lease agreement for the Approved Restaurant Location;

13.03.4 your state sales tax returns, and such portions of your federal and state income tax returns as reflect the operations of the Franchised Restaurant; and

13.03.5 such other forms, reports, records, information, and data as SHF may reasonably designate from time to time.

13.04 Verification/Inspection/Use. You shall verify and sign each report and financial statement in the form SHF periodically requires. You hereby give SHF the right to disclose information from your reports relating to the income, expenses and sales from the operation of the Franchised Restaurant to confirm that you are complying with your obligations under this Agreement and to formulate earnings and expense information for possible disclosure to prospective franchisees. SHF may also use information from your reports in SHF's solicitation of other franchisees or for similar purposes. SHF may require you to have your financial statements reviewed or audited by a certified public accountant at your cost and expense. We reserve the right to, as frequently as on a daily basis if so desired: (a) access your cash registers, POS System and any other computer systems; (b) retrieve all information relating to the Franchised Restaurant's operations; and (c) program your computerized cash registers, POS System and any other computer systems so that they send such information automatically to SHF or its designee. You shall take whatever actions SHF specifies to ensure that SHF has continuous, real-time remote electronic access to each of your business systems in order to monitor and retrieve all information stored in such systems.

13.05 Inspection and Audit. SHF or its designated agents shall have the right, during reasonable hours, to examine and copy, at SHF's expense, your books, records, and tax returns. SHF shall also have the right, at any time, to have an independent audit made of your books and records. If an inspection should reveal that any payments have been understated in any report to SHF, then SHF shall have the right to immediately debit from your bank account or require you to immediately pay the amount understated, plus interest from the date that such amount was due at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. If an inspection discloses an understatement in any report of two percent (2%) or more, SHF may, in addition to repayment of monies owed with interest, debit from your bank account or require you to reimburse SHF for any and all costs and expenses associated with the inspection (including, without limitation, travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies SHF may have pursuant to this Agreement or at law. SHF's right to audit and inspect your books and records shall survive for four (4) years following any termination or expiration of this Agreement.

ARTICLE 14. ADVERTISING

14.01 Acknowledgment. You understand and hereby acknowledge that advertising, marketing and promotional activities are essential to the furtherance of the goodwill and public image of SHF and the System, as well as the success of your Franchised Restaurant. Recognizing the value of advertising, and the importance of the standardization of the System's advertising programs, you agree to each of the terms and conditions set forth in this Article 14.

14.02 Generally. SHF has the right to develop and create advertising and sales promotion programs designed to promote and enhance the System and the Restaurants operating under the System. You shall participate in all advertising and sales promotion programs established by SHF in strict accordance with SHF's terms and conditions. You shall place or display at the Franchised Restaurant only such signs, emblems, lettering, logos, displays, advertising and marketing materials approved in advance by SHF. You shall conduct all advertising in a dignified manner and all advertising materials and items shall conform to SHF's Standards and Specifications. You shall not use any advertising or promotional plans or materials unless and until you have received written approval from SHF in accordance with this Article 14. For all advertising and promotional activities, you shall submit samples of such plans and materials to SHF for its prior approval. If you do not receive written approval from SHF within fifteen (15) days of the date of receipt by SHF of such samples or materials, then SHF shall be deemed to have approved them.

14.03 Territorial Advertising Restriction. You are not permitted to solicit customers and/or advertise outside of the Protected Territory, except to the extent that you have received SHF's prior written authorization, which may be granted or withheld in SHF's sole and absolute discretion. SHF may condition its authorization upon, among other things, your agreement to offer other System franchisees who are operating Restaurants in territories encompassed by the circulation base of the proposed advertising the opportunity to participate in, and share the expense of, such solicitation and/or advertising efforts. Notwithstanding the foregoing, you are not required to obtain SHF's prior written authorization to use or circulate an advertisement outside of the Protected Territory, provided that such advertisement is a general System advertisement and does not identify or promote the Franchised Restaurant and SHF has already approved the form and content of such advertising materials.

14.04 Use of Marks in Advertising. All advertising shall prominently display the Marks and shall comply with SHF's standards for use of the Marks. You shall obtain SHF's prior written approval before using any of the Marks on any item, including signs, stationary, business cards, forms and other supplies.

14.05 Grand Opening Advertising. You shall conduct a grand opening advertising campaign at the time of grand opening or subsequent relocation and Five Thousand Dollars ($5,000.00) in the manner SHF specifies or approves (the "Grand Opening Advertising Expenditure"). SHF may designate an approved supplier of local advertising and marketing services and may require you to engage such supplier's services in connection with the grand opening of the Franchised Restaurant. SHF may require you to expend the Grand Opening Advertising Expenditure in accordance with any such approved or designated supplier's Grand Opening advertising program. You shall prepare and submit to SHF a written plan detailing the grand opening or relocation advertising campaign no later than thirty (30) days before the Franchised Restaurant's scheduled grand opening. Within four (4) months following the date that the Franchised Restaurant opens for business, you shall furnish SHF such evidence as SHF may reasonably require to verify your compliance with the Grand Opening Advertising Expenditure requirements.

14.06 Required Local Advertising Expenditure. In addition to the Brand Fund Contribution, you shall spend, at a minimum, the greater of (a) one percent (1%) of your Gross Sales, or (b) $1,500, each month (the "Local Advertising Requirement") for local advertising and marketing. You shall provide SHF with a monthly accounting of all sums you expend to meet your Local Advertising Requirement. Menu printing costs and expenses do not count towards your Local Advertising Requirement. Your monthly Local Advertising Requirement may, with SHF's prior written consent, be accumulated by you for seasonal expenditure upon such terms as SHF may prescribe or authorize. SHF reserves the right to require you to submit to SHF, on a quarterly or monthly basis as SHF designates, a local marketing plan specifically describing how you propose to spend Local Advertising Requirement. If you fail to meet your Local Advertising Requirement, or if you fail to otherwise comply with your local marketing obligations, SHF shall have the right, in addition to any and all other rights and remedies available to it under this Agreement and/or at law, to require you to: (a) immediately pay all sums you were required to, but failed to, expend (the "Local Advertising Deficiency"), to a Fund; (b) spend the Local Advertising Deficiency in the manner designated or approved by SHF for Local Marketing Purposes (as defined in Section 14.07.3 below); or (c) immediately pay the Local Advertising Deficiency to SHF to be expended by SHF or its designees directly in your Restaurant's area for Local Marketing Purposes.

14.07 Establishment of Brand Funds and Cooperatives. Pursuant to Section 5.03, you are required to pay to SHF or its designee the continuing Brand Fund Contribution during the Term. SHF shall determine from time-to-time what portion of the Brand Fund Contribution you shall: (a) contribute to the Brand Fund (as defined below); (b) contribute to a Regional Brand Fund (as defined below); (c) pay to SHF for Local Marketing Purposes; or (d) spend towards Local Marketing Purposes directly. SHF reserves the right to amend and adjust the allocation of the Brand Fund Contribution upon thirty (30) days written notice to you. You acknowledge and agree that the Brand Fund Contribution may be used as follows:

14.07.1 Brand Fund. At SHF's sole discretion, the Brand Fund Contribution shall be paid to SHF or its designee or to one or more funds established by SHF (collectively, "Brand Fund") to be expended for the purpose of maximizing general public recognition and awareness of the Restaurants and the System. Fees allocated to the Brand Fund shall be used towards, among other things, expenditures reasonably related to the creation, development, administration and supervision of marketing and advertising programs and menu development for Restaurants. SHF does not represent or warrant that the Franchised Restaurant or any particular Restaurant shall benefit directly or *pro rata* from the marketing or advertising activity of the Brand Fund.

14.07.2 Regional Brand Funds. In addition to the establishment of the Brand Fund, SHF has the right in its sole and absolute discretion to establish one or more funds (each, a "Regional Brand Fund") in order to implement regional advertising programs aimed at increasing general public recognition and acceptance of Restaurants in specific regions. Subject only to the limitation on the total amount of Brand Fund Contribution in Section 5.03, SHF may require you to contribute all or part of the Brand Fund Contribution to a Regional Brand Fund created in your regional area. Fees allocated to a Regional Brand Fund shall be used for, among other things, the implementation, production, creation, development, administration and supervision of regional marketing and advertising programs and menu development for Restaurants in the designated region. SHF does not represent or warrant that the Franchised Restaurant or any particular Restaurant shall benefit directly or *pro rata* from the marketing or advertising activity of the Regional Brand Fund.

14.07.3 Local Marketing Purposes. SHF may require that some or all of the Brand Fund Contribution be paid to SHF or its designee, or used directly by you, for marketing, advertising, sponsorships, public relations or promotions specifically directed to or featuring the Franchised Restaurant (collectively, "Local Marketing Purposes"). If SHF elects to have you directly spend a portion of the Brand Fund Contribution towards Local Marketing Purposes, you shall submit to SHF for approval, on a quarterly basis, a marketing plan that specifically describes how you propose to spend the designated portion of the Brand Fund Contribution for Local Marketing Purposes each quarter of the calendar year. If you fail to spend the designated amount for Local Marketing Purposes, SHF shall have the right, in addition to any and all other rights and remedies available to it pursuant to this Agreement or at law, to require you to: (a) immediately pay the Local Advertising Deficiency to a Fund; (b) spend the Local Advertising Deficiency in the manner designated or approved by SHF for Local Marketing Purposes; or (c) immediately pay the Local Advertising Deficiency to SHF to be expended by SHF or its designees directly in your Restaurant's area for Local Marketing Purposes.

14.08 Administration. SHF may administer the Brand Fund or one or more Regional Brand Funds (collectively, the "Funds") itself, or designate or license to a third party the right to do so. SHF may change, dissolve or merge any of the Funds at any time, in SHF's sole and absolute discretion. SHF has sole discretion over the creative concepts, materials, media, type, nature, scope, frequency, place, form, copy, layout and content of all national, regional, and local advertising paid out of the Funds; and the Funds shall be maintained and administered by SHF, or SHF's designee, as follows:

14.08.1 The Funds are intended to maximize general public recognition and acceptance of the Marks for the benefit of the System, and neither SHF, nor the Funds, are obligated to make expenditures for you which are equivalent or proportionate to your contributions, nor is SHF required to ensure that you benefit directly or *pro rata* from the placement of advertising.

14.08.2 The Brand Fund Contribution and the Funds, and any contributions to or earnings by the Fund, are used to meet the costs of producing, maintaining, administering, directing, conducting, printing, and preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities which SHF believes shall enhance the image of the System, including the costs of preparing and conducting television, radio, Internet, magazine, newspaper and other media advertising campaigns; developing and/or hosting an Internet web page or similar activities; conducting market research; providing other marketing materials to franchisees; menu printing; direct mail advertising; marketing surveys and other public relations activities; employing advertising and/or public relations agencies; printing and production costs; purchasing promotional items, conducting and administering visual merchandising, promotions and merchandising programs; and providing promotional and other marketing materials and services. Advertising may be local, regional or national, in any type of media, including Internet, print, radio and/or television.

14.08.3 The Brand Fund Contribution contributed to the Funds may also be used to provide rebates or reimbursements to you for local expenditures on certain products, services or improvements, approved in advance by SHF, which SHF believes shall promote general public awareness and favorable support for the System.

14.08.4 SHF has no obligation to segregate the Brand Fund Contribution payments or maintain accounts separate from SHF's other funds. The Brand Fund Contribution may be commingled with funds in SHF's general accounts. SHF-owned and SHF affiliate-owned Restaurants are not required to contribute any amounts to the Fund.

14.08.5 SHF expects to use an amount equal to all contributions made in any fiscal year, but any monies remaining in any Funds at the end of any such year shall carry over to the next year. SHF expects to use any interest or other earnings of the Funds before using current contributions, but it is not required to do so.

14.08.6 SHF is not required to prepare or provide you with any statements relating to the Brand Fund Contribution, the Funds or the expenditures of the Funds, although SHF may do so at its option. The Funds shall not be audited, unless SHF elects to require an audit, in which event all expenses for the audit shall be paid out of the Brand Fund Contribution contributed to the Funds. SHF may, but is not required to, create internally prepared, periodic statements of operations for the Funds. These statements, if created, may be made available to you, upon your reasonable written request.

14.08.7 SHF has the right to terminate any one or more of the Funds at any time. If any Fund is terminated, SHF is not required to return to you any Brand Fund Contribution that you contributed to such terminated Fund. None of the Brand Fund Contribution paid to SHF is refundable at any time, including upon termination or expiration of this Agreement.

14.08.8 You expressly acknowledge that the Funds may be used to pay administrative expenses to SHF or its designee. Administrative expenses may include amounts equivalent to the salaries, travel and other expenses of SHF's or its designee's employees whose services are provided to further the purposes and efforts of the Funds and/or Local Marketing Purposes.

14.08.9 The Fund is not a Trust. SHF has no fiduciary obligation to you for administering the Fund(s) or for any other reason. Media, materials and programs prepared using Brand Fund Contributions and/or Fund contributions may describe SHF's franchise program, reference to the availability of franchises and related information and to process franchise leads.

14.09 Cooperative Advertising. SHF encourages the formation and operation of franchisee cooperative advertising associations (each, a "Co-op"). Each Co-op shall coordinate advertising, marketing efforts and programs, and attempt to maximize the efficient use of local advertising media. If a Co-op is formed for your region, you shall participate in the Co-op or lose your right to vote as to decisions regarding advertising and marketing efforts and programs. In no event shall you be required to be a member of more than one Co-op. You acknowledge that SHF has the right to require any Co-op to be organized and governed: (a) in a form and manner approved in advance by SHF in writing; and (b) for the exclusive purpose of administering regional advertising programs and developing, subject to SHF's approval, standardized promotional materials for use by the members in local advertising. You further acknowledge and agree that:

14.09.1 No advertising or promotional plans or materials may be used by any Co-op, or be furnished to its members, without the prior approval of SHF, pursuant to the procedures and terms as set forth in this Section.

14.09.2 SHF, in its sole and absolute discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in a Co-op, and/or from the obligation to contribute thereto (including a reduction, deferral or waiver of such contribution), upon the written request of such franchisee stating reasons supporting such exemption.

14.10 Minimum Requirements Only. You understand and acknowledge that the required contributions and expenditures set forth in this Article 14 are minimum requirements only, and that you may, and are encouraged by SHF to, expend additional funds for advertising, marketing and promotion.

14.11 Internet Restrictions. You shall not establish a presence on the Internet, or use it for marking purposes, without obtaining SHF's prior written consent and complying with any conditions and restrictions SHF designates. You are strictly prohibited from listing, advertising, marketing and/or promoting the Franchised Restaurant on any social or networking website or mobile application, including, without limitation, Facebook®, LinkedIn®, MySpace®, Twitter®, Groupon®, Instagram®, LivingSocial®, Pinterest, YouTube, Foursquare, Yelp, Google, Yahoo or any similar site, without SHF's prior written consent in each instance. SHF may withhold or revoke its consent for any reason. You may not promote or sell any products or services, or make any use of the Marks, through the Internet or any other electronic medium, including mobile applications, without SHF's prior written approval, which SHF may withhold in its sole and absolute discretion. As a condition of granting any consent, SHF shall have the right to establish any requirement that SHF deems appropriate.

14.11.1 SHF may (but is not required to) include in any SHF website an interior page containing information about the Franchised Restaurant. If SHF includes such information on the website, SHF shall have the right to require you to prepare the page, at your expense, using SHF's designated template. All information shall be approved by SHF before it is posted. SHF retains the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. You shall follow SHF's designated intranet and Internet usage rules, policies and requirements, as they may be developed, changed or modified by SHF in its sole and absolute discretion at any time during the Term. SHF retains the sole right to approve any linking to, or other use of, the website.

14.12 Limitation of SHF's Duties. You understand and agree that the only obligations SHF has regarding the collection and spending of the Brand Fund Contribution, or the administration of the Funds, are the express contractual obligations in this Article 14. SHF is not acting as a trustee, fiduciary, agent or in any other special capacity. SHF makes no representations or warranties regarding the quality or effectiveness of any advertising and marketing activities funded by the Brand Fund Contribution and SHF has no liability to you with respect to how the Brand Fund Contribution is spent.

14.13 Your Obligation to Ensure Compliance with Applicable Laws relating to Advertising and Promotional Programs. You shall be solely responsible for complying with all applicable laws and regulations relating to any and all advertising conducted by you or on your behalf and relating to your participation in any advertising program or promotional program. You hereby acknowledge that our review of any proposed marketing or promotional plans or materials is limited to a review of your use of the Marks and the content of the proposed advertising from a branding and trademark protection perspective. You are strongly encouraged to engage counsel to assist you in ensuring compliance with all applicable laws, rules and regulations.

ARTICLE 15. INSURANCE

15.01 Generally. You shall procure, prior to the commencement of any operations under this Agreement, and shall maintain in full force and effect at all times during the Term, at your expense, each of the insurance policies set forth in Section 15.02 below (the "Insurance Policies"), which Insurance Policies shall each name SHF as an additional insured and serve to protect you and SHF, and your and SHF's respective officers, directors, partners, and employees, against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense, whatsoever, arising or relating to the Franchised Restaurant.

15.02 Minimum Requirements. The Insurance Policies shall be written by a responsible carrier or carriers acceptable to SHF, with a financial rating of A- or better. Except with respect to additional coverages and higher policy limits that may be reasonably required by SHF from time to time and/or required under the terms of the lease for the Franchised Restaurant, the Insurance Policies shall include, at a minimum, the following types of policies:

15.02.1 "Comprehensive General Liability Insurance", including broad form contractual liability, broad form property damage, personal injury, completed operations, products liability, in the amount of $1,000,000 combined single limit, and fire damage coverage, in the amount of not less than $50,000.

15.02.2 "All-Risks Insurance" for the full cost of replacement of the Franchised Restaurant premises and all other property in which SHF may have an interest, with no coinsurance clause, a replacement cost clause attached, agreed amount endorsement equal to 100% of the value of the property.

15.02.3 "Business Interruption Insurance", in an amount equal to 100% of Franchisee's annual Gross Sales (actual or, if not available, estimated), excluding ordinary payroll expenses.

15.02.4 If SHF authorizes or requires you to provide delivery services, "Automobile Insurance", including coverage of vehicles not owned by you, but used by employees in connection with the Franchised Restaurant, with a combination of primary and excess limits of not less than $1,000,000.

15.02.5 "Employer's Liability Insurance", "Workers' Compensation Insurance", "Liquor Liability and Dram Shop Insurance", and such other insurance as may be required by statute or rule of the state or locality in which the Franchised Restaurant is located and operated.

15.02.6 You may, with the prior written consent of SHF, elect to have reasonable deductibles in connection with the coverage required under Sections 15.02.1 and 15.02.2 above.

15.03 Builder's All-Risk Insurance. In connection with any construction, renovation, refurbishment, or remodeling of the Franchised Restaurant, you shall maintain "Builder's All-Risks Insurance" and performance and completion bonds in the forms and amounts, and written by a carrier or carriers, reasonably satisfactory to SHF.

15.04 No Limitation. Your obligation to obtain and maintain the foregoing Insurance Policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by SHF, nor shall your performance of that obligation relieve you of liability under the indemnity provisions, including as set forth in Section 22.03 of this Agreement.

15.05 Franchisee's Negligence. All public liability and property damage policies shall contain a provision that SHF, although named as an insured, shall nevertheless be entitled to recover under said policies on any loss occasioned to SHF or its servants, agents or employees by reason of your negligence or the negligence of your servants, agents, or employees.

15.06 Additional Requirements. All Insurance Policies must include a waiver of subrogation and you shall waive any rights of recovery against SHF. Your obligation to obtain coverage is not limited in any way by insurance that we maintain. At least thirty (30) days prior to the time any Insurance Policy is first required to be carried by you, and thereafter at least thirty (30) days prior to the expiration of any such Insurance Policy, you shall deliver to SHF certificates of insurance ("Certificates") evidencing the proper coverage with limits not less than those required hereunder. All Certificates shall expressly provide that no less than thirty (30)-days' prior written notice shall be given SHF in the event of material alteration to or cancellation of the coverages evidenced by such Certificates. Further, all Certificates shall name SHF, and each of its partners, subsidiaries, affiliates, directors, agents and employees as additional insureds and as Indemnified Parties (as defined in Section 22.03), and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions for which any such Certificate evidences coverage. These policies must be primary to and without right of contribution from any other insurance policy purchased by SHF or any other Indemnified Party; must not limit or reduce coverage for you if there is a claim by SHF or any one or more of the other Indemnified Parties; and must extend to and provide indemnity for all of your indemnification obligations to SHF and the other Indemnified Parties under this Agreement. If there is a claim by SHF or any one or more of the other Indemnified Parties against you, you must, upon SHF's request, assign to SHF all rights which you then have or thereafter may have with respect to the claim against the insurer(s) providing the coverages described above.

15.07 Failure to Procure/Maintain. Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by SHF in the Operations Manual or otherwise, SHF shall have the right and authority, but not the obligation, to immediately procure such insurance on your behalf and to charge the same to you, which charges shall be payable immediately by you upon notice and, together with a reasonable fee for SHF's expenses, shall not exceed seven percent (7%) of the cost of the insurance provided. The foregoing remedies shall be in addition to any other remedies SHF may have pursuant to this Agreement or at law.

ARTICLE 16. TRANSFER AND ASSIGNMENT

16.01 Transfer by SHF. SHF shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations hereunder to any person or Legal Entity.

16.02 Transfer by Franchisee. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you and/or your current owners, and that SHF has granted this franchise in reliance upon you and/or your owners' business skill, financial capacity, and personal character. Accordingly, neither you, nor any immediate or remote successor to any part of your interest in this franchise, nor any individual, partnership, corporation, or limited liability company that, directly or indirectly, has any ownership interest in you and/or this franchise shall sell, assign, transfer, convey, gift, or otherwise dispose of any direct or indirect interest in this franchise or the Franchised Restaurant (each a "Transfer"), without the prior written consent of SHF, which may be granted or withheld in SHF's sole and absolute discretion. Notwithstanding the foregoing, SHF's prior written consent shall not be required for a transfer of less than a five percent (5%) interest in a corporation registered under the Securities Exchange Act of 1934 (a "publicly-held corporation"). Any purported, sale, assignment, encumbrance or transfer, by operation of law or otherwise, not having the written consent of SHF required by this Section 16.02, shall be null and void and shall constitute a material breach of this Agreement, for which SHF may then terminate without opportunity to cure pursuant to Section 17.02.23 below.

16.03 Ownership Changes. Without limiting the foregoing, Franchisee acknowledges that any sale, resale, pledge, encumbrance, assignment, transfer or other disposition of any ownership interests of Franchisee, if such Franchisee is a Legal Entity, shall constitute a "Transfer" for purposes of this Agreement. Upon SHF's consent to any such Transfer of the ownership interests of Franchisee, any new partner, shareholder, member, manager, or equity holder of Franchisee, as applicable, shall be required to personally guarantee Franchisee's obligations under this Agreement.

16.04 Conditions for Approval. The consent of SHF and the approval of a proposed Transfer may be subject to any such conditions as SHF deems necessary or desirable in its sole and absolute discretion, including, without limitation, any or all of the following:

16.04.1 All of Franchisee's accrued monetary obligations and all other outstanding obligations to SHF and its subsidiaries and affiliates shall have been satisfied;

16.04.2 Franchisee is not in default of any provision of this Agreement or any amendment hereto, or of any provision of any other agreement between (a) Franchisee and SHF or its subsidiaries or affiliates; and/or (b) any of Franchisee's owners and/or affiliates and SHF or its subsidiaries or affiliates;

16.04.3 The transferor shall have executed a general release, under seal and in a form satisfactory to SHF, of any and all claims against SHF, and its affiliate, parents, subsidiaries, and each of their respective officers, directors, shareholders and employees, in both their corporate and individual capacities, including, without limitation, claims arising under this Agreement and all federal, state, and local laws, and rules, to the fullest extent permitted by law;

16.04.4 The transferee (and, if the transferee is a Legal Entity, such owners of such Legal Entity as SHF may request) shall enter into a written assignment, under seal and in a form satisfactory to SHF, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; and, if Franchisee's obligations were guaranteed by the transferor, the transferee shall guarantee the performance of all such obligations in writing in a form satisfactory to SHF;

16.04.5 The transferee (and, if the transferee is a Legal Entity, such owners of such Legal Entity as SHF may request) shall demonstrate to SHF's satisfaction that: it meets SHF's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Restaurant (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the Franchised Restaurant;

16.04.6 At SHF's option, the transferee shall execute (and/or, upon SHF's request, shall cause all interested parties to execute), for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the then-current form of franchise agreement being offered to new System franchisees and such other ancillary agreements as SHF may require for the Franchised Restaurant, which agreements shall supersede this Agreement in all respects and may include terms that differ from the terms of this Agreement; *provided*, *however*, that the transferee shall not be required to pay any initial franchise fee;

16.04.7 The transferee, at its expense, shall upgrade the Franchised Restaurant to conform to SHF's then-current Standards and Specifications, and shall complete the upgrading and other requirements within the time specified by SHF;

16.04.8 The transferor shall remain liable for all of the obligations to SHF in connection with the Franchised Restaurant prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by SHF to evidence such liability;

16.04.9 The transferee (or, if the transferee is a Legal Entity, a principal of the transferee acceptable to SHF) and the transferee's manager shall, at the transferee's expense, complete any training programs then in effect for franchisees upon such terms and conditions as SHF may reasonably require;

16.04.10 Prior to consummating any Transfer, Franchisee must pay to SHF a fee in an amount equal to twenty-five percent (25%) of Franchisor's then-current initial franchise fee. If Franchisee requests SHF's approval of a Transfer but does not consummate such Transfer, Franchisee must pay to SHF a fee in the amount equal to One Thousand Dollars ($1,000). In the case of a Transfer to a corporation, partnership, or limited liability company owned by Franchisee for purposed of the convenience of ownership, Franchisee must pay to SHF a fee in the amount of Fifteen Hundred Dollars ($1,500); *provided*, *however*, no fee shall be owed to SHF if such Transfer occurs prior to the expiration of the six (6)-month period following the Effective Date. In addition to any Transfer fee required by this Section 16.04.10, Franchisee must pay to SHF any reasonable costs and expenses associated with SHF's review of the application to Transfer, including, without limitation, SHF's legal and accounting fees. Notwithstanding the foregoing, there shall be no Transfer fee required in connection with any Transfer to SHF.

16.04.11 Franchisee acknowledges and agrees that each condition which shall be met by the transferee is necessary to assure such transferee's full performance of the obligations under this Agreement.

16.05 Right of First Refusal. If, prior to the expiration or termination of this Agreement, Franchisee desires to accept a bona fide offer from a third party to purchase any or all of a party's interest (the "Interest") in the franchise granted by SHF pursuant to this Agreement, or substantially all of the assets of the Franchise Restaurant, Franchisee must notify SHF in writing of such bona fide offer, and shall provide such information and documentation relating to the offer as SHF may require to evaluate the terms of such offer.

16.05.1 Upon SHF's request, Franchisee must provide SHF any information about the business and operations of the Franchised Restaurant that SHF requests.

16.05.2 SHF shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and all of the information requested pursuant to Section 16.05.1 above, to send a written notice to Franchisee that SHF intends to purchase the Interest on the same terms and conditions offered by the third party and at the same price. If SHF does not provide written notice to Franchisee within the thirty (30)-day period, SHF shall be deemed to have waived the right of first refusal provided to it under this Section 16.05.

16.05.3 If SHF elects to purchase the Interest, closing on such purchase shall occur within thirty (30) days from the date of notice to Franchisee of the election to purchase by SHF. If SHF exercises its option, SHF shall waive the fee described in Section 16.04.10 above. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by SHF as in the case of an initial offer.

16.05.4 Failure of SHF to exercise the option afforded to it pursuant to this Section 16.05 shall not constitute a waiver of any other provision of this Agreement, including the provisions set forth in Section 16.04 with respect to Transfers, including, without limitation, the requirement that Franchisee obtain SHF's prior written consent to any proposed Transfer.

16.05.5 If the consideration, terms, and/or conditions offered by a third party include assets not related directly to the Franchised Restaurant, or are otherwise such that SHF may not reasonably be required to furnish the same consideration, terms, and/or conditions, then SHF may purchase the Interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash, an independent appraiser shall be mutually designated by Franchisee and SHF, and such independent appraiser's determination shall be binding.

16.06 Transfer to a Legal Entity. If Franchisee is an individual, Franchisee has the right to assign Franchisee's rights under this Agreement to a Legal Entity for the convenience of operation; provided that such Legal Entity is wholly owned by Franchisee. Such assignment shall not be subject to SHF's right of first refusal, as set forth in Section 16.05 above, provided that the Legal Entity: (a) complies with Section 20.01; (b) is newly organized for the purpose of operating the Franchised Restaurant or operating other Restaurants under franchise agreements with SHF; and (c) agrees in writing to assume all of Franchisee's obligations under this Agreement pursuant to the terms of an assignment and assumption agreement.

16.07 Transfer upon Death or Mental Incapacity. Upon the death or mental incapacity of any person with an interest in the franchise or in Franchisee (if Franchisee is a legal entity), the executor, administrator, or personal representative of such person shall transfer his or her interest to a third party approved by SHF within six (6) months after such death or mental incapacity (the "Transfer Period"). Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an inter vivos transfer, and to the following conditions:

16.07.1 In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 16.07, the personal representative of the deceased person shall have an additional period of up to six (6) months from the date such individual is disapproved by SHF (the "Extension Period") to dispose of the deceased's interest in the franchise.

16.07.2 Notwithstanding the foregoing, the following conditions shall be met during the Transfer Period and any Extension Period: (a) the executor, administrator, or personal representative, as applicable, has provided SHF with documentation reasonably satisfactory to SHF evidencing such person's authority to receive an assignment or to dispose of the deceased's interest in the franchise; (b) the Franchised Restaurant remains open and operating in accordance with all terms and conditions of this Agreement at all times; and (c) a manager who has been approved by SHF and who has completed SHF's Initial Training to SHF's satisfaction is designated to operate the Franchised Restaurant during the Transfer Period and/or Extension Period, as applicable.

16.07.3 SHF shall in no way assume any liability in connection with the legal authority of the deceased's executor, administrator, heir, beneficiary or personal representative to receive an assignment or to dispose of the deceased's interest in the franchise.

16.07.4 In the event that a manager acceptable to SHF has not been designated to operate the Franchised Restaurant during the Transfer Period and, if applicable, Extension Period, SHF shall have the right, at its option, to step in and either itself, or through a third party designated by SHF, operate the Franchised Restaurant during such period. SHF or its designee shall be entitled to a reasonable fee for such services, in addition to compensation for all costs and expenses incurred in providing such services.

16.07.5 If the foregoing conditions are not satisfied, or if the deceased's interest in the franchise is not transferred or disposed of before the expiration of the Transfer Period or Extension Period, if applicable, SHF shall have the right to immediately terminate this Agreement.

16.08 Non-Waiver of Claims. SHF's consent to a Transfer of any interest in the franchise granted herein shall not constitute a waiver of any claims SHF may have against the transferring party, nor shall it be deemed a waiver of SHF's right to demand exact compliance by the transferee with any of the terms of this Agreement.

ARTICLE 17. DEFAULT, TERMINATION AND ALTERNATIVE REMEDIES

17.01 Default and Termination. If Franchisee commits any Act of Default (as defined in Section 17.02 below), and Franchisee fails to cure such Act of Default within the applicable cure period after having been notified of such Act of Default, then SHF shall have the right to terminate this Agreement by written notice to you. Unless specifically set forth or precluded below, the cure period for any Act of Default shall be thirty (30) days. If any applicable law requires a longer notice period or a longer cure period than is provided in this Agreement, then the period required by law shall be substituted for period provided below.

17.02 Acts of Default: Each of the following acts is a material act of default under this Agreement (collectively, the "Acts of Default", and each, an "Act of Default") and shall constitute good cause for termination of this Agreement by SHF:

17.02.1 If the Franchised Restaurant does not open for business to the public by the date that is: (a) two hundred seventy (270) days from the Effective Date; or (b) one hundred eighty (180) days from the date Franchisee enters into a lease agreement or purchase agreement, as applicable, for the Approved Restaurant Location.

17.02.2 Franchisee's failure to commence the design, construction, equipping and process of opening the Franchised Restaurant in accordance with timeline established by SHF.

17.02.3 Except as otherwise required by the United States Bankruptcy Code, Franchisee is adjudicated as bankrupt and/or files or has filed against it a petition in bankruptcy, reorganization, or similar proceeding and the petition is not dismissed within ninety (90) days after it is filed. Subject to applicable law, there shall be no cure period for an Act of Default under this provision. Franchisee expressly and knowingly consents to such termination and waives any rights that Franchisee may have under the provisions of the United States Bankruptcy Code and any other relief which may be sought in a complaint filed by SHF to lift the provisions of the automatic stay of the United States Bankruptcy Code. Additionally, Franchisee agrees not to seek an injunctive order from any court in any jurisdiction relating to insolvency, reorganization or similar proceedings which would have the effect of staying or enjoining this provision.

17.02.4 Franchisee becomes insolvent, a receiver or custodian (permanent or temporary) of Franchisee's property or any part thereof is appointed by a court of competent authority, or Franchisee makes a general assignment for the benefit of creditors. There shall be no cure period for an Act of Default under this provision.

17.02.5 A final judgment against Franchisee remains unsatisfied of record for thirty (30) days or longer (unless a supersedeas or other appeal bond is filed), execution is levied against Franchisee's business or property at the Franchised Restaurant premises, or a suit to foreclose any lien or mortgage against the Franchised Restaurant premises or any furniture, fixtures or equipment at the Franchised Restaurant is filed against Franchisee and not dismissed within thirty (30) days. The cure period for an Act of Default under this provision is five (5) days after notice by SHF following expiration of any other period set forth in this provision.

17.02.6 Franchisee defaults in the performance of any term, condition, or obligation of payment of any indebtedness to Franchisee's suppliers, distributors or others arising out of the purchase or lease of equipment in connection with the Franchised Restaurant.

17.02.7 Franchisee fails to pay when due any Royalty Fee, Brand Fund Contribution, or other amounts due and payable to SHF under this Agreement. The cure period for an Act of Default under this provision is ten (10) days after notice by SHF.

17.02.8 Franchisee fails to submit any Gross Sales reports or other financial report required under this Agreement, or unintentionally files an inaccurate Gross Sales statement or other financial report required under this Agreement. The cure period for an Act of Default under this provision is five (5) days after notice by SHF.

17.02.9 Franchisee knowingly submits any false Gross Sales statement or other financial report required under this Agreement. There shall be no cure period for an Act of Default under this provision.

17.02.10 Franchisee fails to operate the Franchised Restaurant in accordance with SHF's standards as to cleanliness, safety, health and sanitation. The cure period for an Act of Default under this provision is twenty-four (24) hours after notice by SHF.

17.02.11 Franchisee fails to immediately rectify all hazardous situations, and immediately remove and destroy any and all hazardous products. For purposes of the foregoing sentence, "hazardous situations" are those which have the potential to cause injury, illness or death, and "hazardous products" are products which are unfit for human consumption or which have the potential to cause injury, illness or death. There shall be no cure period for an Act of Default under this provision.

17.02.12 Franchisee sells products at the Franchised Restaurant that are not approved by SHF for sale at the Franchised Restaurant, or sells products that do not conform to the product specifications established by SHF. The cure period for an Act of Default under this provision is five (5) days after notice by SHF.

17.02.13 Franchisee fails to use proprietary recipes designated by SHF, or fails to sell or offer for sale at the Franchised Restaurant any product that is required by SHF to be sold or offered for sale at the Franchised Restaurant. The cure period for an Act of Default under this provision is five (5) days after notice by SHF.

17.02.14 Franchisee fails to use at the Franchised Restaurant any furniture, fixtures, equipment or signage required by SHF to be used at the Franchised Restaurant.

17.02.15 Franchisee uses at the Franchised Restaurant any furniture, fixtures, equipment or signage not approved by SHF for use at the Franchised Restaurant.

17.02.16 Franchisee fails to repair and maintain the Franchised Restaurant, or the furniture, fixtures, equipment or signage at the Franchised Restaurant to the standards required by SHF.

17.02.17 Franchisee fails to operate the Franchised Restaurant in accordance with any of Standards and Specifications (other than those as to cleanliness, safety, health and sanitation) as to operating procedures, systems and methods of operation (including, without limitation, standards related to food products served).

17.02.18 Franchisee fails to obtain and maintain all Insurance Policies required under this Agreement, with all required terms and policy provisions as required by this Agreement. The cure period for an Act of Default under this provision is ten (10) days after notice by SHF.

17.02.19 Franchisee violates any law, ordinance, rule or regulation of a governmental body or authority in connection with the operation of the Franchised Restaurant, and Franchisee fails to correct the violation within twenty (20) days after notification by the governmental body or authority. The cure period for an Act of Default under this provision is five (5) days after notice by SHF after expiration of the twenty (20) days from notification by the governmental body or authority; *provided, however*, that the five (5)-day cure period shall be stayed if there is a bona fide dispute as to the violation or the legality of the law, ordinance, rule or regulation at issue, and Franchisee takes action in an appropriate court or other forum to contest such violation or legality.

17.02.20 Franchisee loses its right to possession of the Franchised Restaurant or the Approved Restaurant Location. There shall be no cure period for an Act of Default under this provision.

17.02.21 Franchisee abandons the franchise and franchise relationship with SHF. It shall be an abandonment of the franchise and franchise relationship with SHF if Franchisee ceases to do business at the Franchised Restaurant for a period of five (5) consecutive days or otherwise communicates to SHF that Franchisee does not intend to re-open the Restaurant. There shall be no cure period for an Act of Default under this provision.

17.02.22 Franchisee fails to comply with the restrictions on Confidential Information, or any covenants set forth in Article 11 or Article 19 of this Agreement, or if Franchisee misuses or make any unauthorized use of the Marks or any other identifying characteristics of the System, or otherwise materially impairs the goodwill associated therewith or with SHF's rights therein. There shall be no cure period for an Act of Default under this provision.

17.02.23 Franchise sells, assigns, transfers, encumbers, or licenses any interest in this Agreement or in the franchise or Franchised Restaurant without the prior written consent of SHF and otherwise as permitted under this Agreement. There shall be no cure period for an Act of Default under this provision.

17.02.24 Franchisee violates any other obligation, provision or condition of this Agreement not specifically identified in Section 17.02.

17.02.25 Franchisee commits three or more Acts of Default under this Agreement within any consecutive twelve (12)-month period, regardless of whether any of such Acts of Default are cured by Franchisee. There shall be no cure period under this provision, such that if two Acts of Default occur within a twelve (12)-month period, this Agreement shall immediately terminate upon receipt of the notice of default delivered by SHF upon the occurrence of the third Act of Default.

17.02.26 Franchisee, or any individual with an ownership interest in Franchisee, is convicted in a court of competent jurisdiction of: (a) an offense punishable by a term of imprisonment in excess of one (1) year; or (b) any offense for which a material element is fraud, dishonesty or moral turpitude. There shall be no cure period for an Act of Default under this provision.

17.03 Cross-Default. If Franchisee commits a default in the performance of any of the covenants, conditions or agreements contained in: (a) Franchisee's lease for the Approved Restaurant Location; or (b) any other agreement between (i) Franchisee and SHF or SHF's subsidiaries or affiliates, or (ii) any of Franchisee's owners, Guarantors or affiliates and SHF or SHF's subsidiaries or affiliates (each a "Related Agreement"), Franchisee will also be in default under this Agreement. In addition to any of SHF's rights under any Related Agreement, SHF has the right to terminate this Agreement pursuant to Section 17.02 above, unless such default is cured within the lesser of (x) thirty (30) days after written notice of default has been provided by SHF, or (y) the applicable cure period for the default under the lease or the Related Agreement. Franchisee specifically agrees that all of the foregoing remedies shall be available to SHF as a result of Franchisee's breach or default, or failure to perform all obligations required by it, under Franchisee's lease agreement or any Related Agreement, even if Franchisee is not otherwise in default under this Agreement.

ARTICLE 18. POST-TERM OBLIGATIONS

18.01 Post Termination/ Expiration Obligations. Upon termination or expiration of this Agreement, all rights granted to you under this Agreement shall immediately terminate, and you shall strictly comply with the following obligations:

18.01.1 You shall immediately cease to operate the Franchised Restaurant, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of SHF or the System.

18.01.2 You shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System and the Marks, Trade Dress and distinctive forms, slogans, signs, symbols, and devices associated with the System. Without limiting the generality of the foregoing, you shall cease to use all System trade fixtures, signs, advertising materials, displays, stationery, forms, products and any other articles displaying the Marks.

18.01.3 You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains any of the Marks, and you shall furnish SHF with evidence satisfactory to SHF of your compliance with this obligation within five (5) days after termination or expiration of this Agreement.

18.01.4 You shall, at SHF's option, assign or sublease to SHF, or its designee, any interest which you have in any lease for the Franchised Restaurant. If SHF does not require you to assign the lease to SHF or its designee, you shall make all modifications, changes and alterations to the interior and exterior of the premises at which the Franchised Restaurant was operated, as designated by SHF, so as to de-identify the premises from the System. If you fail or refuse to comply with the requirements of this Section 18.01.4, SHF shall, in addition to any other rights and/or remedies available to SHF under this Agreement or at law, have the right to enter upon the premises where the Franchised Restaurant was conducted, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your expense, which expense you shall pay to SHF or its designee immediately upon demand.

18.01.5 You shall assign to SHF or its designee the telephone numbers used in connection with the operation of the Franchised Restaurant. You shall complete all forms and approvals and perform all acts reasonably necessary to effectuate such assignments or transfers.

18.01.6 Without limiting any of your obligations under this Agreement, you agree that if you continue to operate, or subsequently begin to operate, any business you shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks or the Trade Dress, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute SHF's rights in and to the Marks and the Trade Dress, and you further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with SHF constituting unfair competition.

18.01.7 You shall promptly pay all sums owing to SHF and its subsidiaries and affiliates that are then unpaid, including Royalty Fees, Continuing Brand Fund Contributions, interest due on any of the foregoing and all other amounts owed to SHF.

18.01.8 The parties agree that, if this Agreement is terminated as a result of your default prior to the expiration of the Term, it would be impossible to calculate with reasonable precision the losses that would be incurred by SHF because of the unpredictability of future business conditions, inflationary prices, the impact on SHF's reputation from having a closed location, the ability of SHF to replace the Franchised Restaurant in the same market, and a variety of other factors. Accordingly, if this Agreement is terminated as a result of any default by you, SHF shall be entitled to recover as liquidated damages, and not as a penalty, an amount equal to the aggregate Royalty Fees and Brand Fund Contributions due to SHF during the thirty-six (36) full calendar months during which the Franchised Restaurant was open and operating immediately before the termination date. If the Franchised Restaurant has not been open and operating for thirty-six (36) months before the termination date, liquidated damages shall be equal to (x) the average monthly Royalty Fees and Brand Fund Contributions due to SHF for all months during which the Franchised Restaurant was open and operating, multiplied by (y) thirty-six (36).

18.01.9 You shall pay to SHF all damages, costs, and expenses, including reasonable attorneys' fees, incurred by SHF subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Article 18 or any other post-term obligations under this Agreement.

18.01.10 You shall immediately deliver to SHF the Operations Manual and all other records, correspondence, and instructions containing Confidential Information, or information relating to the operation of the Franchised Restaurant, all of which are acknowledged to be the property of SHF, and you shall retain no copy or record of any of the foregoing, with the exception of your copy of this Agreement, any correspondence between the parties, and any other documents which you reasonably need for compliance with any provision of law.

18.01.11 Franchisee must comply with the covenants contained in Article 19 of this Agreement.

18.02 <u>SHF's Right to Purchase the Franchised Restaurant</u>. SHF shall have the option, to be exercised within sixty (60) days after termination or expiration of this Agreement, as applicable, to purchase the Franchised Restaurant from you, including the leasehold rights to the Franchised Restaurant, free and clear of all liens, restrictions or encumbrances. (The date on which SHF notifies you whether or not SHF is exercising its option is referred to in this Agreement as the "Notification Date.") SHF has the unrestricted right to assign this option to purchase the Franchised Restaurant. SHF shall be entitled to all customary warranties and representations in connection with SHF's asset purchase, including, without limitation, representations and warranties as to ownership, condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities effecting the assets, contingent or otherwise. If SHF elects to exercise its option to purchase the Franchised Restaurant, the following shall apply:

18.02.1 Leasehold Rights. You agree, at SHF's election, to assign your leasehold interest in the Franchised Restaurant premises to SHF or its designee, or to enter into a sublease with SHF or its designee for the remainder of the lease term on the same terms (including renewal options) as the prime lease.

18.02.2 Purchase Price. The purchase price for the Franchised Restaurant shall be its fair market value, determined in a manner consistent with reasonable depreciation of the Franchised Restaurant's equipment, signs, inventory, materials and supplies, provided that the Franchised Restaurant shall be valued as an independent business and its value shall not include any value for the franchise or any rights granted by this Agreement, the Marks, or participation in the System.

18.02.3 Fair Market Value. The Franchised Restaurant's fair market value shall include the reasonable goodwill you developed since your commencement of operations, which exists independent of the goodwill of the Marks and the System. The length of the remaining term of the lease for the Franchised Restaurant premises shall also be considered in determining the Franchised Restaurant's fair market value.

18.02.4 Exclusions. SHF may exclude from such asset sale any cash or cash equivalents and/or any equipment, signs, inventory, materials, and supplies that are not reasonably necessary (in function or quality) to the Franchised Restaurant's operation or that SHF has not approved as meeting standards for the Franchised Restaurant. The purchase price shall reflect the exclusion of such assets.

18.02.5 Appraisal. If you and SHF are unable to agree on the Franchised Restaurant's fair market value, its fair market value shall be determined by one (1) independent qualified appraiser that SHF appoints in its sole business judgment. SHF shall appoint the appraiser within fifteen (15) days after the date SHF determines you and SHF are unable to agree on the Franchised Restaurant's fair market value. You and SHF shall share equally the fees and expenses of the appraiser. You and we further agree to take reasonable actions to cause the appraiser to complete the appraisal within thirty (30) days after the appraiser's appointment. SHF shall have the right to offset against the purchase price your share of the appraiser's fees if you fail to pay such fees within five (5) business days after your receipt of the appraiser's invoice.

18.02.6 Closing. The purchase price shall be paid at the closing of the purchase, which shall take place not later than ninety (90) days after determination of the purchase price. SHF also shall have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your owners or guarantors owe to us, including attorneys' fees.

18.02.7 Instruments. At the closing, you agree to deliver such instruments as are necessary to transfer: (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interest acceptable to SHF, if any) and with all sales and other transfer taxes paid by you; (b) all licenses and permits of the Franchised Restaurant, which may be assigned or transferred; and (c) the leasehold interest in the Franchised Restaurant premises and any improvements thereon.

18.02.8 Escrow. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale shall, at SHF's election, be accomplished through an escrow arrangement with an independent escrow agent selected by SHF.

18.02.9 Releases. You and your owners and Guarantors agree to execute general releases, in a form satisfactory to SHF, of any and all claims against SHF and its shareholders, officers, directors, employees, agents, successors and assigns.

ARTICLE 19. BEST EFFORTS; RESTRICTIVE COVENANTS

19.01 Best Efforts. Franchisee covenants that during the Term, except as otherwise approved in writing by SHF, Franchisee or Franchisee's Designated Manager (provided that such manager has completed SHF's training to SHF's satisfaction and such manager has executed a Restrictive Covenant Agreement) shall devote full time, energy, and best efforts to the management and operation of the Franchised Restaurant.

19.02 In-Term Covenants. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of SHF and the System. Franchisee covenants that during the Term, except as otherwise approved in writing by SHF, neither Franchisee, nor any of its officers, directors, members, managers, shareholders, partners or owners, nor Franchisee's spouse nor the spouse of any of the aforementioned individuals, shall, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company or corporation:

19.02.1 Divert or attempt to divert any business or customer of the Franchised Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

19.02.2 Own, maintain, operate, engage in, provide any assistance to, or have any interest in any Competitive Business (as defined below).

The term "Competitive Business" means any business operating, or granting franchises or licenses to others to operate, a fast-casual restaurant, a fast-casual food service business, or a restaurant marketed or promoted as a salad restaurant or restaurant serving healthy food. The term Competitive Business shall not include other Restaurants operated by Franchisee pursuant to a valid, binding franchise agreement by and between Franchisee and SHF.

19.03 Post-Termination/Expiration Covenants. You covenant that, except as otherwise approved in writing by SHF, you shall not, for a continuous uninterrupted period commencing upon the expiration, transfer or termination of this Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons (including your spouse or any immediate family member, or the spouse or any immediate family member of any Guarantor), partnership, limited liability company or corporation, own, maintain, operate, engage in, provide assistance to, or have any interest in

19.03.1 any Competitive Business that is, or is intended to be, located: (a) at the Approved Center Location; (b) within a twenty-five (25) mile radius of the Approved Center Location, or within a twenty-five (25) mile radius of any other Center in existence or under construction at the time this Agreement is terminated, expired or transferred, as applicable; or (c) anywhere in the State of New Jersey; or

19.03.2 any business that is licensing or granting franchises for the right to operate one or more Competitive Businesses anywhere within the United States.

Franchisee will not, for a two (2) year period after the expiration or termination of this Agreement, divert or attempt to divert any business or customer of the Franchised Center to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System. Franchisee further covenants that it shall not engage in any form of unfair competition with SHF or any of its franchisees or licensees.

19.04 No Defense. Franchisee expressly agrees that the existence of any claims Franchisee may have against SHF, whether or not arising from this Agreement or otherwise, shall not constitute a defense to the enforcement by SHF of the covenants in this Article 19. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by SHF in connection with the enforcement of any of Franchisee's obligations under this Article 19.

19.05 Irreparable Harm. Franchisee acknowledges that any violation of the terms of this Article 19 would result in irreparable injury to SHF for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of any of the terms of this Article 19.

19.06 Restrictive Covenant Agreements. For brand protection and preservation purposes, and to maintain confidentiality of the Confidential information, Franchisee will require the execution of Restrictive Covenant Agreements by the Franchisee's Managing Owner, the Kitchen Managers, and all of Franchisee's managers and any other personnel employed by Franchisee who has received or shall receive training from SHF or shall otherwise be privy to Confidential Information. Every covenant required by this Section 19.06 shall include a specific identification of SHF as a third-party beneficiary of such covenant with the independent right to enforce such covenant.

19.07 Acknowledgment. Franchisee acknowledges and agrees that the length and term of the geographical restrictions contained in this Article 19 are fair and reasonable and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of SHF. Franchisee agrees that Franchisee's full, uninhibited and faithful observance of each of the covenants contained in this Article 19 shall not cause any undue hardship, financial or otherwise, and that the enforcement of each of the covenants in this this Article 19 shall not impair Franchisee's ability to obtain employment commensurate with

Franchisee's abilities and on terms fully acceptable to Franchisee or to otherwise obtain income required for the comfortable support of Franchisee, Franchisee's family and the satisfaction of Franchisee's creditors. Franchisee agrees that it has acquired special knowledge of the business of the System and that use of such knowledge by Franchisee (or by anyone that has acquired similar knowledge through Franchisee) to the benefit of a competitor, or in any way competitive with SHF or any System franchisee, would cause SHF and the other System franchisees serious injury and irreparable loss.

19.08 Extension of Covenant Period. If Franchisee violates the post-term covenant set forth in Section 19.03 above following the expiration, termination or transfer of this Agreement, Franchisee acknowledges and agrees that the post-term covenant period of two (2) years shall be extended to commence on the date that Franchisee first complies with such covenant so as to provide SHF with the full and uninterrupted benefit of the post-term covenant period.

ARTICLE 20. OWNERSHIP BY LEGAL ENTITY

20.01 Franchisee as a Legal Entity. If Franchisee is a corporation, partnership or limited liability company (each, a "Legal Entity"), the following requirements shall apply, as applicable:

20.01.1 Franchisee must be newly organized and its charter shall at all times provide that Franchisee's activities are confined exclusively to operating the Franchised Restaurant.

20.01.2 Franchisee must furnish to SHF copies of such Legal Entity's organizational documents (e.g., articles or organization, articles of formation, etc.), governing documents (e.g., bylaws, shareholder agreements, partnership agreement, operating agreement, etc.), and authorizing resolutions (e.g., of the board of directors, partners, members, etc.).

20.01.3 Franchisee must maintain stop-transfer instructions against the transfer of any equity interests of Franchisee; and each stock certificate or membership interest certificate, if any, shall conspicuously maintain a legend, in a form satisfactory to SHF, that such ownership interests are held subject to, and that any assignment or transfer thereof is further subject to, the restrictions imposed upon such interests pursuant to this Agreement; *provided, however*, that the requirements of this Section 20.01.3 shall not apply to a publicly-held corporation.

20.01.4 Franchisee must maintain and provide to SHF a list of all current holders of any equity interests in such Legal Entity.

20.01.5 All equity holders of such Legal Entity shall jointly and severally guarantee Franchisee's performance under this Agreement and shall bind themselves to the terms of this Agreement; *provided, however*, that the requirements of this Section 20.01.5 shall not apply to a publicly held corporation.

ARTICLE 21. COMPLIANCE WITH LAWS; TAXES & PERMITS

21.01 Compliance with Laws. Franchisee must comply with all applicable federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business franchised under this Agreement, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

21.02 Prompt Payment. Franchisee must promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the business franchised under this Agreement.

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

21.04 Notice of Action. Franchisee must notify SHF in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Restaurant.

ARTICLE 22. INDEPENDENT CONTRACTOR STATUS; INDEMNIFICATION

22.01 Independent Contractors / No Fiduciary Relationship.

22.01.1 SHF and Franchisee have no intention whatsoever to create a fiduciary relationship and the parties understand that no fiduciary or special relationship exists or is created by this Agreement. It is expressly agreed that the parties intend by this Agreement to establish between you and us the relationship of franchisee and franchisor. It is further agreed that you have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as agent or representative on our behalf for any purpose whatsoever. Neither you nor we are the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent. All employees and agents hired or engaged by or working for you will be only the employees or agents of yours and will not, for any purpose, be deemed employees or agents of ours, nor subject to our control. We have no authority to exercise control over the hiring or termination of your employees, independent contractors, agents or others who work for you, their compensation, working hours or conditions, or their day-to-day activities. You shall file your own tax, regulatory and payroll reports with respect to your employees, agents and contractors and you shall save, indemnify and hold us harmless from any and all liability, costs and expenses of any nature that we incur related to these obligations. Franchisee will in all respects be an independent contractor, and nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venturer, joint-employer, partner, employee, or servant of the other for any purpose whatsoever.

22.01.2 During the Term, Franchisee must hold itself out to the public as an independent contractor operating the business pursuant to a license from SHF. Franchisee agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice in a conspicuous place at the Franchised Restaurant premises, the content of which SHF reserves the right to specify providing that Franchisee is a franchisee and independent operator. Without limiting the foregoing, you shall display the following notice in a prominent place at your Restaurant: "***This Restaurant is independently owned and operated by a franchisee of Salad House Franchising, LLC. Salad House Franchising, LLC does not own or operate this Restaurant.***"

22.01.3 SHF does not owe Franchisee any special duty other than to comply with its contractual duties under this Agreement.

22.02 No Authorization. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on SHF's behalf, or to incur any debt or other obligation in SHF's name; and SHF shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall SHF be liable by reason of any act or omission by Franchisee in the conduct of the Franchised Restaurant or for any claim or judgment arising therefrom against Franchisee or SHF. SHF shall have no liability or responsibility for any damages to any person or property directly or indirectly arising out of the operation of the Franchised Restaurant.

22.03 **INDEMNIFICATION. Franchisee must save, defend, exonerate, indemnify, and hold harmless SHF, SHF's affiliates, and their respective officers, shareholders, members, managers, directors, employees, agents, successors and assignees (the "Indemnified Parties"), from and against all losses, claims, liabilities, damages (actual, consequential or otherwise), obligations and costs reasonably incurred in the defense of any claim against any Indemnified Party (including reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigations and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses) (collectively, the "Losses") that such Indemnified Party incurs as a result of, arising out of, related to, or with respect to: (a) the operation of the franchise granted under this Agreement and/or of the Franchise Restaurant; and/or (b) any breach or non-fulfillment of any agreement or covenant of Franchisee contained in this Agreement or failure to comply with any of Franchisee's obligations hereunder. SHF has the exclusive right to defend any such claim. This indemnity shall continue in effect after the expiration or termination of this Agreement. Under no circumstances shall SHF or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate any of their or SHF's losses and expenses, in order to maintain and recover fully a claim against Franchisee. This Section 22.03 also incorporates Franchisee's obligation to defend, indemnify and hold harmless the Indemnified Parties as otherwise referenced in this Agreement, including, without limitation, the indemnification obligations set forth in Sections 8.05 and 8.06.2 above.**

ARTICLE 23. APPROVALS; WAIVERS; NOTICES

23.01 Approvals and Consents. Whenever this Agreement requires the prior approval or consent of SHF, Franchisee must make a timely written request to SHF therefor and such approval or consent must be obtained in writing. SHF may grant or withhold its approval or consent in SHF's sole and absolute discretion.

23.02 No Warranties. SHF makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

23.03 No Waiver. SHF shall not be deemed to have waived or impaired any right, power, or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant of this Agreement or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term) by virtue of: any custom or practice at variance with the terms of this Agreement; SHF's failure, refusal or neglect to exercise any right under this Agreement or to insist upon exact compliance by Franchisee with respect to the obligations of this Agreement, including, without limitation, any of the System's Standards and Specifications; SHF's waiver, forbearance, delay, failure or omission to exercise any right, power or option, whether of the same, similar or different nature, with respect to other Restaurants; the existence of other franchise agreements for Restaurants which contain different provisions from those contained in this Agreement; or SHF's acceptance of any payments due from Franchisee after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us shall constitute a waiver, compromise, settlement or accord and satisfaction. SHF is authorized to remove or obliterate any legend or endorsement, and such legend or endorsement shall have no effect. Acceptance by SHF of payments due under this Agreement from any person or entity shall be deemed to be acceptance from such person or entity as Franchisee's agent and not as recognition of such person or entity as Franchisee's assignee or successor.

23.04 Notices. Any and all notices required or permitted under this Agreement or the Operations Manual shall be deemed so delivered: (a) at the time delivered, if by hand; (b) one business day after being placed on the hands of a commercial courier service for next business day delivery; or (c) three (3) business days after placement in the United States Mail by registered or certified mail, return receipt request postage prepaid; and shall be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. SHF may send any notice to Franchisee at the Approved Restaurant Location. Franchisee must send a copy of any notice to SHF to the attention of SHF's president or chief executive officer. Notwithstanding the deemed delivery dates set forth above, any required payment or report which SHF does not actually receive during regular business hours on the date due shall be deemed delinquent. SHF's current address for which notices should be sent is set forth in the opening paragraph of this Agreement.

23.05 Force Majeure. Neither Franchisee nor SHF shall be liable for loss or damage, or deemed to be in breach of this Agreement, if Franchisee's or SHF's failure to perform any obligation results from acts of God or fires, wars or riots. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of any royalties due on any sales thereafter.

23.06 Withholding of Payments Prohibited. Franchisee agrees that it shall not set off or withhold payment of any amounts Franchisee owes on the grounds of SHF's alleged nonperformance of any of Franchisee's obligations under this Agreement or for any other reason.

ARTICLE 24. ARTICLE 23. SEVERABILITY; CONSTRUCTION

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

24.02 No Third-Party Beneficiaries. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or Legal Entity other than Franchisee, SHF, SHF's officers, directors, and employees, and such of Franchisee's and SHF's respective successors and assigns as may be contemplated (and, as to Franchisee, permitted) by Article 16 hereof, any rights or remedies under or by reason of this Agreement.

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

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

24.05 References. All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable; and all acknowledgments, promises, covenants, agreements, and obligations herein made or undertaken by Franchisee will be deemed jointly and severally undertaken by all those executing this Agreement on Franchisee's behalf.

24.06 Additional Requirements. All instructions, requirements, prescriptions or specifications to be provided by SHF to Franchisee, as required under this Agreement, may be provided to Franchisee in the Operations Manual or otherwise in writing, or in such manner as SHF may deem suitable.

ARTICLE 25. GOVERNING LAW; MEDIATION; ARBITRATION; WAIVERS; LIMITATIONS

25.01 Governing Law & Venue.

25.01.1 Governing Law. This Agreement shall take effect upon its acceptance and execution by SHF. Except to the extent governed by the United States Arbitration Act (9 U.S.C.§§ 1, et. seq.) and the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. §1050 et seq.), this Agreement, the franchise and all claims arising from or in any way related to the relationship between SHF, and/or any of its affiliates, officers, directors, shareholders, members, guarantors, employees, representatives, independent contractors or owners (each, a "SHF Related Party"), on one hand, and you and/or any of your owners, affiliates, officers, directors, shareholders, Guarantors, employees, owners or members (each, a "Franchisee Related Party"), on the other hand, shall be interpreted and construed under the laws of the State of New Jersey, which laws shall prevail in the event of any conflict of law, except that any law regulating the sale of franchises or governing the relationship of a SHF and its franchisee shall not apply unless jurisdictional requirements are met independently without reference to this paragraph.

25.01.2 Venue. In the event the arbitration clause set forth in Section 25.03 is inapplicable or unenforceable, and subject to SHF's right to obtain injunctive relief in any court of competent jurisdiction, the parties hereby expressly agree that the United States District Court for District of New Jersey, or if such court lacks subject matter jurisdiction, the State Superior Court in Morris County, New Jersey, shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they shall not contest or challenge the jurisdiction or venue of these courts. You acknowledge that this Agreement has been entered into in the State of New Jersey and that you are to receive valuable and continuing services emanating from SHF's headquarters in Morris County, New Jersey. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision.

25.02 Mediation. The parties have reached this Agreement in good faith and with the belief that it is advantageous to each of them. In recognition of the strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Other than an action by SHF under Section 25.04 blow, before beginning any legal action or arbitration, the parties agree to mediate any dispute, controversy or claim between you and/or any Franchisee Related Party, on the one hand, and SHF and/or any SHF Related Party, on the other hand, including, without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) any lease or sublease for your

Franchised Restaurant; (c) any loan or other finance arrangement between SHF and SHF's affiliates and you; (d) the parties' relationship; (e) events occurring prior to the entry into this Agreement; (f) the Restaurant; or (g) any of the System's Standards and Specifications, in accordance with the procedures set forth in this Section 25.02, inclusive of all subparts. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement. The Mediation shall be conducted in accordance with the following provisions:

25.02.1 Initiation Procedure. The party seeking mediation (the "Initiating Party") shall commence mediation by sending the other party/parties a written notice of its request for mediation (the "Dispute Notice"). The Dispute Notice shall specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages, and the nature of any injunctive or other relief such party claims, and shall identify one or more persons with authority to settle the dispute for the Initiating Party. The party (or parties as the case may be) receiving a Dispute Notice (the "Responding Party") shall issue a written response (the "Response") to the Initiating Party within ten (10) days after receipt of the Dispute Notice identifying one or more persons with authority to settle the dispute on the Responding Party's behalf (the "Authorized Persons").

25.02.2 Direct Negotiations. Upon receipt of a Dispute Notice and the issuance of the Response, the parties shall endeavor, in good faith, to resolve the dispute outlined in the Dispute Notice and the Response. If the parties have been unable to resolve any such dispute(s) outlined in a Dispute Notice or a response thereto within twenty (20) days after the Initiating Party's receipt of the Response, either party may initiate a mediation procedure in accordance with the American Arbitration Association ("AAA"), pursuant to its Commercial Mediation Procedures, and unless otherwise agreed by the parties shall take place in Westfield, New Jersey, or the city of SHF's then-current corporate headquarters, as SHF designates.

25.02.3 Selection of the Mediator. The Authorized Persons shall have seven (7) days from the date on which one party gives notice that he, she, or it is beginning mediation within which to submit to one another written lists of acceptable mediators who are not associated with either of the parties. Within seven (7) days from the date of receipt of any list, the Authorized Persons shall rank all the mediators in numerical order of preference and exchange the rankings. If one or more names are on both lists, the highest ranking one of these shall be designated the mediator. If this process does not result in selection of a mediator, the parties agree jointly to request that AAA supply a list of qualified potential mediators. Within seven (7) days after receipt of the list, the parties shall again rank the proposed mediators in numerical order of preference and shall simultaneously exchange their lists. The mediator having the highest combined ranking shall be appointed as mediator. If the highest-ranking mediator is not available to serve, the parties shall go on to contact the mediator who was next highest in ranking until they are able to select a mediator.

25.02.4 Time and Place for Mediation. In consultation with the parties, the mediator shall promptly designate a mutually acceptable time and place for the mediation. Unless the circumstances make it impossible, the time may not be later than thirty (30) days after the selection of the mediator.

25.02.5 Exchange of Information. If either party to this Agreement believes that he, she, or it needs information in the possession of another party to this Agreement to prepare for the mediation, all parties shall attempt in good faith to agree on procedures for an exchange of information, with the help of the mediator if required.

25.02.6 Summary of Views. At least seven (7) days before the first scheduled mediation session, each party shall deliver to the mediator and to the other party a concise written summary of its views on the matter in dispute and on any other matters that the mediator asks them to include. The mediator may also request that each party submit a confidential paper on relevant legal issues, which may be limited in length by the mediator, to him or her.

25.02.7 Representatives. In the mediation, each party shall be represented by an Authorized Person and may be represented by counsel. In addition, each party may, with permission of the mediator, bring with him, her, or it any additional persons who are needed to respond to questions, contribute information, and participate in the negotiations.

25.02.8 Conduct of Mediation. The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it shall be useful after reviewing the position papers, the mediator shall give both himself or herself and the Authorized Persons an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the Authorized Persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions shall be strictly private. The mediator shall keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party. The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible.

25.02.9 Termination of Procedure. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section. The mediation may be concluded: (a) by the signing of a settlement agreement by the parties; (b) by the mediator's declaration that the mediation is terminated; or (c) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

25.02.10 Fees of Mediator; Disqualification. The fees and expenses of the mediator shall be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved.

25.02.11 Confidentiality. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in the mediation.

25.03 Arbitration. Except as provided in Article 25.04, and if not resolved by the negotiation and mediation procedures described under Section 25.02 above, any dispute, controversy or claim between you and/or a Franchisee Related Party, on the one hand, and SHF and/or any SHF Related Party, on the other hand, including, without limitation, any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the relationship of the parties; (c) the events leading up to the entry into this Agreement; (d) any lease or sublease for your Restaurant; (e) any loan or other finance arrangement between SHF or SHF's affiliates and you; (f) the parties' relationship; (g) the Franchised Restaurant; (h) any of the System's Standards and Specifications; (i) any claim based in tort or any theory of negligence; or (j) the scope of validity of the arbitration obligation under this Section 25.03, shall be determined in New Jersey by the AAA. The arbitration shall be administered by one arbitrator of the AAA pursuant to its Commercial Arbitration Rules then in effect. The arbitrator shall be an attorney with substantial experience in franchise law. If proper notice of any hearing has been given, the arbitrator shall have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear. The arbitration shall be conducted in accordance with the following provisions:

25.03.1 In connection with any arbitration proceeding, each party shall submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be forever barred.

25.03.2 Any arbitration shall be on an individual basis and the parties and the arbitrator shall have no authority or power to proceed with any claim as a class action, associational action, or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. If a court or arbitrator determines that this limitation on joinder of, or class action certification of, claims is unenforceable, then the agreement to arbitrate the dispute shall be null and void and the parties shall submit all claims to the jurisdiction of the courts, in accordance with Section 25.01. The arbitration shall take place in Westfield, New Jersey or at SHF's then-current office location, or in such other location if SHF so designates.

25.03.3 The arbitrator shall follow the law and not disregard the terms of this Agreement. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or SHF. The arbitrator may not under any circumstance: (a) stay the effectiveness of any pending termination of this Agreement; (b) assess punitive or exemplary damages; (c) certify a class or a consolidated action; or (d) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we have set. The arbitrator shall have the right to make a determination as to any procedural matters that court of competent jurisdiction would be permitted to make in the state in which the main office of SHF is located. Further, the arbitrator shall decide all factual, procedural, or legal questions relating in any way to the dispute between the parties, including, without limitation, questions relating to whether Section 25.03 is applicable and enforceable as against the parties; the subject matter, timeliness, and scope of the dispute; any available remedies; and the existence of unconscionability and/or fraud in the inducement.

25.03.4 The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

25.03.5 The arbitrator shall have subpoena powers limited only by the laws of the State of New Jersey.

25.03.6 The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute shall otherwise have the same discovery rights as are available in civil actions under the laws of the State of New Jersey.

25.03.7 All other procedural matters shall be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the State of New Jersey.

25.03.8 Other than as may be required by law, the entire arbitration proceedings (including, without limitation, any rulings, decisions or orders of the arbitrator), shall remain confidential and shall not be disclosed to anyone other than the parties to this Agreement.

25.03.9 The judgment of the arbitrator on any preliminary or final arbitration award shall be final and binding and may be entered in any court having jurisdiction.

25.03.10 SHF reserves the right, but has no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished SHF's right to seek recovery of those costs against you.

25.04 Exceptions to Arbitration and Mediation.

25.04.1 Notwithstanding the provisions of Sections 25.02 and 25.03, SHF shall be entitled, without bond, to the entry of temporary, preliminary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement in any court of competent jurisdiction relating to: (a) your and/or any Franchisee Related Party's use of the Marks; (b) the covenants under Article 19, including your covenants not to compete and confidentiality covenants; (c) your obligations upon termination or expiration of the franchise; and/or (d) the transfer or assignment by you of the Franchised Restaurant. If SHF secures any such injunction or order of specific performance, you agree to pay to SHF an amount equal to the aggregate of SHF's costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, travel and living expenses and any damages incurred by SHF as a result of the breach of any such provision.

25.04.2 Further, at the election of SHF, or its affiliate, the mediation and arbitration provisions Sections 25.02 and 25.03, inclusive of all subparts, shall not apply to: (a) any claim by SHF relating to your failure to pay any fee due to SHF under this Agreement; (b) any claim by SHF relating to your failure to comply with the covenants set forth in Article 19; and/or (c) any claim by SHF or its affiliates relating to your use of the Marks and/or the System, including, without limitation, claims for violations of the Lanham Act.

25.05 Survival. The provisions of Article 25 are intended to benefit and bind certain third-party non-signatories and shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

25.06 Franchisee May Not Withhold Payment Due SHF. You agree that you shall not, on grounds of the alleged non-performance by SHF of any of its obligations hereunder, or on any other grounds, withhold payment of any Royalty Fees, Brand Fund Contributions or any other fees due to SHF from you under this Agreement.

25.07 Waiver of Rights. EACH OF THE PARTIES HERETO KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREE AS FOLLOWS:

25.07.1 Jury Trial. **Each of the parties hereto EXPRESSLY WAIVES THE RIGHT ANY PARTY MAY HAVE TO A TRIAL BY JURY IN ANY ARBITRATION, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, FOR ANY CLAIMS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE NEGOTIATION OF THIS AGREEMENT, THE EVENTS LEADING UP TO THE SIGNING OF THIS AGREEMENT, OR THE BUSINESS RELATIONSHIP RELATING TO THIS AGREEMENT OR THE FRANCHISE, WHETHER BROUGHT IN STATE OR FEDERAL COURT, WHETHER BASED IN CONTRACT THEORY, NEGLIGENCE OR TORT, AND REGARDLESS OF WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. This waiver is effective even if a court of competent jurisdiction decides that the arbitration provision in Section 25.03 is unenforceable. Each party acknowledges that he, she or it has had full opportunity to consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.**

25.07.2 Damage Waiver. Each of the parties hereto EXPRESSLY WAIVES ANY CLAIM FOR PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES, ***except that*** this waiver and limitation shall not apply with respect to: (1) your obligation to indemnify SHF pursuant to any provision of this Agreement; or (2) any claims SHF brings against you and/or your Guarantors and/or owners for: unauthorized use of the Marks, unauthorized use or disclosure of any Confidential Information, unfair competition, breach of your covenants under Article 19, including your in-term and post-term non-competition covenants, and/or any cause of action under the Lanham Act. Notwithstanding the foregoing, SHF shall be entitled to receive an award of multiple damages, attorneys' fees and all damages as provided by law.

25.07.3 Each of the parties hereto EXPRESSLY AGREES THAT IN THE EVENT OF ANY FINAL DETERMINATION, ADJUDICATION OR APPLICABLE ENACTMENT OF LAW THAT PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES MAY NOT BE WAIVED, ANY RECOVERY BY ANY PARTY IN ANY ARBITRATION OR OTHER FORUM SHALL NEVER EXCEED TWO (2) TIMES ACTUAL DAMAGES, except that SHF may recover more than two (2) times its actual damages if you commit acts of willful trademark infringement or otherwise violate the Lanham Act, as provided by law.

25.08 Limitation of Action.

25.08.1 Except for claims arising from your non-payment or underpayment of amounts you owe to SHF, or claims related to your unauthorized use of the Marks, any and all claims arising out of or related to this Agreement or the relationship of the parties shall be barred unless a judicial or arbitration proceeding, as required under this Agreement, is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims, and that any action not so brought shall be barred, whether as a claim, counterclaim, defense or setoff.

25.08.2 You hereby acknowledge and agree that you may not maintain any action against SHF or any SHF Related Party unless: (a) you deliver written notice of any claim to the other party within one hundred eighty (180) days after the event complained of becomes known to you; (b) you strictly adhere to the negotiation and mediation procedures described in Article 25; and (c) you file an arbitration within one (1) year after the notice is delivered.

25.09 Cumulative Rights. No right or remedy conferred upon or reserved to SHF or you by this Agreement is intended to be, nor shall be deemed to be, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

25.10 Injunctive Relief. You recognize that you are a member of a franchise system and that your acts and omissions may have a positive or negative effect on the success of other businesses operating under the Marks and in association with the System. You acknowledge that failure on the part of a single franchisee to comply with the terms of its franchise agreement is likely to cause irreparable damage to SHF and to some or all of the other franchisees of SHF. For this reason, you agree that if SHF can demonstrate to a court of competent jurisdiction that there is a substantial likelihood of your breach or threatened breach of any of the terms of this Agreement, SHF shall be entitled to an injunction restraining the breach or to a decree of specific performance, without showing or proving any actual damage. Without limiting the generality of the foregoing, nothing herein contained shall bar SHF's right to obtain injunctive relief, without posting bond or security, against conduct or threatened conduct that shall cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders, preliminary and permanent injunctions, and orders of specific performance enforcing the provisions of this Agreement. Additionally, and without limiting the generality of the foregoing, SHF shall have the right to seek injunctive relief to prohibit any act or omission by you or your employees that constitute a violation of any applicable law, is dishonest or misleading to the public, or which may impair the goodwill associated with the Marks, Trade Dress or the System.

25.11 No Class or Collective Actions. You agree that any arbitration, or, if applicable, litigation, between you and/or any Franchisee Related Party, on the one hand, and SHF and/or any SHF Related Party, on the other hand, shall be on such party's individual claim and that the claim or claims subject to arbitration and/or litigation shall not be arbitrated or litigated on a class-wide, associational or collective basis.

25.12 Post-Term Applicability. The provisions of Article 25 shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, however effected.

25.13 Costs and Attorneys' Fee. SHF shall be entitled to recover from you all of SHF's costs and expenses, including attorneys' fees, accounting fees, expert witness fees, and any other reasonably incurred fees, if SHF is the prevailing party in any action, including arbitration, litigation, any motion to compel arbitration, and/or any action on appeal, with you and/or any of your owners or Guarantors, including, without limitation, any action: (a) to enforce the terms of this Agreement; (b) for violation of this Agreement; or (c) for violation of the Lanham Act or other state or federal statutes. Without limiting the generality of the foregoing, if SHF incurs costs and expenses due to Franchisee's failure to pay when due amounts owed to SHF or its affiliates, to submit when due any reports, information, or supporting records, or otherwise comply with this Agreement, Franchisee agrees, whether or not SHF initiates a formal arbitration or legal proceeding, to reimburse SHF for all of the costs and expenses that SHF incurs including, without limitation, reasonable accounting, attorneys' and related fees and costs.

ARTICLE 26. ACKNOWLEDGMENTS; MISCELLANEOUS

26.01 Independent Investigation. You acknowledge that you have conducted an independent investigation of the Franchised Restaurant, and recognize that, like any other business, the business venture contemplated by this Agreement involves business risks. Your success in this business is not guaranteed, is speculative and depends, to an important extent, upon your ability as an independent businessperson. SHF does not represent or warrant that the Restaurant shall achieve a certain level of sales or be profitable, notwithstanding SHF's grant of this license or approval of the Approved Restaurant Location. SHF expressly disclaims the making of, and you acknowledge that you have not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement. By signing this Agreement, you acknowledge that you have entered into it after making an independent investigation of the System.

26.01.1 FDD Acknowledgment. You acknowledge that you received SHF's Franchise Disclosure Document (the "FDD") at least fourteen (14) calendar days prior to the date on which this Agreement was executed and that you have read the FDD. You acknowledge that the FDD is a disclosure document, not a contract, and that this Agreement embodies the entire contractual agreement between the parties.

26.01.2 Consultation with Business Advisor. You acknowledge that you have read and understood this Agreement, the attachments hereto and all agreements relating thereto, if any. You acknowledge that SHF has accorded you ample time and opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Agreement. You further acknowledge that SHF has advised you to seek franchise counsel to review and evaluate this Agreement.

26.01.3 No Reliance. You acknowledge that you are relying solely on SHF and not on any affiliated entity or parent company related to SHF with regard to SHF's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing SHF has made any statements or promises to the effect that any affiliated entities or parent companies guarantee SHF's performance or financially back SHF.

26.02 No Guarantee of Performance. You understand that neither SHF, nor any of SHF's representatives and/or agents with whom you have met have made, and are not making, any guarantees, express or implied, as to whether or not the Franchised Restaurant shall break even, be successful or profitable. You acknowledge that *The Salad House* franchise opportunity is a newly offered opportunity with no track record or operating history, other than as expressly disclosed in the FDD. You accept all risks, including the risk of loss of your entire investment. You acknowledge that neither SHF nor any of its representatives and/or agents with whom you have met or corresponded with, have, in any way, represented or promised any specific amounts of earnings or profits in association with your Franchised Restaurant or any other Restaurant. You further understand, acknowledge and agree that any information you obtain from any *The Salad House* franchisee, including relating to their sales, profit, cash flows, and/or expenses, does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information.

26.02.1 No Personal Liability. You agree that fulfillment of any and all of SHF's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be SHF's sole responsibility and none of its agents, representatives, nor any individuals associated with it shall be personally liable to you for any reason.

26.03 Anti-Terrorist Activities and Representations. You acknowledge that it is SHF's intent to comply with all anti-terrorism laws enacted by the U.S. Government, including, without limitation, the USA PATRIOT Act or Executive Order 13324. You acknowledge that you are not now, nor have you ever been, a suspected terrorist or otherwise associated directly or indirectly with terrorist activity. At any time during the Term, if SHF is prohibited for doing business with you under any anti-terrorism law enacted by the U.S. Government, then this Agreement may be terminated immediately. You further certify and warrant that neither you, nor any of your owners, principals, employees or associates (including all shareholders, members or partners (as applicable)), are: (a) a person or entity designated by the U.S. Government on the list of the Specially Designated Nationals and Blocked Persons (the "SDN List"), as maintained by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") with which a U.S. person or entity cannot deal with or otherwise engage in business transactions; (b) a person or entity who is otherwise the target of U.S. economic sanctions and trade embargoes enforced and administered by OFAC, such that a U.S. person or entity cannot deal or otherwise engage in business transactions with you or your shareholders, members or partners; (c) either wholly or partly owned or partly controlled by any person or entity on the SDN List, including, without limitation, by virtue of such person being a director or owning voting shares or interests in an entity on the SDN List; (d) a person or entity acting, directly or indirectly, for or on behalf of any person or entity on the SDN List; or (e) a person or entity acting, directly or indirectly, for or on behalf of a foreign government that is the target of the OFAC sanctions regulations such that the entry into this Agreement would be prohibited under U.S. law.

26.03.1 You shall comply with, and assist SHF to the fullest extent possible in SHF's efforts to comply with, the Anti-Terrorism Laws (as defined below). You shall not hire nor have any dealings with any person listed on the SDN List, as it may be modified from time to time. You are solely responsible for ascertaining what actions shall be taken by you to comply with all Anti-Terrorism Laws. You specifically acknowledge and agree that your indemnification obligations under this Agreement pertain to your obligations under this Section 26.03. Any misrepresentation by you under this Section 26.03, or any violation of any Anti-Terrorism Laws by you, your owners, principals or employees, shall constitute grounds for immediate termination of this Agreement and any other agreement you have entered into with SHF or its affiliates. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, The United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

26.04 Representation. You represent to SHF, as an inducement to SHF's entry into this Agreement, that all statements that you have made and all materials you have submitted to SHF in connection with your purchase of this franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. SHF has approved of your purchasing of a franchise in reliance upon all of your representations.

26.05 Entire Agreement. This Agreement, inclusive of all attachments hereto, constitutes the entire, full and complete agreement and understanding between the parties and supersedes any and all prior agreements, no other representations, promises, warranties or agreements have induced you to execute this Agreement with SHF. Both parties acknowledge and agree that there are no oral or written representations, promises, assurances, warranties, covenants, "side-deals", rights of first refusal, options or understandings other than those expressly contained in this Agreement. This Agreement supersedes all prior agreements, no other representations, promises, warranties, assurances, covenants, "side-deals", rights of first refusal, options or understandings having induced you to execute this Agreement. The parties agree that, in entering into this Agreement, they are each relying on their own judgment, belief and knowledge as to any claims and further acknowledge that no promise, inducement or agreement or any representations and warranties not expressed herein have been made to procure their agreement hereto. The parties further acknowledge that they have read, fully understand and fully agreed to the terms of this Agreement. Except for those permitted to be made unilaterally by SHF hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the representations SHF made in the franchise disclosure document SHF furnished to you.

**** The Remainder of This Page is Intentionally Blank****

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement on the day and year first above written.

FRANCHISOR:
SALAD HOUSE FRANCHISING LLC

By:______________________________
Print Name:________________________
Title:_____________________________

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION. THIS AGREEMENT CONTAINS EXPRESS WAIVERS OF: (A) ANY AND ALL RIGHTS TO A JURY TRIAL; (B) ANY AND ALL RIGHTS TO PARTICISHFE IN CLASS ACTION ARIBTRATION AND/OR LAWSUITS; (C) YOUR RIGHT TO OBTAIN PUNITIVE, MULTIPLE OR EXEMPLARY DAMAGES; AND (D) YOUR RIGHT TO BRING ANY CLAIM OR ACTION LATER THAN ONE (1) YEAR AFTER THE DISCOVERY OF THE FACTS GIVING RISE TO SUCH CLAIMS OR ACTIONS.

FRANCHISEE:
____

By:_________________________
Print Name:____________________
Title:________________________

PRINCIPAL:

____
____
(Print Name)

PRINCIPAL:

____
____
(Print Name)

ATTACHMENT 1

FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

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Initial

2. 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 its efforts as an independent business operation.

_____
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

_____
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into

this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

______
Initial

5. Franchisor 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 the Franchise Agreement.

______
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

______
Initial

7. Franchisee acknowledges that it has received the Salad House Franchising, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

______
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

______
Initial

9. 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 granted by the Franchise Agreement.

_____
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

_____
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

_____
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE SALAD HOUSE FRANCHISING, LLC, SALAD HOUSE IP, LLC, THE SALAD HOUSE INDEMNITIEES, AND ANY OF SALAD HOUSE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM

REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

_____
Initial

FRANCHISEE:

____

By:___________________________
Name:_________________________
Title:__________________________
Date: _________________________

PRINCIPALS:

____
Name:_________________________
Date:__________________________

____
Name:_________________________
Date: _________________________

ATTACHMENT 2

TERRITORY DESCRIPTION AND FRANCHISED BUSINESS LOCATION

Protected Territory (insert map and/or define by zip codes):

____

____

____

____

Approved Restaurant Location:

____

____

**PROTECTED TERRITORY AND ADDRESS TO BE DETERMINED AND INSERTED AFTER A SALAD HOUSE'S PREMISES IS IDENTIFIED BY FRANCHISEE AND APPROVED BY FRANCHISOR, IN ACCORDANCE WITH SECTION 2.01 OF THE FRANCHISE AGREEMENT, IN THE SITE SEACH AREA OF __________________.

ATTACHMENT 3

LEASE RIDER & COLLATERAL ASSIGNMENT OF LEASE

LEASE RIDER

1. Landlord shall deliver to SALAD HOUSE FRANCHISING LLC ("Franchisor") a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Tenant.

2. Landlord, Tenant and Franchisee shall enter into Franchisor's collateral assignment of lease in the form attached to this Rider as Attachment A.

3. Franchisor or its designee shall have the right, but not the obligation, upon giving written notice of its election to Tenant and Landlord, to cure any breach of the Lease and, if so stated in the notice, to also succeed to Tenant's rights, title and interests thereunder.

4. Landlord and Tenant hereby acknowledge that Tenant has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Location for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents. Landlord and Tenant hereby further acknowledge that in the event the Franchise Agreement expires (without renewal) or is terminated, Tenant is obligated to take certain steps under the Franchise Agreement to de-identify the location as a franchised location, including removal of any and all uses of the mark *The Salad House* and *The Salad House* logo. Landlord agrees to permit Franchisor, its employees or agents, to enter the Location and remove signs, decor and materials displaying any marks, designs or logos owned or licensed by Franchisor, provided Franchisor shall bear the expense of repairing any damage to the Location as a result thereof.

5. Landlord agrees to allow Tenant to remodel, equip, paint and decorate the interior and exterior of the Location pursuant to the terms of the Franchise Agreement and any successor Franchise Agreement under which Tenant may operate the Business at the Location.

6. Copies of any and all notices required or permitted hereby or by the Lease shall also be sent to Franchisor at 133 Prospect Street, Suite 1, Westfield, New Jersey, 07092, or such other address as Franchisor shall specify by written notice to Landlord.

7. Franchisor is a third-party beneficiary under this Addendum.

8. References to the Landlord, Tenant and Franchisor include the successors and assigns of each of the parties.

COLLATERAL ASSIGNMENT OF LEASE

THIS COLLATERAL ASSIGNMENT OF LEASE is made as of the last date below written by and among ___________________________ ("Tenant"), SALAD HOUSE FRANCHISING LLC ("Franchisor"), and __________________________ ("Landlord").

RECITALS

WHEREAS, Tenant is the tenant under a certain lease (or sublease), dated ________ (the "Lease"), wherein Landlord leased to Tenant certain premises at _________________________________ (the "Premises"); and

WHEREAS, Tenant and Franchisor have, or will, enter into a Franchise Agreement (the "Franchise Agreement"), whereby Franchisor will grant to Tenant the right to open and operate *The Salad House* franchised Restaurant at the Premises; and

WHEREAS, as a condition to Franchisor entering into the Franchise Agreement, Franchisor has required that Tenant assign its right, title and interest in the Lease, with the right to reassign (as provided therein), as security for Tenant's obligations and Franchisor's rights under the Franchise Agreement; and

WHEREAS, in order to induce Franchisor to enter into the Franchise Agreement, Tenant has agreed to assign its right, title and interest in the Lease, with the right to reassign (as provided therein), as security for Tenant's obligations and Franchisor's rights under the Franchise Agreement.

AGREEMENT

NOW, THEREFORE, in consideration for the foregoing premises and the mutual promises contained herein and in the Franchise Agreement, and in order to secure Tenant's obligations and Franchisor's rights under the Franchise Agreement, Tenant does hereby collaterally assign, transfer and set over unto Franchisor, with the right to reassign (as provided herein), all of its right, title and interest in and to the Lease and in and to the Premises; it being nevertheless expressly understood and agreed that this assignment is made and is consented to by the Landlord contingent upon the following terms, covenants, limitations and conditions:

1. Tenant's Right to Possession. Tenant shall retain right to possession of the Premises in accordance with the terms and conditions of the Lease until the occurrence of an Assignment Event (as defined in paragraph 2 of this Agreement).

2. Assignment Events.

2.1 Franchisor shall have the right to exercise either of the options set forth in paragraphs 2.1(i) or 2.1(ii) below upon: (a) Franchisor's declaration of a default by Tenant under the Franchise Agreement, which remains uncured beyond all applicable notice and cure periods; (b) the expiration or earlier termination of the Franchise Agreement; or (c) an expression by Tenant of its desire to terminate the Lease (each, an "Assignment Event"). Upon the occurrence of an Assignment Event, Franchisor shall have the option to either:

(i) assume and occupy the Premises upon written notice to Landlord and Tenant, in which event Franchisor shall be deemed to be substituted as the tenant under the Lease in the place and stead of Tenant and shall be deemed to have assumed expressly all of the terms, covenants and obligations of the Lease theretofore applicable to Tenant and shall likewise be entitled to enjoy all of the rights and privileges granted to Tenant under the terms and conditions of the Lease; or

(ii) assign the Lease to an affiliate or an approved *The Salad House* franchisee, without obtaining Landlord's prior written consent, provided that, in the event of an assignment to a franchisee, such franchisee: (x) has a net worth equal to or greater than the net worth of Tenant at the time of Lease execution; (y) assumes all of Tenant's obligations under the Lease; and (z) completes Franchisor's initial training program to Franchisor's satisfaction.

2.2 If Franchisor exercises either of the rights set forth in paragraphs 2.1(i) or 2.1(ii) above, Tenant shall remain obligated under the Lease and Tenant shall be liable to Franchisor for all payments by Franchisor for rent and other Lease obligations. The parties acknowledge that such payments are reasonable expenses of foreclosure.

2.3 If Franchisor exercises either of the rights set forth in paragraphs 2.1(i) or 2.1(ii) above, Landlord shall not terminate or accelerate the rent owed under the Lease in connection with any such assignment, so long as Franchisor, or its franchisee, assumes, in writing, the obligations of Tenant under the Lease. Nothing in this Paragraph 2.3 shall serve to extend the term of the Lease or provide Franchisor with occupancy rights, options to renew or other rights not expressly set forth to Tenant in the Lease.

3. Agreement of Landlord.

3.1 Landlord agrees to provide Franchisor with copies of any and all letters and notices to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant.

3.2 Landlord further agrees that, if it intends to terminate the Lease, Landlord will give Franchisor the same advance written notice of such intent as provided to Tenant, specifying in such notice all defaults that are the cause of any proposed termination. Franchisor shall have the right to cure, at its sole option, any such default within the time periods granted to Tenant under the Lease.

3.3 If neither Tenant nor Franchisor cures all such defaults within the prescribed time period (or such longer period as may be specifically permitted by the Lease), then the Landlord may terminate the Lease, re-enter the Premises, and/or exercise all other rights as set forth in the Lease. Landlord will promptly notify Franchisor of any expression by Tenant of its desire to terminate the Lease.

4. Right to Enter and Make Modifications to Premises. Before the expiration or termination of the Lease, Franchisor shall have the right to enter the Premises to make any reasonable modifications or reasonable alterations necessary to protect Franchisor's interest in the *The Salad House* franchise system or its proprietary marks, or to cure any default under the Franchise Agreement entered into by and between Franchisor and Tenant, or any affiliate of Tenant. Landlord and Tenant agree that Franchisor shall not be liable for trespass or any other crimes or tort.

5. Notices. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, telegram or telex (provide that the sender confirm the facsimile, telegram or telex by sending an original confirmation copy by certified transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If to Franchisor:

Salad House Franchising LLC
133 Prospect Street, Suite 1
Westfield, New Jersey 07092

With a copy to:

____
____
____

If to Tenant:

____
____
____

If to Landlord:

____
____
____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by telex or facsimile shall be deemed given on the business day of transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties.

6. No Material Modification of Lease. Landlord and Tenant will not amend, renew, extend or otherwise modify the Lease in any manner which would materially affect any of the foregoing provisions without Franchisor's prior written consent.

7. Acknowledgment. The parties hereby acknowledge and agree that, so long as Franchisor shall not have exercised its option to take possession of the Premises under this Agreement, Franchisor shall not be liable for rent or any other obligations under the Lease.

[*The remainder of this page is intentionally left blank; signature page to follow.]*

IN WITNESS WHEREOF, the parties hereto have executed this Collateral Assignment of Lease as of the _____ day of ______________, _____.

ASSIGNOR:

________________________________	By: ____________________________________
WITNESS	Print Name: ____________________________
	Title: __________________________________

FRANCHISOR:

SALAD HOUSE FRANCHISING LLC

________________________________	By: ____________________________________
WITNESS	Print Name: ____________________________
	Title: __________________________________

LANDLORD:

________________________________	By: ____________________________________
WITNESS	Print Name: ____________________________
	Title: __________________________________

ATTACHMENT 4

PERSONAL GUARANTEE

The undersigned hereby execute this **PERSONAL GUARANTEE** (this "Guarantee"), as of the last date written below, in order to, among other things, induce SALAD HOUSE FRANCHISING LLC ("Franchisor") to enter into, or permit the transfer of, that certain *The Salad House* Franchise Agreement, dated ______________________________(the "Franchise Agreement"), with _______________ ___________________, a_______________________("Franchisee").

RECITALS

WHEREAS, the undersigned constitute all of the shareholders, members, partners, or other persons or entities interested in effecting the grant or transfer of the Franchise Agreement by Franchisor to Franchisee; and

WHEREAS, Franchisor is relying on this Guarantee to ensure that there are sufficient assets to operate the franchised business and to protect Franchisor in the event Franchisee commits a default under the Franchise Agreement; and

WHEREAS, Franchisor is only willing to enter into the Franchise Agreement if each of the undersigned personally guarantee Franchisee's obligations thereunder.

AGREEMENT

NOW, THEREFORE, the undersigned, in consideration of the undertakings and commitments of each such party set forth in this Guarantee, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agree as follows:

1. The undersigned hereby represent and warrant that they constitute [*check all that apply*]:

- ☐ the holders of one hundred percent (100%) of the originally issued and outstanding capital stock of Franchisee, a corporation;

- ☐ one hundred percent (100%) of the members of Franchisee, a limited liability company ("LLC");

- ☐ one hundred percent (100%) of the partners of Franchisee, a partnership ("Partnership"); and/or

- ☐ Franchisee's spouse and/or the spouses of the shareholders, members or partners of Franchisee, as applicable.

2. Each of the undersigned individuals personally, jointly and severally, agrees to be bound by all the terms and conditions of the Franchise Agreement, including any amendments thereto, whenever made, and absolutely, irrevocably and unconditionally guarantees to Franchisor, and its successors and assigns, that all of Franchisee's obligations under the Franchise Agreement will be punctually paid and performed.

3. The undersigned acknowledges and agrees that Franchisor has entered into the Franchise Agreement with Franchisee solely on the condition that each owner of Franchisee, and each owner's spouse, be personally obligated and jointly and severally liable with Franchisee (and with each other owner of Franchisee) for the performance of each and every obligation of Franchisee (and its owners) under: (i) the Franchise Agreement, including any amendments thereto or extensions or renewals thereof, and (ii) each and every other agreement entered into by Franchisee in connection with the Franchise Agreement, including any lease agreement (all aforementioned agreements are collectively referred to as the "SH Agreements"). Without limiting the generality of the foregoing, the undersigned acknowledge and agree that each individual is personally bound by the confidentiality restrictions and the covenant against competition set forth in the Franchise Agreement.

4. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee.

5. This Guarantee is effective until all terms of the SH Agreements have been fully and completely performed by Franchisee, to the satisfaction of Franchisor. No release of Franchisee or discharge of Franchisee under bankruptcy law, or any other law, shall impair or effect the obligations of Guarantor(s) to Franchisor hereunder.

6. The undersigned jointly and severally agree to pay all attorneys' fees, costs and expenses (including any and all Royalty Fees and Advertising Fees and associated interest on such amounts, that are determined to be owing to Franchisor due to underreporting by Franchisee) incurred by Franchisor in enforcing this Guarantee, whether or not suit or action is filed, and if suit or action is filed, then through trial and all appeals, and also in any proceedings or matter in Bankruptcy Court, and to assume all liability for all losses, costs, attorney's fees, and expenses that Franchisor incurs as a result of a default by Franchisee, including those fees and expenses incurred in a bankruptcy proceeding involving Franchisee.

7. The undersigned hereby waives the following:

(i) notice of amendment of the SH Agreements and notice of demand for payment or performance by Franchisee of any obligation under the SH Agreements;

(ii) presentment or protest of any instrument and notice thereof, and notice of default or intent to accelerate with respect to the indebtedness or nonperformance of any of Franchisee's obligations under the SH Agreements;

(iii) any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability;

(iv) the defense of statute of limitations in any action hereunder or for the collection or performance of any obligation;

(v) any and all rights to payments, indemnities and claims for reimbursement or subrogation that the undersigned may have against Franchisee arising from the undersigned's execution of and performance under this Guarantee;

(vi) any defense based on any irregularity or defect in the creation of any of the obligations or modification of the terms and conditions of performance thereof;

(vii) any defense based on the failure of Franchisor or any other party to take, protect, perfect or preserve any right against and/or security granted by Franchisee or any other party; and

(viii) any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

8. Upon default by Franchisee or notice from Franchisor, the undersigned will immediately make each payment and perform each obligation required of Franchisee under the SH Agreements. Without limiting the generality of the foregoing, the undersigned acknowledges that Franchisor is not required to proceed first against the Franchisee, but may proceed first against the undersigned or any of them alone or concurrent with proceeding against Franchisee. The obligations of the undersigned hereunder are absolute and unconditional.

9. <u>Governing Law; Jurisdiction; Venue</u>.

(i) Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. §1050 et seq.) or other federal law, this Guarantee and any claims related thereto, shall be governed by, interpreted and construed under the laws of the state of New Jersey, which laws shall prevail in the event of any conflict of law.

(ii) The undersigned hereby acknowledge and agree that the United States District Court for the District of New Jersey shall be the sole and exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of, in connection with, or related to, either directly or indirectly, this Guarantee. The undersigned agree that the undersigned are subject to personal jurisdiction in the State of New Jersey, and further agree that, in the event of litigation, they will not contest or challenge the *in personam* jurisdiction or venue in New Jersey. If and only if the United States District Court for the District of New Jersey lacks subject matter jurisdiction over any matter litigated under this Guarantee, then the appropriate state court located in Morris County, New Jersey shall be the venue and exclusive proper forum for such litigation. The undersigned agree that they are subject to personal jurisdiction in the state courts in Morris County, New Jersey and, in any litigation brought in any such court under this Guarantee, the parties agree that they will not contest or challenge the *in personam* jurisdiction or venue of the courts of Morris County, New Jersey. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision.

10. The undersigned hereby waive any right to trial by jury that they may have in any action brought by Franchisor related, directly or indirectly, to this Guarantee and/or the SH Agreements, or the negotiation of the Guarantee and/or the SH Agreements.

11. If one or more provisions contained in this Guarantee shall be invalid, illegal or unenforceable, in any respect under the laws of any jurisdiction, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

12. Each of the undersigned acknowledges that: (i) it is a condition to the granting of the Franchise Agreement to Franchisee that each of the undersigned shall execute and deliver this Guarantee to Franchisor; (ii) that Franchisor has entered into the Franchise Agreement with Franchisee in reliance upon the agreement of the undersigned to do so; and (iii) that, as owners of the Franchisee, or spouses of such owners, the undersigned have received adequate consideration to support their execution of this Guarantee. This Guarantee does not grant or create in the undersigned any interests, rights or privileges in the SH Agreements, or any other franchise or franchise agreement.

[The remainder of this page is intentionally left blank; signature page to follow.]

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee as of ______________________.

GUARANTORS:

Date:____________________ By: ____
Print Name:____________________, an individual

Date:____________________ By: ____
Print Name:____________________, an individual

ATTACHMENT 5

ELECTRONIC FUNDS TRANSFER FORM

Franchisee Name: ______________________________ *The Salad House* Restaurant #:__
Address:____
Contact Name, Address, and Phone Number:
____
____
Employer Identification Number (if applicable): ____
Principal's Name and Social Security Number:____

Franchisee's Bank Account Information

Bank Name, Branch and Address:____
____(the "Bank")
Bank Account Number:____________(the "Bank Account")
Bank Routing Number:_________________________________
Bank Phone Number:____
Type of Account (Check One): _____Savings Account _____Checking Account

Payment Authorization:
Franchisee hereby authorizes SALAD HOUSE FRANCHISING LLC (hereinafter "Payee"), any financial institution acting on behalf of Payee (hereinafter "Payee's Bank"), and Franchisee's financial institution which is identified above (hereinafter "Franchisee's Bank") to initiate withdraws from the Bank Account indicated on this form, and hereby authorizes the Bank to honor and charge the Bank Account for electronic funds transfers or drafts drawn on the Bank Account and payable to Payee. The amount of such charge shall be set forth in a notice from the Payee presented to the Bank on the days(s) of the week set forth in the Franchise Agreement by and between Payee and Franchisee, and any other agreement Franchisee signs that authorizes Payee or its affiliate to debit Franchisee's account for the fees, which may be modified by Payee, for the payment of royalty fees, advertising fees, POS support fees, gift card program fees and funds flow, and any other fees, charges or debits payable to Payee or its affiliates for any services Payee provides or facilitates. Franchisee agrees to sign such additional documents as may be reasonably requested by Payee or the Bank to evidence the interest of this EFT Authorization. This authority shall remain in full force and effect until Payee has received written notification from Franchisee in such time and manner as to afford Payee and the Bank to act on such notice. Franchisee understands that the termination of this authorization does not relieve Franchisee of its obligations to make payments to Payee. Payee may assign its rights and obligations under this EFT Authorization to Payee's affiliates or agents. Payee may change its designated affiliates or agents at Payee's discretion.

The Franchisee acknowledges that the Bank, Payee, and Payee's Bank must comply with the National Automated Clearing House Association rules. Payee, the Bank and Franchisee's Bank are authorized to make any necessary debits or credits to correct duplicate or erroneous entries. The Franchisee hereby agrees to hold Payee, Payee's Bank, Bank and their agents, successors and assigns harmless from all direct, indirect, special or consequential damages and/or all losses, costs, claims or expenses arising out of or related to the use of this automatic payment service.

This authorization is effective as of the date indicated below and shall remain in full force until the expiration or earlier termination of the Franchise Agreement. The automatic payment process is subject to modification or cancellation at any time by Payee without notice to the Franchisee. This agreement shall be governed by the laws of the State of New Jersey.

NOTE: A separate Authorization Agreement is required for each bank account, even if all accounts are within the same banking institution. Please attach a voided check or deposit slip to this authorization.

ATTACHMENT 6

INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE AND TELEPHONE ACCOUNT AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE AND TELEPHONE ACCOUNT AGREEMENT (the "Agreement") is made and entered into this day of _______________ (the "Effective Date") by and between SALAD HOUSE FRANCHISING LLC, a New Jersey limited liability company with its principal place of business at 133 Prospect Street, Suite 1, Westfield, New Jersey, 07092 (herein "Franchisor), and ____, a(n) ___________________, with its principal place of business located at__________________ __________________________, and ____________________'s principals ______________ ______, an individual, residing at ______________________________________, and __________________________, an individual, residing at ____________________________ __________________ ("Principal(s)"). _____________________________ and Principal(s) shall be collectively referred to in this Agreement as the "Franchisee".

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a Salad House business ("Franchise Agreement") which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to the Salad House brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Accounts**

2.1 Interest in Web Sites, Social Media Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet web sites, and the right to hyperlink to certain web sites and listings on various internet search engines (collectively, "Electronic Advertising") related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the "Telephone Listings") related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has Internet Web Sites, Social Media Accounts and other Listings: (i) to transfer all of Franchisee's Interest in such Internet Web Sites, Social Media Accounts and other Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites, Social Media Accounts and other Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites, Social Media Accounts and other Listings or will take such other actions with respect to the Internet Web Sites, Social Media Accounts and other Listings as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Web Sites, Social Media Accounts and/or other Listings to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Internet Web Sites, Social Media Accounts and/or other Listings;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's Interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's Interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **Miscellaneous**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and exhibits, attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of New Jersey without regard to the application of New Jersey conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:
SALAD HOUSE FRANCHISING, LLC

By:____________________________
Name:__________________________
Title:___________________________

FRANCHISEE:
____

By:____________________________
Name:__________________________
Title:___________________________

PRINCIPALS:

____
Name:__________________________

____
Name:__________________________

ATTACHMENT 7

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

(To be completed by Franchisee's trained employees, officers, directors, general partners, members and managers, as applicable.)

In consideration of being member of or receiving an offer of employment from _____________ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be bound hereby, I ("Covenantor") hereby acknowledge and agree that:

1. SALAD HOUSE FRANCHISING LLC or its affiliate owns the *The Salad House* marks.

2. Franchisor, as the result of the expenditure of time, skill, effort and money, owns and continues to develop the *The Salad House* franchise system (the "System") involving the establishment and operation of casual restaurants offering fresh salads and other food prepared to order and served quickly for dine-in or carry-out customers, including, without limitation, salads, soups, wraps, pizza, and other dishes; pre-packaged foods and beverages; and catering services (each a "Restaurant").

3. The characteristics of the System currently include: sales and operating methods; menu and food preparation requirements; interior and exterior design; décor; layout; fixtures and furnishings; customer service and development techniques; standards and procedures for efficient business operations; training and assistance; and marketing programs; any or all of which may be changed, improved and further developed from time to time by Franchisor.

4. Franchisor or its affiliate licenses to franchisees certain trade names, service marks, trademarks, logos, emblems, slogans, and indicia of origin, including, without limitation, *The Salad House* trade name, the current *The Salad House* mark and *The Salad House* logo, and/or such other different and/or additional trade names, trademarks, and service marks as are now designated or may hereinafter be designated, changed or modified by Franchisor in writing for use in connection with the System (collectively, the "Marks").

5. Franchisee has acquired the right and license from Franchisor to operate a franchised Restaurant using the name *The Salad House* or such other name as designated by Franchisor (the "Franchised Restaurant"), and the right to use the Marks in the operation of the Franchised Restaurant.

6. As part of your employment with Franchisee, not only will you be exposed to Confidential Information, as defined below, with regard to the operation of the Franchised Restaurant, but you will also become familiar with the unique System

utilized by Franchisor with regard to the sale of the identified services and products in System Franchised Restaurants.

7. For purposes of this Agreement, "Confidential Information" means all information, knowledge, know-how and techniques related to the Franchised Restaurant, Franchisor, Franchisee, the services and products that Franchisee or Franchisor sell, the System Franchised Restaurants, and the System, which is communicated to me or learned by me in the course of working for Franchisee, including, without limitation, information of a confidential and proprietary nature concerning the operations of Franchisee or Franchisor, as well as any service and product pricing information provided to Franchisee by Franchisor or its suppliers and vendors.

7.1 Confidential Information shall not include any information that (i) is or becomes available to the public other than as a consequence of a breach by a person of any fiduciary duty or obligation of confidentiality, including, without limitation, catalogues, product descriptions and sales literature that Franchisor, Franchisee, or any franchisees or licensees of Franchisor or its affiliates have distributed to the public generally; (ii) is disclosed as required by a final, unappealable court order and no suitable protective order, or equivalent remedy, is available; or (iii) I was aware of prior to its disclosure to me in the course and scope of my employment with Franchisee from a source not bound by a confidential obligation.

7.2 Because I am an employee of Franchisee, Franchisor and Franchisee may disclose the Confidential Information to me during the course of the training program or any subsequent ongoing training program, and/or when furnishing to me general assistance and instruction during my employment with Franchisee.

7.3 I will not acquire any interest in the Confidential Information, other than the right to utilize it in on behalf of Franchisee in its the operation of the Franchised Restaurant, and the use or duplication of the Confidential Information for any use other than on behalf of the Franchisee in its operation of the Franchised Restaurant, would constitute an unfair method of competition.

7.4 The Confidential Information is non-public, proprietary, involves trade secrets of the Franchisee and Franchisor and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in confidence all Confidential Information and all other information designated by Franchisee and/or Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties to Franchisee, and will continue not to disclose and/or use any such information even after my employment with Franchisee ceases.

8. Non-Competition Covenants. Except as otherwise approved in writing by Franchisor and Franchisee or on behalf of or in connection with a System Restaurant, I shall not:

8.1 while in the employment of the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any Competing Business (as defined below); or

8.2 for a period of two (2) years following the date on which I cease to be employed by Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own maintain, engage in, be employed by, or have any interest in: (A) any business that is granting franchises or licenses to others to operate a Competing Business anywhere in the United States; or (B) any Competing Business, which business is located: (a) at the Franchised Restaurant location; (b) within a twenty-five (25)-mile radius of the Franchised Restaurant location, or within a twenty-five (25)-mile radius of any other Restaurant business in existence or under construction as of the date I cease to be employed by Franchisee; or (c) anywhere in the State of New Jersey.

8.3 For purposes of this Agreement, the term "Competing Business" means any business operating, or granting franchises or licenses to others to operate, a fast-casual restaurant, a fast-casual food service business, or a restaurant marketed or promoted as a salad restaurant or restaurant serving healthy food.

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

8.5 I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement may cause Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and Franchisor, any claim I have against the Franchisee or Franchisor is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

10. In the event of a dispute between the parties arising under this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs. Any controversy, claim or dispute arising out of or relating to this Agreement, either during the existence of the employment relationship or afterwards, between the parties hereto, shall be litigated solely in state or federal court in or for Morris County, New Jersey. Due to the importance of this Agreement to the Franchisee and Franchisor, I agree that any claim I have against the Franchisee or Franchisor is a separate matter, and does not entitle me to violate, or justify any violation of this Agreement, and must be raised in a separate lawsuit or claim.

11. This Agreement shall be construed under the laws of the State of New Jersey. The only way this Agreement can be changed is in writing signed by both the Franchisee and Covenantor and approved, in writing, by Franchisor.

FRANCHISEE:

____

By:___________________________
Name:_________________________
Title:__________________________

COVENANTOR:

____
Name:_________________________

ATTACHMENT 8

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is entered into, this _________________________ , by and between ________________________ at ____ ("Debtor"), and SALAD HOUSE FRANCHISING LLC ("Secured Party"), whose address is __________________.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Debtor grants to Secured Party a first priority security interest in all of the property owned by Debtor, as described in Schedule I and the Property presently located at or intended to be located at Debtor's Restaurant located at: ______________________________ ____ ____ _________________________________ (the "Premises") and/or elsewhere and used and/or intended to be used and/or consumed in connection with the operation of a *The Salad House* Restaurant at the Premises, together with all after-acquired property of the same general class and description and the proceeds of all property encumbered hereby (the "Collateral").

TO SECURE:

(a) Performance of each agreement of Debtor contained in that certain Franchise Agreement between Debtor and Secured Party, dated ____________ (the "Franchise Agreement"); and

(b) The repayment of all sums and amounts that may be advanced or expended by Secured Party for the maintenance and preservation of the Collateral or any part thereof or the enforcement of any rights of Secured Party hereunder; and

(C) Performance of each agreement of Debtor contained herein.

DEBTOR WARRANTS AND AGREES:

1. Except for the security interest granted hereby, Debtor is the owner of the Collateral, free from any adverse lien, security interest or encumbrance, and Debtor will defend against all claims and demands of all persons at any time claiming the same or an interest therein.

2. No Financing Statement covering any of the Collateral or any proceeds thereof is on file in any public office. Debtor hereby authorizes Secured Party to execute, on behalf of both Debtor and Secured Party, one or more Financing Statements, pursuant to the Uniform Commercial Code, in form satisfactory to Secured Party, and to file or record same in all public offices wherever filing or recording is deemed by Secured Party to be necessary or desirable and Debtor agrees to pay the cost of filing or recording the same.

3. To do all acts which may be necessary to maintain, preserve and protect the Collateral, not to commit or permit any waste thereof, and to maintain the Collateral in good order, repair and condition, reasonable wear and tear excepted.

4. Not to remove any of the Collateral from the Premises, except for the purpose of repair or replacement with other articles of substantially similar quality and value, which will not be subject to any lien, encumbrances or interests in others, except for purchase money security interests and the security interest granted hereby, and to permit Secured Party to inspect the Collateral at any time. Notwithstanding the above, Debtor may sell the inventory secured hereby in the ordinary course of its business.

5. Except as provided in Section 4 above, not to sell, assign, lease, encumber, or otherwise dispose of all or any of the Collateral without the prior written consent of Secured Party.

6. To pay before delinquency, all taxes, assessments and liens now or hereafter imposed on the Collateral, and to maintain in force at all times, fire and other insurance policies (including all risk, and earthquake insurance) on the Collateral.

7. If Debtor fails to make any payment or do any act as herein required, then Secured Party, without obligation to do so and without notice to or demand upon Debtor, may make such payments and do such acts as Secured Party may deem necessary to protect its security interest in the Collateral, Secured Party being hereby authorized (without limiting the general nature of the authority hereinabove conferred) to take possession of the Collateral or any part thereof and to pay, purchase, contest or compromise any security interest, encumbrance, charge or lien which, in the judgment of Secured Party, appears to be prior or superior to or to jeopardize the security interest granted hereby, and in exercising any such powers and authority to incur necessary expenses, including attorneys' fees. Debtor hereby agrees to repay immediately and without demand all sums expended by Secured Party pursuant to the provisions of this paragraph.

8. Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions:

(a) Default by Debtor in the payment of any or all of the indebtedness, obligations or liabilities secured hereby beyond the applicable cure periods, or failure by Debtor to perform any agreement herein contained or secured hereby.

9. Upon any such default, Secured Party, at its option, without demand upon or notice to Debtor, may declare all indebtednesses, obligations and liabilities secured hereby to be immediately due and payable, and Secured Party shall have all the rights and remedies provided a secured party under the Uniform Commercial Code and may proceed to foreclose the security interest created hereby according to law, and may, at its option, and it is hereby empowered, with or without foreclosure action, to enter upon the Premises or any other premises where the Collateral or any part thereof may be and take possession thereof and remove the Collateral or any part thereof. In addition, Secured Party may require and Debtor agrees to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonable convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily

sold on a recognized market, Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private or other intended disposition is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Debtor shown above at least ten (10) days before the time of the sale or disposition. The Collateral may be sold in one or more lots and at one or more sales, which may be held on different days and need not be held within view of the Collateral being sold. Secured Party shall deduct and retain from the proceeds of such sale or sales all costs and expenses paid or incurred in the taking, removal, holding, preparing for sale or sales of the Collateral, including any reasonable attorneys' fees and legal expenses incurred or paid by Secured Party; the balance of the proceeds shall be applied by Secured party upon the indebtednesses, obligations and liabilities secured hereby, in such order and manner as Secured Party may determine, and the surplus, if any, shall be paid to Debtor or to the person or persons lawfully entitled to receive the same.

(a) Secured Party, at its option, shall have the right to commence any action or proceeding against a third party or appear in or defend any action or proceeding brought by a third party purporting to affect the rights, duties or liabilities of the parties hereto, including, without limiting the generality of the foregoing, an action to foreclose the security interest created hereby, and in connection therewith to incur costs, expenses and attorneys' fees in any such action or proceeding in which the Secured Party shall appear, all of which costs, expenses and attorneys' fees will be paid or reimbursed to Secured Party by Debtor.

(b) In the event of any default hereunder, Secured Party shall be entitled, without notice and without regard to the adequacy of the Collateral and of any other security for the indebtedness hereby secured, to the appointment of a receiver to take possession of all or any part of the Collateral and to exercise such powers as the Court shall confer upon him.

(c) At any public sale or sales made under this Section 9 or authorized herein or by laws, or at any sale or sales made upon judicial foreclosure of this security interest, Secured Party (or its representative) may bid for and purchase any Collateral being sold and, in the event of such purchase, shall hold such property thereafter discharged of all rights of redemption.

10. Secured Party shall be entitled to enforce any indebtedness, obligation or liability secured hereby and to exercise all rights and powers hereby conferred, although some or all of the indebtedness, obligations and liabilities secured hereby are now or shall hereafter be otherwise secured. Debtor's acceptance of this Agreement shall not affect or prejudice Secured Party's right to realize upon or enforce any other security now or hereafter held by Secured Party, and Secured Party shall be entitled to exercise all rights of set-off to the same effect and in the same manner as if this security interest had not been given.

11. In the event suit is brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover, as an element of damages, its cost of suit and, not as damages, a reasonable attorneys' fee to be fixed by the Court.

12. The words Secured Party and Debtor, as used herein, shall be construed to include the heirs, legatees, devisees, administrators, executors, successors and assigns,

respectively, of Secured Party and Debtor. This Agreement shall bind and inure to the benefit of such third persons. Whenever the context so requires, the masculine gender includes the feminine and neuter, the singular number includes the plural, and vice versa. All references herein to the Uniform Commercial Code means the Uniform Commercial Code as adopted by the State in which Secured Party's principal place of business is located.

THE UNDERSIGNED DEBTOR HEREBY SPECIFICALLY CERTIFIES THAT HE HAS READ AND UNDERSTANDS THIS SECURITY AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

Secured Party:

SALAD HOUSE FRANCHISING LLC

By:__________________________________
Print Name:___________________________
Title:________________________________
Date:________________________________

Franchisee:

[__________________________________]

By:__________________________________
Print Name:___________________________
Title:________________________________
Date:________________________________

SCHEDULE I

All leasehold improvements, furniture, fixtures, appliances, tools, equipment, cash registers, goods, inventories, and allied products, and finished goods and materials, now owned or hereafter at any time acquired by Debtor, and all accessories, parts, repossessions, and returns thereto or therefore; all accounts, general tangibles, chattel paper, documents, instruments, (whether negotiable or non-negotiable), deposit accounts, money, contract rights and rights to payment of every kind, now existing and hereafter arising; and all proceeds (including proceeds of insurance policies on the Collateral), products, additions, accessions, replacements and substitutions for and of such Collateral.

ATTACHMENT 9

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE

Name	**Percentage of Ownership**

EXHIBIT C
TO THE FRANCHISE DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPMENT AGREEMENT

SALAD HOUSE FRANCHISING LLC

This Area Development Agreement (the "Agreement') is made and entered into on ______________________________________ (the "Effective Date") by and between Salad House Franchising LLC, a New Jersey limited liability company with its principal place of business at 133 Prospect Street, Suite 1, Westfield, New Jersey, 07092 ("we", "us", "our", "SHF" or "Franchisor") and ____________________________, a individual, residing at ________________ _________________________ ("you", "your" or "Franchisee"), on the date this Agreement is executed by us below (the "Effective Date"). Franchisor and Franchisee are sometimes hereinafter collectively referred to as the "parties".

BACKGROUND

A. SHF, as the result of the expenditure of time, skill, effort and money, owns and continues to develop a franchise system (the "System") involving the establishment and operation of franchised Restaurant (each, a "Restaurant" or "Franchised Business"), which offer fresh salads and other food prepared to order and served quickly for dine-in, delivery or carry-out customers, presently including salads, soups, wraps, pizza, and other dishes; pre-packaged foods and beverages; and catering services.

B. The characteristics of the System may include, without limitation, sales and operating methods; interior and exterior Restaurant design; décor; layout; fixtures and furnishings; equipment; class structure and instruction; customer service and development techniques; uniform standards and procedures for efficient business operations; training and assistance; Brand Funds; pricing specifications; all of which may, at times, be changed, improved and further developed from time to time by SHF.

C. SHF identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "*The Salad House*", and *The Salad House* logo, and/or such other different and/or additional trade names, trademarks, and service marks as are now designated and may hereafter be designated by SHF in writing for use in connection with the System (the "Proprietary Marks" or "Marks").

D. SHF has the right to establish System "Standards and Specifications" for various aspects of the System, including, without limitation, standards and specifications related to location selection, the Restaurant's physical characteristics, operating procedures, products and services offered, supplier qualifications, training, marketing and other aspects that affect and/or relate to the experience of System customers. You are required to comply with SHF Standards and Specifications, which SHF has the right to (and expects to) change and modify over time.

E. You have had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement and have had sufficient time and opportunity to evaluate and investigate the business concept and the procedure and financial requirement associated with the business as well as the competitive market in which it operates.

F. You have expressed an interest in obtaining the right to open multiple Restaurants within a specific geographic area, and we are willing to grant such right upon the terms and conditions set forth in this Agreement.

AGREEMENT

In consideration of the above recitals, the covenants, agreements and conditions set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. APPOINTMENT, DEVELOPMENT TERRITORY AND MINIMUM DEVELOPMENT OBLIGATION

1.1 Development Area

Subject to your strict compliance with the terms and conditions of this Agreement, we grant to you, and you accept, the right during the term of this Agreement to open and operate the number of Restaurants designated in Attachment 1 within the "Development Area" described in Attachment 1. All of your Restaurants must be located within the Development Area. Except as otherwise set forth in this Agreement, including, without limitation, as set forth in Section 1.4 below, for so long as you are in compliance with your obligations under this Agreement, we will not open or operate, and will not license any other person or entity the right to open or operate, one or more Restaurants within the Development Area.

This grant is upon the terms and subject to the conditions of this Agreement. You acknowledge and agree that our initial service under this Agreement is solely to identify the Development Area, and that we have no ongoing obligations such as training or operational assistance to you under this Agreement. All ongoing and further obligations to you in opening the Restaurants shall be provided pursuant to the applicable Franchise Agreement between you and us for each Restaurant you are required to open under this Agreement.

1.2 Minimum Development Obligations

1.2.1 You shall comply with the terms and conditions of this Agreement and you shall comply with the following "Minimum Development Obligations": (i) secure a site and enter into a lease agreement for each Restaurant you are required to develop under this Agreement on or before the lease execution deadline set forth in Attachment 1 attached hereto (the "Lease Execution Deadlines"), (ii) develop and open each Restaurant you are required to develop under this Agreement on or before the opening deadline set forth in Attachment 1 attached hereto (the "Opening Deadlines"), and (iii) have open and in operation within the Development Area, not less than the cumulative number of Restaurants identified in Attachment 1 to this Agreement; (collectively, "the Minimum Development Obligation"). **YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS AGREEMENT AND THAT YOUR RIGHTS UNDER THIS AGREEMENT ARE SUBJECT TO TERMINATION IF YOU DO NOT STRICTLY COMPLY WITH THE MINIMUM DEVELOPMENT OBLIGATIONS.**

1.2.2 For each Restaurant you are required to develop under this Agreement, you shall enter into our then-current form of Franchise Agreement within the time periods set forth in this Agreement. You must also pay the balance of the then-current franchise fee required under each of the Franchise Agreements you execute pursuant to this Agreement. You may form newly established, separate affiliate entities that share the identical ownership structure as Developer, to enter into the lease agreements and franchise agreements for each Restaurant you are required to open under this Agreement (each a "Developer Affiliate"). You, each of your owners, and each owner of each Developer Affiliate, as applicable, shall enter into a personal guaranty agreement in the form attached to the applicable Franchise Agreement, which form may be materially different from the form attached to the FDD you received prior to entering into this Agreement. You also acknowledge and agree that the estimated initial investment figures presented in the FDD you received prior to entering into this Agreement are estimates only and are subject to modification, including increases related to modifications to specifications and requirements to develop Restaurants. You shall designate one (1) individual who shall be designated on Attachment 1 hereto, who has the authority to, and does in fact, actively direct your business affairs related to your obligations under this Agreement and has the authority to sign on your behalf all contracts and commercial documents (your "Responsible Owner"). Your Responsible Owner shall exert his or her best efforts to the development of the Restaurants pursuant to this Agreement and, absent our prior approval, may not engage in any other business or activity that requires substantial management responsibility or time commitments.

1.2.3 You have no right to sublicense or subfranchise your rights under this Agreement.

1.3 Force Majeure

If you are unable to meet the Minimum Development Obligation requirement solely as the result of force majeure, including, but not limited to, war, riot, strikes, material shortages, floods, earthquakes, and other acts of God, or by governmental action or force of law, which results in the inability of you to construct or operate Restaurants in the Development Area, and which you could not, by the exercise of due diligence, have avoided, the Development Periods will be extended by the amount of time the force majeure exists, provided that if any force majeure continues for a period in excess of six months, we may terminate this Agreement upon written notice to you.

1.4 Reservation of Rights

You acknowledge and agree that we have the right to open and operate, and to grant others the right to open and operate Restaurants anywhere outside of the Development Area as we deem appropriate in our sole and absolute discretion. This Agreement is not a franchise agreement and you do not have any right to use the Marks in any manner by virtue of this Agreement. You have no right under this Agreement to subfranchise or sublicense others to operate a Restaurant or use the System or the Marks. Without limiting the foregoing, we reserve all rights to do anything within the Development Area, including, without limitation, the following: (i) offer and sell, and authorize others to offer and sell, any goods and services in, at or from any location outside of the Development Area; (ii) manufacture, distribute, offer and sell, and authorize others to manufacture, distribute, offer and sell, any goods and/or services in, at or from any location, including any location within the Development Area either: (a) through alternative channels of distribution, including sales on the Internet, through kiosk locations, through print and online catalogs, and in retail locations; or (b) under any names or trademarks other than the Marks. For the purposes of this provision, alternative channels of distribution include any channels not explicitly authorized for use by Developer under any franchise agreement executed pursuant to this Agreement; (iii) merge with, acquire, or be acquired by, including through purchase or sale of substantially all assets, any other person or entity, including any competitor of Franchisor or

Developer (each an “M&A Transaction”), and continue to conduct in any location any business engaged in by the merging, acquiring, or acquired person or entity, including any business directly competitive with Restaurants developed by Developer under this Agreement regardless of where the business is located and to permit the business to operate under the Marks or any other name; (iv) use the Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, including the sale of products through retail stores and via the internet, without regard to location; (v) develop, or become associated with, other concepts (either directly or through affiliate entities) and grant franchises under such concepts for locations anywhere, including in the Development Area; and (vi) use and license to engage in any other activities not expressly prohibited in this Agreement. In the event of an M&A Transaction, Franchisor has the right to require you to convert the Restaurants developed pursuant to this Agreement to a different name and Developer hereby agrees to: (a) participate, at Developer’s expense in any such conversion; and (b) waive any and all claims, demands or damages arising from or related to the loss of the Mark, the System or any association or affiliation with the Marks or the System.

1.5 Non-Public Access Venues. We also have the right to develop, open and operate, and to license others the right to develop, open and operate, Restaurants located in Non-Public Access Venues, including within the Development Area. For purposes of this Agreement, the term Non-Public Access Venues shall mean private businesses, military bases, government institutions, private clubs, and other Restaurants that are not accessible to the general public.

2. DEVELOPMENT FEE.

2.1 Development Fee. You shall pay to us a “Development Fee” in the amount designated on Attachment 1 immediately upon execution of this Agreement. The Development Fee is paid to us in consideration of the rights we grant you pursuant to this Agreement. Accordingly, the Development Fee is deemed fully earned by us upon execution of this Agreement and is non-refundable, even if you fail to develop one or more of the Restaurants.

3. RESTAURANT SITE SELECTION; FRANCHISE AGREEMENT EXECUTION PROCEDURES.

3.1 Restaurant Site Selection. You must, on your own initiative and at your sole cost and expense, locate and secure an acceptable site for each Restaurant you are required to develop under this Agreement, and enter into a valid, binding lease agreement on or before the applicable Lease Execution Deadline. You must advise us in writing of your proposed site for each Restaurant and you must submit to us a complete site report and application (containing demographic, commercial and other information that we or our designee may require). We are relying on your knowledge of the real estate market in your Development Area. Our prior approval is required in writing for each Restaurant location. Each site must meet our confidential site evaluation criteria. In accepting or rejecting a proposed site, we will consider such matters as we deem material, including demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the proximity to other businesses (including other System Restaurants), the nature of other businesses in proximity to the site and other commercial characteristics and the size of the premises, appearance, and other physical characteristics of the premises. We will approve or disapprove your proposed site within thirty (30) days after we receive all of the materials you are required to provide to us. Our approval of a site will be by delivery of written notice to you. If you do not receive a written notice of approval within thirty (30) days after receipt of the requisite materials to approve or disapprove a proposed site, your proposed site is considered disapproved. We will not unreasonably withhold approval of any proposed site if it meets our then-current site criteria. ***You acknowledge and agree that our approval of a proposed site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Restaurant or any other purpose. Our approval of a site indicates that we believe that the site meets our then acceptable criteria. Without limiting the foregoing, you acknowledge and agree that we are not responsible of the site fails to meet your or our expectations or if the Restaurant you develop at the site fails.*** We have the right to require you to use our designated suppliers for site selection and real estate development services. We will notify you in writing of any such requirement, and, you shall, immediately upon your receipt of such written notification, comply with any and all such requirements at your sole cost and expense.

3.2 Lease Approval/Execution Procedures.

3.2.1 You must present to us for our approval the lease for each premises from which you will operate each Restaurant you are required to develop under this Agreement **before you sign the lease for such Restaurant**. You must cause your landlord to include the provisions we require in your lease agreement for each Restaurant. For each Restaurant you are required to develop under this Agreement, both you, and the landlord for the applicable leased premises, must enter into our then-current form of Collateral Assignment of Lease. The Collateral Assignment of the Lease includes important provisions that protect our interests. If your landlord refuses to sign the Collateral Assignment of the Lease in the form we require, we have the right to reject your proposed site for the applicable Restaurant.

3.2.2 Each lease for each Restaurant must provide that we (or our designee) may, at our sole option, upon the termination, expiration or proposed transfer of the Franchise Agreement for such location, take an assignment of your interest in the lease, without the payment of additional consideration (other than a reasonable assignment fee), and without liability for obligations you accrued as of the date of the assignment of the lease. Our review of any lease prior to its execution will not be for the purpose of approving the legal aspects, economics, or rental terms of such lease. Accordingly, we will have no responsibility to you with regard to the economics, legality or enforceability of any lease. At all times during the term of this Agreement, you will promptly pay all rents and charges required by the lease for the Restaurant and shall not be in default under the terms of the lease. You are required to provide us with a copy of your fully executed lease for each Restaurant immediately upon your receipt of a fully executed copy thereof, and any amendments or renewals to the lease, to ensure that at all times we have a complete copy of the then-current lease for each Restaurant.

3.3 Franchise Agreement Execution Requirements.

For each Restaurant you are required to develop under this Agreement, you (or a Developer Affiliate approved by us) shall sign our then-current form of franchise agreement, which agreement may contain materially different terms and conditions as compared to the form of franchise agreement attached to the FDD provided to you prior to your execution of this Agreement, no later than the earlier to occur of (a) the date you execute the lease agreement for the Restaurant; or (b) five (5) calendar days after you receive our written approval of the proposed site for the Restaurant. Upon the execution of each Franchise Agreement, the terms and conditions of such Franchise Agreement shall control the establishment and operation of the Restaurant that is the subject of such Franchise Agreement.

4. RELATIONSHIP OF PARTIES

4.1 Relationship of Parties

4.1.1 You will function as an independent party and not as our agent or representative, but rather as a franchisee under our Franchise Agreements. You and we are not and will never be considered joint ventures, partners, employees, employer or agents one for the other. Neither will have the power to bind or obligate the other except as otherwise outlined in this Agreement and/or the Franchise Agreements. No representation will be made by either party to anyone that would create any apparent agency, employment or partnership except as otherwise outlined in this Agreement.

4.1.2 In all public and private records, documents, relationships, and dealings, you will indicate that you are an independent contractor operating pursuant to this Agreement.

4.1.3 You will maintain your records and accounts to clearly indicate that you and your employees are not our employees. You will be solely responsible to hire your own employees, including determinations about a prospective person's background, experience, character and immigration status. You shall provide written notification to each person you intend to hire as an employee advising such person that the Franchisor is not their employer.

4.1.4 You will pay all of your development, travel, tax, operating, sales, and other costs and expenses directly or indirectly incurred in fulfilling your obligations under this Agreement. You will hold us harmless for all such costs and expenses.

5. TERM AND TERMINATION

5.1 Term

Unless sooner terminated, the term of this Agreement ("the Term") will begin on the Effective Date and will end on the earlier to occur of: (a) the date the final Restaurant you are required to develop under this Agreement has opened; or (b) the Opening Deadline for the last Restaurant you are required to open under this Agreement. You do not have any right to renew this Agreement.

5.2 Termination

We have the right to terminate this Agreement, effective immediately upon delivery of written notice to you, if you commit a Material Default under this Agreement.

Each of the following events shall be deemed a "Material Default" under this Agreement:

(a) Your failure to meet any of your Minimum Development Obligations.

(b) Any conduct on your part that impairs the goodwill associated with the marks or otherwise causes harm to us or the reputation of the brand or System.

(c) The termination of any Franchise Agreement entered into by and between Franchisor, its successors or assigns, and you and/or any Developer Affiliate.

(d) If you or any Developer Affiliate commits a default under any Franchise Agreement or other agreement between us and you or any Developer Affiliate, which default remains uncured beyond all applicable notice and cure periods.

(e) If you violate any of your confidentiality or non-competition obligations under this Agreement.

(f) If you default under any other obligation under this Agreement and such default is not cured before the expiration of fifteen (15) calendar days following your receipt of a written notice of default from us.

A termination of this Agreement is not deemed to be a termination of any Franchise Agreement entered into by and between you and us, or any Developer Affiliate and us. You shall not be entitled to any refund of any of the Development Fee if we terminate this Agreement in accordance with the terms hereof.

5.3 Effects of Termination

Upon the expiration of the term, or upon termination of this Agreement, regardless of the cause for termination, you will have no further right to open or operate additional Restaurants which are not, at the time of such termination or expiration, the subject of a then existing Franchise Agreement between you and us which is in full force and effect. You acknowledge that during and after the expiration or earlier termination of this Agreement, we may open and operate, and license others the right to open and operate one or more Restaurants anywhere in the Development Area, subject to any territorial rights granted to you or any Developer Affiliate, as applicable, under any Franchise Agreement then in effect.

6. TRANSFER AND SUCCESSION

6.1 Assignment by Us

We may assign this Agreement, or any of our rights and privileges to any other person, firm or corporation without your prior consent; provided that, in respect to any assignment resulting in the subsequent performance by the assignee of our functions, the assignee will expressly assume and agree to perform our obligations.

6.2 Assignment by You

Your rights and obligations under this Agreement are personal to you and are not assignable at all. Without our prior written permission, you will not voluntarily or involuntarily sell, transfer, assign, encumber, give or otherwise alienate the whole or any part of this Agreement, your assets, or the ownership of any of your rights under this Agreement. We have entered this Agreement in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence we repose in you or your principal officers or partners who will actively and substantially participate in the development and operation of the Restaurants you are required to develop under this Agreement.

7. COVENANTS: NON-COMPETITION/CONFIDENTIALITY/COMPLIANCE WITH LAWS

7.1 Non-Compete

7.1.1 You and each of your owners, officers and agents will not, during the Term of this Agreement, directly, indirectly or through, on behalf of, or in conjunction with any person or legal entity:

(a) participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business (as defined below); or

(b) divert, or attempt to divert any present or prospective business or customer of any Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

For purposes of this Agreement, the term "Competitive Business" shall mean any business operating, or granting franchises or licenses to others to operate, a fast-casual restaurant, a fast-casual food service business, or a restaurant marketed or promoted as a salad restaurant or restaurant serving healthy food or any other business offering products and services offered or authorized for sale by System franchisees (each a "Competing Business"), or (iv) any business offering or granting licenses or franchises for the right to operate a Competing Business; provided, however, that this Section does not apply to Franchisee's operation of any other SHF Restaurant pursuant to a license or franchise agreement with Franchisor.

7.1.2 During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents **will not** directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business that is located: (a) anywhere in the Development Area; (b) within a twenty-five (25) mile radius of the Development Area; or (c) within a 25 mile radius of any Restaurant in operation, under lease, or under construction as of the date of termination or expiration, as applicable. During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents **will not** directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any franchise system that is offering or selling the right to develop, open or operate Competitive Businesses anywhere in the United States. The covenants not to compete are in addition to and not in lieu of your express agreements set forth above to not use any trade secrets, confidential information or personal contacts except as authorized by us.

7.1.3 You acknowledge and agree that the restricted periods set forth in Section 7.1 (inclusive of all subparts) shall be tolled during any time in which you are in violation of your obligations. We may require you to obtain written agreements from your owners, officers, directors, employees and agents to not compete against us and to not disclose our trade secrets and confidential information. These agreements will be in a form we approve.

7.1.4 If for any reason, any provision of any of the covenants not to compete set forth in Section 7.1 (inclusive of all subparts) is determined to exceed any lawful scope and limit as to duration, geographic coverage, or otherwise, it is agreed that provision will nevertheless be binding to the full scope or limit allowed by applicable laws or by a court of law. The duration, geographic coverage and scope allowable by law or court of law shall apply to this Agreement.

7.1.5 You agree that damages alone cannot adequately compensate us if there is a violation of any of your non-competition covenants and that injunctive relief is essential for our protection. You therefore agree that in any case of any alleged breach or violation of this section, we may seek injunctive relief without posting any bond or security, in addition to all other remedies that may be available to us at equity or law.

7.2 Communication of Information

During the Term of this Agreement and thereafter, you will not communicate or divulge to any person or entity the contents of the System Manuals, or any other non-public information related to the System or the operation of the Restaurants. Under no circumstances will you or your agents communicate or divulge to any person or entity any trade secrets, confidential information or personal contacts relating to the System or Restaurants operating under the System during the Term of this Agreement or thereafter.

7.3 You to Cease Using Names and Marks

Except to the extent permitted under then current Franchise Agreements, upon expiration or termination of this Agreement, whatever the cause for termination, you will immediately cease using the Marks and our names, logos, service marks, trademarks and other marks, symbols or materials suggesting that you were related to us or the System in any way. You acknowledge that all of these are our exclusive property and that you are allowed to use them only in connection with your work as our sales and service agent or franchisee. You may use them only pursuant to the provisions of any relevant franchise agreements between the parties.

7.4 Compliance with Applicable Laws.

You shall, at your sole cost and expense, comply with all federal, state, city, municipality and local laws, ordinances, rules and regulations applicable to your obligations under this Agreement. You must, at your expense, be absolutely and exclusively responsible for determining all licenses and permits required by law for your Restaurants, for qualifying for and obtaining all such licenses and permits, and maintaining all such licenses and permits in full force and effect.

8. DISPUTE RESOLUTION

8.1 Mediation.

8.1.1 The parties have reached this Agreement in good faith and with the belief that it is advantageous to each of them. In recognition of the strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Other than an action brought by us under Section 8. 3 of this Agreement, and with the exception of injunctive relief or specific performance actions, before the filing of any arbitration, you and we agree to mediate any dispute, controversy or claim between us and/or any of our affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Franchisor Related Party"), on the one hand, and you and/or any of your affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Developer Related Party"), including without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the parties' relationship; or (c) the events occurring prior to the entry into this Agreement. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement.

8.1.2 Mediation will be conducted Morris County, New Jersey (or, if Franchisor's corporate headquarters is no longer in Morris County, New Jersey, the county where Franchisor's corporate headquarters is then-located). Persons authorized to settle the dispute must attend each mediation session in person. The party seeking mediation (the "Initiating Party") must commence mediation by sending the other party/parties a written notice of its request for mediation (the "Mediation Notice"). The Mediation Notice must specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages and the nature of any injunctive or other such relief such party claims, and must identify one or more persons with authority to settle the dispute for the Initiating Party. Upon receipt of the Mediation Notice, the parties will endeavor, in good faith, to resolve the dispute outlined in the Dispute Notice. If the parties have been unable to resolve any such dispute within twenty (20) days after the date the Mediation Notice is provided by the Initiating Party to the other party, either party may initiate a mediation procedure in accordance with this provision. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within thirty (30) days of the notice from the party seeking to initiate the mediation procedures. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section.

The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself and the authorized person designated by each party an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the authorized persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party.

The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible. The mediation may be concluded: (a) by the signing of a settlement agreement by the parties; (b) by the mediator's declaration that the mediation is terminated; or (c) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

8.1.3 The fees and expenses of the mediator shall be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in the mediation.

8.2 Arbitration

8.2.1 Except as qualified below and in Section 8.3, and if not resolved by the negotiation and mediation procedures set forth in Section 8.1, any dispute, controversy or claim between Developer and/or a Developer Related Party, on the one hand, and Franchisor and/or any Franchisor Related Party, on the other hand, including, without limitation, any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement, (b) the parties' relationship, (c) the events leading up to the entry into this Agreement, (d) the Development Area, (e) the scope or validity of the arbitration obligation under this Agreement, (f) any System standard; (g) any claim based in tort or any theory of negligence; and/or (h) any lease or sublease for any Restaurant, shall be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures.

8.2.2 Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational claim, or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts. The arbitration must take place in Morris County, New Jersey (or, if our corporate headquarters is no longer in Morris County, New Jersey, the county where our corporate headquarters is then-located). The arbitration will be heard before one arbitrator. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five (5) years of significant experience in franchise law. Any issue as to whether a matter is subject to arbitration will be determined by the arbitrator. A judgment may be entered upon the arbitration award by any state or federal court in Morris County, New Jersey.

8.2.3 In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; (3) certify a class or a consolidated action; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator shall have the right to make a determination as to any procedural matters that court of competent jurisdiction would be permitted to make in the state in which our main office is located. Further, the arbitrator shall decide all factual, procedural, or legal questions relating in any way to the dispute between the parties, including, without limitation, questions relating to whether Section **8.2** is applicable and enforceable as against the parties; the subject matter, timeliness, and scope of the dispute; any available remedies; and the existence of unconscionability and/or fraud in the inducement.

8.2.4 The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

8.2.5 The arbitrator shall have subpoena powers limited only by the laws of the State of New Jersey. The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute shall otherwise have the same discovery rights as are available in civil actions under the laws of the State of New Jersey. All other procedural matters shall be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the State of New Jersey.

8.2.6 Other than as may be required by law, the entire arbitration proceedings (including, without limitation, any rulings, decisions or orders of the arbitrator), shall remain confidential and shall not be disclosed to anyone other than the parties to this Agreement.

8.2.7 The judgment of the arbitrator on any preliminary or final arbitration award shall be final and binding and may be entered in any court having jurisdiction.

8.2.8 We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished our right to seek recovery of those costs against you.

8.3 <u>Exceptions to Arbitration</u>

Notwithstanding Section 8.1 or Section 8.2, the parties agree that the following claims will not be subject to mediation or arbitration:

(a) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder;

(b) any action in ejectment or for possession of any interest in real or personal property; or

(c) any claim by us: (a) relating to your failure to pay any fee due to us under this Agreement; (b) relating to your failure to comply with the confidentiality and non-competition covenants set forth in this Agreement; and/or (c) and/or our affiliates relating to your use of the Marks and/or the System, including, without limitation, claims for violations of the Lanham Act.

9. MISCELLANEOUS PROVISIONS

9.1 Choice of Law and Venue; Limitation of Claims; Jury Trial Waiver; Class Action Waiver; Waiver of Damages

9.1.1 You acknowledge that we have appointed and intend to appoint many franchisees on terms and conditions similar to those set forth in this Agreement and the Franchise Agreement. It mutually benefits those franchisees, you and us if the terms and conditions of these license agreements are uniformly interpreted. This Agreement shall take effect upon its acceptance and execution by Franchisor. All matters relating to mediation or arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1, et. seq.). Except to the extent governed by the Federal Arbitration Act or other federal law, this Agreement, the franchise and all claims arising from or in any way related to the relationship between Franchisor, and/or any of its affiliates, on the one hand, and Developer, and any of Developer's owners, guarantors and/or affiliates, on the other hand, shall be interpreted and construed under the laws of the State of New Jersey, which laws shall prevail in the event of any conflict of law, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this paragraph.

9.1.2 In the event the arbitration clause set forth in Section 8.2 is inapplicable or unenforceable, and subject to Franchisor's right to obtain injunctive relief in any court of competent jurisdiction, the following provision shall govern: The parties hereby expressly agree that the United States District Court for the District of New Jersey (or, if our corporate headquarters is no longer in Morris County, New Jersey, the applicable District Court where our corporate headquarters is then-located), or if such court lacks subject matter jurisdiction, the State Superior Court in Morris County, New Jersey (or, if our corporate headquarters is no longer in Morris County, New Jersey, the county where our corporate headquarters is then-located), shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. Developer acknowledges and agrees that this Agreement has been entered into in the State of New Jersey and that Developer is to receive valuable and continuing services emanating from Franchisor's headquarters. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision. Developer acknowledges and agrees that this location for venue is reasonable and the most beneficial to the needs of and best meets the interest of all of the members of the System.

9.1.3 Except for claims arising from your non-payment or underpayment of amounts you owe to us, or claims related to your unauthorized use of the Marks, any and all claims arising out of or related to this Agreement or the relationship of the parties will be barred unless a judicial or arbitration proceeding, as required under this Agreement, is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims, and that any action not so brought shall be barred, whether as a claim, counterclaim, defense or setoff. You hereby acknowledge and agree that you may not maintain any action against us or any of our principals, officers, directors, agents, employees, parents, subsidiaries, affiliates, successors or assigns (each a "SHF Related Party") unless (a) you deliver written notice of any claim to the other party within one hundred eighty (180) days after the event complained of becomes known to you, (b) you strictly adhere to the negotiation and mediation procedures set forth in this Agreement, and (c) you file an arbitration within one (1) year after the notice is delivered.

9.1.4 **Waiver of Rights.** **THE PARTIES HERETO AND EACH OF THEM KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREE AS FOLLOWS:**

9.1.5 Jury Trial. **The parties hereto and each of them EXPRESSLY WAIVE(S) THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY IN ANY ARBITRATION, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, FOR ANY CLAIMS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE NEGOTIATION OF THIS AGREEMENT, THE EVENTS LEADING UP TO THE SIGNING OF THIS AGREEMENT, OR THE BUSINESS RELATIONSHIP RELATING TO THIS AGREEMENT OR THE FRANCHISE, WHETHER BROUGHT IN STATE OR FEDERAL COURT, WHETHER BASED IN CONTRACT THEORY, NEGLIGENCE OR TORT, AND REGARDLESS OF WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. This waiver is effective even if a court of competent jurisdiction decides that the arbitration provision in this Agreement is unenforceable. Each party acknowledges that it has had full opportunity to consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.**

9.1.6 Damage Waiver. The parties hereto and each of them EXPRESSLY WAIVE(S) ANY CLAIM FOR PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES; ***except that*** this waiver and limitation shall not apply with respect to (a) your obligation to indemnify us pursuant to any provision of this Agreement, or (b) any claims we bring against you and/or your guarantors and/or your owners for unauthorized use of the Marks, unauthorized use or disclosure of any Confidential Information, unfair competition, breach of your confidentiality or non-competition covenants under this Agreement, and/or any cause of action under the Lanham Act, and we shall be entitled to receive an award of multiple damages, attorneys' fees and all damages as provided by law.

9.1.7 The parties hereto and each of them EXPRESSLY AGREE(S) THAT IN THE EVENT OF ANY FINAL DETERMINATION, ADJUDICATION OR APPLICABLE ENACTMENT OF LAW THAT PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES MAY NOT BE WAIVED, ANY RECOVERY BY ANY PARTY IN ANY ARBITRATION OR OTHER FORUM SHALL NEVER EXCEED TWO (2) TIMES ACTUAL DAMAGES, except that we may recover more than two (2) times its actual damages if you commit acts of willful trademark infringement or otherwise violate the Lanham Act, as provided by law.

9.1.9 No Class or Collective Actions. You agree that any arbitration, or, if applicable, litigation, between you (or any of your owners or guarantors), on the one hand, and us or any SHF Related Party, on the other hand, will be on such party's individual claim and that the claim or claims subject to arbitration and/or litigation shall not be arbitrated or litigated on a class-wide, associational or collective basis.

9.2 Enforcement

9.2.1 Either party may seek to obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement. No right or remedy conferred upon us is exclusive of any other right or remedy in this Agreement or provided by law or equity. Each will be cumulative of every other right or remedy.

9.2.2 We shall be entitled to recover from you all of our costs and expenses, including attorneys' fees, accounting fees, expert witness fees, and any other reasonably incurred fees, if we are the prevailing party in any action, including arbitration, litigation, any motion to compel arbitration, and/or any action on appeal, with you and/or any of your owners or Guarantors, including, without limitation, any action: (a) to enforce the terms of this Agreement; (b) for violation of this Agreement; or (c) for violation of the Lanham Act or other state or federal statutes. Without limiting the generality of the foregoing, if we incur costs and expenses due to your failure to pay when due amounts owed to us our affiliates, to submit when due any reports, information, or supporting records, or otherwise comply with this Agreement, you agree, whether or not we initiate a formal arbitration or legal proceeding, to reimburse us for all of the costs and expenses that we incur including, without limitation, reasonable accounting, attorneys' and related fees and costs.

9.3 Relationship of You to Us

The parties intend by this Agreement to establish the relationship of franchisor and developer and/or independent contractors. You have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of us for any purpose whatsoever. Neither party is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. You agree that you will not hold yourself out as our agent, employee, partner or co-venturer. All employees hired by or working for you will be your employees and will not, for any purpose, be deemed our employees or subject to our control. You must provide written notification to each of your employees that each such employee is employed by you, and not us. You shall file your own tax, regulatory and payroll reports with respect to your employees and operations.

9.4 Your Indemnification

9.4.1 You agree to protect, defend and indemnify us, and all of our past, present and future shareholders, direct and indirect parent companies, subsidiaries, affiliates, officers, directors, employees, attorneys and designees (the "Indemnified Parties") and hold each of the Indemnified Parties harmless from and against any and all damages, costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or related to your rights or obligations under this Agreement.

9.4.2 You represent and warrant that you have full and legal capacity to enter into this Agreement and into the Franchise Agreements and that they will not violate any provision or restriction in any contractual relationship you or your owners have with any third party.

9.5 Waiver and Delay

9.5.1 The following will not constitute a waiver of the provisions of this Agreement with respect to any subsequent breach or a waiver by us of our right at any time to require exact and strict compliance with the provisions of this Agreement or of the franchise agreements:

(a) Waiver by us of any breach or series of breaches or defaults in your performance,

(b) Our failure, refusal or neglect to exercise any right, power or option given to us under this Agreement or under any franchise agreement between us and you, or

(c) Our failure, refusal or neglect to insist upon strict compliance with or performance of your obligations under this Agreement or any other franchise agreement between you and us.

This applies to this Agreement and to any franchise agreement between the parties whether entered into before, after or contemporaneously with the execution of this Agreement and whether or not related to the Restaurants.

9.6 Survival of Covenants

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

9.7 Successors and Assigns

This Agreement will be binding upon and inure to the benefit of our successors and assigns and will be binding upon and inure to your benefit and your heirs, executors, administrators, successors and assigns, subject to the prohibitions against assignment contained above.

9.8 Joint and Several Liability

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

9.9 Agreements with Other Developers. You acknowledge that other SHF franchisees and/or developers have or may be granted franchises or development rights at different times and in different situations, and further acknowledge that the provisions of such agreements may vary substantially from those contained in this Agreement.

9.10 Entire Agreement

Except for the Franchise Agreements that may be executed between the parties, this Agreement expresses the sole and complete understanding between the parties concerning the subject matter hereof. This Agreement, including the attachments hereto, is the entire agreement between the parties with respect to the subject matter hereof. No other prior agreements concerning the subject matter hereof, written or oral, will be deemed to exist or to bind the parties, and all prior agreements, understandings and representations, are merged into this Agreement and superseded by it. Nothing in this Agreement is intended to disclaim the representations we made in the FDD provided to you prior to your execution of this Agreement. You represent that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained in this Agreement. No officer, employee, or agent of ours has any authority to make any representation or promise not contained in this Agreement or in the FDD. You agree that you have executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties. **Time is of the essence for this Agreement.**

9.11 Titles for Convenience

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

9.12 Gender

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

9.13 Severability

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

9.14 Counterparts

This Agreement may be executed in any number of counterparts; each of which will be deemed an original and all of which together will be deemed the same instrument.

9.15 Notices

Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally, by email, or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and addressed as follows:

Notices to Franchisor:	Salad House Franchising LLC 133 Prospect Street, Suite 1 Westfield, New Jersey 07092
With a copy to:	____________________ ____________________ ____________________ Attention:______________ Facsimile:______________
Notices to Developer:	____________________ ____________________ ____________________ Attention:______________ Facsimile:______________

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of email, upon transmission, or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

9.16 Submission of Agreement

The submission of this Agreement does not constitute an offer and this Agreement will become effective only upon the execution by you and us. **THIS AGREEMENT WILL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT WILL HAVE BEEN ACCEPTED AND SIGNED BY FRANCHISOR.**

9.17 Acknowledgments & Representations

9.17.1 You, and your shareholders, members and partners, as applicable, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution of this Agreement. You and they have obtained the advice of counsel concerning entering this Agreement. You and they understand the nature of this Agreement and intend to comply with and to be bound by it. You acknowledge that you have conducted an independent investigation of the System, the Franchisor and the Restaurants, and recognize that, like any other business, the business venture contemplated by this Agreement involves business risks. Your success in this business is not guaranteed, is speculative and depends, to an important extent, upon your ability as an independent businessperson. We do not represent or warrant that any Restaurant will achieve any certain level of sales or be profitable. We expressly disclaim the making of, and you acknowledge that you have not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement. By signing this Agreement, you acknowledge that you have entered into it after making an independent investigation of the System.

9.17.2 You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of this franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved of your entering into this Agreement and granting you the rights under this Agreement in reliance upon all of your representations.

9.17.3 You understand that neither we, nor any of our representatives or agents with whom you have met have made, and are not making, any guarantees, express or implied, as to whether or not the Restaurants you develop under this Agreement will break even, be successful or profitable. You acknowledge that the franchise opportunity is a newly offered opportunity with a limited track record and a limited operating history. You accept all risks, including the risk of loss of your entire investment. You acknowledge that neither we nor any of our representatives and/or agents with whom you have met or corresponded with, have, in any way, represented or promised any specific amounts of earnings or profits in association with any of any Restaurant, including the Restaurants you are obligated to develop under this Agreement.

9.17.4 You will exert your best efforts and full time to carrying out the terms, covenants and conditions of this Agreement in good faith.

9.17.5 You acknowledge that you received our FDD at least 14 calendar days prior to the date on which this Agreement was executed and that you have read the FDD. You acknowledge that the FDD is a disclosure document, not a contract, and that this Agreement embodies the entire contractual agreement between the parties.

IN WITNESS WHEREOF, this Agreement has been executed on the day and date first set forth above.

DEVELOPER:
If an entity:]
____

By: ___________________________
Name: _________________________
Title: _________________________
Date: _________________________

[If an individual or individuals:]

Signature: _____________________
Name: _________________________
Date: _________________________

Signature: _____________________
Name: _________________________
Date: _________________________

Signature: _____________________
Name: _________________________
Date: _________________________

FRANCHISOR:
Salad House Franchising LLC

By: ___________________________
Name:
Title:

ATTACHMENT 1 TO DEVELOPMENT AGREEMENT

1. **DEVELOPMENT AREA**

The Development Area is defined as the entire territory encompassed by ____

____

_______________ in the State of _______________. If the Development Area is identified by city or other political subdivisions, political boundaries will be considered fixed as of the Agreement Date, notwithstanding any political reorganization or change to the boundaries. The Development Area is depicted on the map attached to this Attachment 1. However, if there is an inconsistency between the language in this Attachment 1 and the attached map, the language in this Attachment 1 shall control. All street boundaries will be deemed to end at the street centerline unless otherwise specified.

2. **MINIMUM DEVELOPMENT OBLIGATIONS**

Developer agrees to open _____________ (__) Restaurants within the Development Area according to the following Schedule:

Column A	Column B	Column C	Column D
Restaurant #	**Lease Execution Deadline**	**Opening Deadline**	**Cumulative Number of Restaurants To Be Opened and Operating By Opening Deadline Designated in Column C**

3. **DEVELOPMENT FEE**

The Development Fee is $______________________________.

4. **RESPONSIBLE OWNER**

Responsible Owner Name:____

Responsible Owner Address:____
____

Telephone Number & Email Address:____

____

Percentage Ownership Interest:____

5. **DEVELOPER INFORMATION**

____ Individual ______ Legal Entity

Name of Individual(s) or Legal Entity (as applicable):

____

____

If Legal Entity:

State of formation/incorporation:_________________________________

Date of formation:____

Ownership Information:

Owner Name	**Owner Address**	**Percentage Ownership Interest**

DEVELOPER:	**FRANCHISOR:**
[If an entity:]_____________________ ______	Salad House Franchising LLC
By: ____________________________ Name: __________________________ Title: ___________________________ Date: ___________________________	By: ____________________________ Name: Title:
[If an individual or individuals:] Signature: ______________________ Name: __________________________ Date: ___________________________ Signature: ______________________ Name: __________________________ Date: ___________________________	

EXHIBIT D
TO THE FRANCHISE DISCLOSURE DOCUMENT

CURRENT FRANCHISEES

NEW JERSEY

Franchisee	Address	Telephone Number
AD Love Somerville LLC	639 Mount Pleasant Avenue Livingston, New Jersey 07039	973-721-3333
Taha Salad, LLC	343 Millburn Avenue Millburn, New Jersey 07041	973-376-4001
Taha Salad, LLC	18 South Fullerton Avenue Montclair, New Jersey 07042	973-337-8438

Franchise Agreements signed before December 31, 2021, but units not yet open:

New Jersey

Franchisee	Address	Telephone Number
Salad House of RB	130 Broad Street Red Bank, New Jersey 07701	732-580-5541
Salad House of Sparta, LLC	4 North Village Boulevard, Suite B Sparta Township, New Jersey 07871	973-454-9050
Joe and Lina Corp	TBD Jersey City	646-522-6034
Salad House of Newark, LLC	TBD Newark	609-213-5455
Taha Salad S Corp	TBD Chatham/Summit	347-276-8872
FSM Ventures LLC	TBD Cherry Hill	908-265-0733
JC&A Enterprises LLC	TBD Rutherford	862-596-8311
Jack Somnez	TBD Closter	646-522-6034
Ridgewood SH, Inc.	12 Wilsey Square Ridgewood, New Jersey 07450	646-522-6034
Foolish Heart Inc.	33 East Palisade Avenue Englewood, New Jersey 07631	201-914-1271
Fatih Karaca	TBD Wayne	609-213-5455
Fatih Karaca	TBD Parsippany	609-213-5455

EXHIBIT E
TO THE FRANCHISE DISCLOSURE DOCUMENT

FORMER FRANCHISEES

As of the Issuance Date of this FDD there were no former franchisees.

EXHIBIT F
TO THE FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

SALAD HOUSE FRANCHISING, LLC
(A Limited Liability Company)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

SALAD HOUSE FRANCHISING, LLC
(A Limited Liability Company)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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Citrin Cooperman & Company, LLP
Certified Public Accountants

290 W. Mt. Pleasant Ave, Suite 3310
Livingston, NJ 07039
T 973.218.0500 **F** 973.218.7160
citrincooperman.com

INDEPENDENT AUDITOR'S REPORT

To the Members
Salad House Franchising, LLC

Opinion

We have audited the accompanying financial statements of Salad House Franchising, LLC (a limited liability company) (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, members' equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, 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.

Basis for Opinion

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

Responsibilities of Management for the 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Livingston, New Jersey
April 29, 2022

SALAD HOUSE FRANCHISING, LLC
(A Limited Liability Company)
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Current assets:		
Cash	$ 103,616	$ 10,281
Accounts receivable	86,454	31,089
Due from affiliates	855	592
Other current assets	-	365
Total current assets	190,925	42,327
Property and equipment, net	3,493	3,500
TOTAL ASSETS	$ 194,418	$ 45,827
LIABILITIES AND MEMBERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 13,611	$ 1,250
Accrued expenses	1,285	-
Deferred revenue, current	172,135	6,685
Economic Injury Disaster Loan payable	70	686
Paycheck Protection Program loan payable	-	6,249
Advertising fund obligation	9,694	-
Due to affiliates	3,967	3,968
Other current liabilities	4,556	-
Total current liabilities	205,318	18,838
Long-term liabilities:		
Deferred revenue, net of current	238,437	53,102
Economic Injury Disaster Loan payable, net of current	19,930	19,314
Total long-term liabilities	258,367	72,416
Total liabilities	463,685	91,254
Commitments and contingencies (Notes 4 and 6)		
Members' deficit	(269,267)	(45,427)
TOTAL LIABILITIES AND MEMBERS' DEFICIT	$ 194,418	$ 45,827

See accompanying notes to financial statements.

SALAD HOUSE FRANCHISING, LLC
(A Limited Liability Company)
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Revenues:		
Royalties	$ 184,580	$ 53,534
Advertising fees	53,165	21,414
Franchise fees	21,215	5,318
Rebates	2,832	1,762
Total revenues	261,792	82,028
Expenses:		
General and administrative expenses	394,915	123,159
Loss from operations	(133,123)	(41,131)
Other income:		
Forgiveness of Paycheck Protection Program loan	6,249	-
Other income	3,034	5,000
NET LOSS	$ (123,840)	$ (36,131)

See accompanying notes to financial statements.

SALAD HOUSE FRANCHISING, LLC
(A Limited Liability Company)
STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Members' equity (deficit) - beginning	$ (45,427)	$ 2,995
Cumulative effect of change in accounting principle – see Note 1	-	(35,105)
Net loss	(123,840)	(36,131)
Contributions	-	22,814
Distributions	(100,000)	-
MEMBERS' DEFICIT - ENDING	$ (269,267)	$ (45,427)

See accompanying notes to financial statements.

SALAD HOUSE FRANCHISING, LLC
(A Limited Liability Company)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Net loss	$ (123,840)	$ (36,131)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,093	1,000
Paycheck Protection Program loan forgiveness	(6,249)	-
Changes in assets and liabilities:		
Accounts receivable	(55,365)	(12,657)
Prepaid expenses	275	-
Other current assets	(264)	(365)
Accounts payable and accrued expenses	13,647	(16,911)
Advertising fund obligation	9,694	-
Deferred revenue	350,787	24,682
Other current liabilities	4,643	-
Net cash provided by (used in) operating activities	194,421	(40,382)
Cash used in investing activities:		
Additions to property, plant and equipment	(1,086)	-
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	-	6,249
Proceeds from Economic Injury Disaster Loan	-	20,000
Contributions	-	22,814
Distributions	(100,000)	-
Net cash provided by (used in) financing activities	(100,000)	49,063
Net increase in cash	93,335	8,681
Cash - beginning	10,281	1,600
CASH - ENDING	$ 103,616	$ 10,281

See accompanying notes to financial statements.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and nature of operations

Salad House Franchising, LLC (the "Company") was formed on October 5, 2016, as a limited liability company. The Company was established to offer and sell franchises for businesses known as "The Salad House" in the United States of America, pursuant to a non-exclusive license agreement between the Company and Salad House IP, LLC (the "Licensor"), an entity related to the Company by common ownership and control. Franchisees will establish and operate health-conscious fast casual service restaurants.

As a limited liability company, the members are not liable for the debts, obligations, or liabilities of the Company, whether arising in contract, tort or otherwise, unless the members have signed a specific guarantee.

Basis of presentation

The accompanying financial statements are presented in U.S. dollars and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Revenue recognition

Franchise fees

The Company's primary performance obligations under the franchise agreement include the granting of certain rights to access the Company's intellectual property in addition to a variety of activities relating to the opening of a franchise unit. Those obligations would include site selection, training and other such activities commonly referred to collectively as "pre-opening activities." Pre-opening activities consistent with those under Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2021-02, *Franchisors - Revenue from Contracts with Customers* (Subtopic 952-606) ("ASU 2021-02"), are recognized as a single performance obligation. In January 2021, FASB issued ASU 2021-02, which permits franchisors, that are not public business entities, to elect a practical expedient to account for pre-opening services provided to its franchisees as distinct from the franchise license if the services are consistent with those included in ASU 2021-02. This accounting policy election would recognize all of those pre-opening services as a single performance obligation. This standard is effective in interim and annual periods beginning after December 15, 2020, with early adoption permitted.

The Company elected to early adopt the practical expedient effective January 1, 2020, using the full retrospective transition method. The cumulative effect of adopting the practical expedient resulted in a decrease to previously reported members' equity of $35,105 at January 1, 2020. The adjustment resulted from the change in recognition of franchise fees previously recognized under the initial adoption of FASB Accounting Standards Codification ("ASC") 606 as of January 1, 2019.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Franchise fees (continued)
The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company first allocates the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the pre-opening activities and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities included under ASU 2021-02 is recognized when those performance obligations are satisfied. Initial and renewal franchise fees allocated to the right to access the Company's intellectual property are recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Royalties and advertising fees
Royalties and advertising fees are earned as a percentage of franchisee gross sales ("sales-based royalties and advertising fees") over the term of the franchise agreement, as defined in each respective franchise agreement. Franchise royalties and advertising fees which represent sales-based royalties and advertising fees that are related entirely to the use of the Company's intellectual property are recognized as franchisee sales occur and the royalty and advertising fees are deemed collectible.

Periodically, the Company may conduct audits of the records of its franchisees to verify the accuracy of the revenue reported by the franchisees upon which the royalties paid to the Company are based. Any adjustments resulting from such audits are recorded in the year in which the audits are completed and the adjustments are known.

Incremental costs of obtaining a contract
The Company capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and are amortized over the term of the franchise agreement.

Accounts receivable
Accounts receivable consist primarily of royalties and initial franchise fees due from franchisees. Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its franchisees to make required payments. Management considers the following factors when determining the collectibility of specific franchisees' accounts: franchisee creditworthiness, past transaction history with the franchisee, current economic industry trends, and changes in franchisee payment terms. If the financial conditions of the Company's franchisees were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. At December 31, 2021, 2020 and 2019, accounts receivable were $86,454, $31,089 and $18,431, respectively. At December 31, 2021, 2020 and 2019, there was no allowance for doubtful accounts.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts receivable (continued)

Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has determined that as of December 31, 2021, all of its accounts receivable were fully collectible.

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The costs of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation, are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation is provided using the straight-line method over the estimated useful life of the related asset.

Franchise outlets

The following data reflects the status of the Company's franchise outlets as of and for the years ended December 31:

	2021	2020
Franchises sold	12	1
Franchises purchased	-	-
Franchised outlets in operation	3	2
Franchisor-owned outlets in operation	-	-

Income taxes

As a limited liability company, the Company is treated as a partnership for federal and substantially all state income tax purposes. Accordingly, no provision has been made for income taxes in the accompanying financial statements, since all items of income or loss are required to be reported on the income tax returns of the members, who are responsible for any taxes thereon.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. Management has evaluated the tax positions that the Company expects to take and has concluded that there are no uncertain tax positions that require any adjustments to the financial statements.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to confirm to the current year presentation. These reclassification adjustments had no effect on the Company's previously reported net income.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently issued but not yet effective accounting pronouncements

In February 2016, FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"), which among other items, requires an entity to recognize lease assets and lease liabilities in the Company's balance sheets and to disclose key information about leasing transactions. In June 2020, FASB issued ASU No. 2020-05, which defers the effective date for annual reporting periods beginning after December 15, 2021. The Company is evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures.

In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). The amendments in this update require a new topic to be added (Topic 326) to the ASC and removes the thresholds that entities apply to measure credit losses on financial instruments measured at amortized cost, such as loans, trade receivables, reinsurance recoverables, and off-balance sheet credit exposures, and held-to-maturity securities. Under current U.S. GAAP, entities generally recognize credit losses when it is probable that the loss has been incurred. The guidance under ASU 2016-13 will remove all current recognition thresholds and will require entities under the new current expected credit loss ("CECL") model to recognize an allowance for credit losses for the difference between the amortized cost basis of a financial instrument and the amount of amortized cost that an entity expects to collect over the instrument's contractual life. The new CECL model is based upon expected losses rather than incurred losses. Additionally, the credit loss recognition guidance for available-for-sale securities is amended and will require that credit losses on such debt securities should be recognized as an allowance for credit losses rather than a direct write-down of amortized cost balance. The ASU is effective for fiscal years beginning after December 15, 2022. The Company is evaluating the effect that ASU 2016-13 will have on its financial statements and related disclosures.

Vendor rebates

The Company entered into certain preferred vendor arrangements for which it earns a rebate payable by the vendor based on a percentage or volume of purchases made by its franchisees. Vendor rebates are recognized in the period purchases are made and reported to the Company.

Advertising

Advertising costs are expensed as incurred or as committed to be spent as part of the advertising fund. Advertising costs aggregated $53,165 and $21,414 for the years ended December 31, 2021 and 2020, respectively.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through April 29, 2021, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 2. PROPERTY AND EQUIPMENT

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

	2021	2020
Equipment	$ 6,086	$ 5,000
Less: accumulated depreciation	2,593	1,500
Property and equipment, net	$ 3,493	$ 3,500

Depreciation expense amounted to $1,093 and $1,000 for the years ended December 31, 2021 and 2020, respectively.

NOTE 3. REVENUES AND RELATED CONTRACT BALANCES

Disaggregated revenues

The Company derives its revenues from franchisees located in the United States. The economic risks of the Company's revenues are dependent on the strength of the economy in the United States and its ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by the timing of revenue recognition by type of revenues, as it believes this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Revenues by timing of recognition were as follows:

	2021	2020
Point in time:		
Franchise fees	$ 4,450	$ -
Royalties	184,580	53,534
Advertising fees	53,165	21,414
Rebates	2,832	1,762
Total point in time	245,027	76,710
Over time:		
Franchise fees	16,765	5,318
Total revenues	$ 261,792	$ 82,028

Contract balances

Contract liabilities are comprised of unamortized initial and renewal franchise fees received from franchisees, which are presented as "Deferred revenue" in the accompanying balance sheets. A summary of significant changes in deferred revenue as of December 31, 2021 and 2020, is as follows:

NOTE 3. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)

Contract balances (continued)

	2021	2020
Deferred revenue - beginning of year - as previously reported	$ 59,787	$ -
Adoption of ASU 2021-02	-	35,105
Deferred revenue - beginning of year - as restated	59,787	35,105
Additions for initial/renewal franchise fees received	372,000	30,000
Revenue recognized during the year	(21,215)	(5,318)
Deferred revenue - end of year	$ 410,572	$ 59,787

At December 31, 2021, deferred revenues are expected to be recognized as revenue over the remaining term of the associated franchise agreement as follows:

Year ending December 31:	Amount
2022	$ 172,135
2023	29,635
2024	29,635
2025	29,635
2026	29,635
Thereafter	119,897
Total	$ 410,572

NOTE 4. COMMITMENTS AND CONTINGENCIES

Trademark license agreement

The Company entered into a 20-year licensing agreement with the Licensor, which is related to the Company through common ownership. The Licensor granted the Company a non-exclusive, non-assignable right and license for the use of certain trademarks, service marks, trade names, trade dress, designs and logos, and all goodwill symbolized thereby, which have been used in connection with the goods and services offered by The Salad House franchise system and businesses operated thereunder. The agreement is set to expire on October 5, 2036, with automatic renewal provisions until either party provides 120-day notice of non-renewal.

NOTE 5. CONCENTRATIONS OF CREDIT RISK

As of December 31, 2021, one multi-store franchisee accounted for 42% of the Company's accounts receivable and two single-store franchisees accounted for 57% of the Company's accounts receivable. As of December 31, 2020, one multi-store franchisees accounted for 46% of the Company's accounts receivable and one single-store franchisee accounted for 52% of the Company's accounts receivable.

For the year ended December 31, 2021, one multi-store franchisee accounted for 78% of the Company's royalties and advertising fees and one single-store franchisee accounted for 22% of the Company's royalties and advertising fees. For the year ended December 31, 2020, one multi-store franchisees accounted for 62% of the Company's royalties and advertising fees and one single-store franchisee accounted for 38% of the Company's royalties and advertising fees.

NOTE 6. CORONAVIRUS, AID, RELIEF AND ECONOMIC SECURITY ACT PROGRAMS

Paycheck Protection Program loan

On May 2, 2020, the Company received loan proceeds of $6,249 under the Paycheck Protection Program (the "PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES ACT"), provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. Under the terms of the CARES Act, PPP loan recipients could apply for, and be granted forgiveness for, all or a portion of the PPP loan and accrued interest. Such forgiveness was determined, subject to limitations, based on the use of PPP loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, utilities, covered operations expenditures, covered property damage, covered supplier costs, and covered worker protection expenditures, and retention of employees and maintaining salary levels.

Based on the facts and circumstances, the Company determined it most appropriate to account for the PPP loan proceeds under the debt model. Under the debt model, the Company recognizes the proceeds received as debt, recognizes periodic interest expense in the period in which the interest accrues at the stated interest rate and defers recognition of any potential forgiveness of the loan principal or interest until the period in which the Company has been legally released from its obligation by the lender. The Company deemed the debt model to be the most appropriate accounting policy for this arrangement as the underlying PPP loan is a legal form of debt and there are significant contingencies outside of the control of the Company, mainly related to the third-party approval process for forgiveness.

The Company applied for PPP loan forgiveness and received approval from the Small Business Administration ("SBA") in October 2021. The Company has recorded $6,249 of forgiveness in the statements of operations as "Forgiveness of Paycheck Protection Program loan" in 2021. If it is determined that the Company was not eligible to receive the PPP loan or that the Company has not adequately complied with the rules, regulations and procedures applicable to the SBA's loan program, the Company could be subject to penalties and could be required to repay the amounts previously forgiven.

NOTE 6. CORONAVIRUS, AID, RELIEF AND ECONOMIC SECURITY ACT PROGRAMS (CONTINUED)

Economic Injury Disaster Loan

On May 20, 2020, the Company received Economic Injury Disaster Loan ("EIDL") proceeds of $20,000 under Section 7(b) of the SBA, which was established as part of the CARES Act, provides loans to qualifying businesses to be used solely as working capital to alleviate economic injury caused by disaster. The EIDL matures 30 years from the effective date of the loan and accrues interest at a fixed rate of 3.75%. Payments are deferred for the first 12 months and payable in equal consecutive monthly installments of principal and interest commencing on the 13-month anniversary of the EIDL loan date. Effective March 2021, the SBA announced the first payment due date was extended from 12 months to 24 months from the initial date of the loan. Effective March 2022, the SBA announced the first payment due date was extended from 24 months to 30 months from the initial date of the loan.

Minimum principal payment amounts required under the loans at December 31, 2021, are as follows:

Year ending December 31:	Amount
2022	$ 70
2023	427
2024	443
2025	460
2026	477
Thereafter	18,123
Total	$ 20,000

NOTE 7. ECONOMIC INJURY DISASTER LOAN ADVANCE

During the year ended December 31, 2020, in accordance with the CARES Act, the Company received an EIDL advance from the United States SBA of $5,000. The amount of the advance is calculated based on the number of employees on an applicant's COVID-19 EIDL application. The maximum EIDL advance is $1,000 per employee, up to a maximum of $10,000. An EIDL advance does not have to be repaid regardless if the recipient is approved for an EIDL, accepts an EIDL, or receives loan forgiveness on a PPP loan. The Company's EIDL advance is included in "Other income" in the accompanying statements of operations. If it is determined that the Company was not eligible to receive the EIDL advance or that the Company has not adequately complied with the rules, regulations and procedures applicable to the SBA's advance program, the Company could be subject to penalties and could be required to repay the amounts previously forgiven.

A. ANDREW GIANIODIS

CERTIFIED PUBLIC ACCOUNTANT

SALAD HOUSE FRANCHISING, LLC

DECEMBER 31, 2019 AND 2018

FINANCIAL STATEMENTS

SALAD HOUSE FRANCHISING, LLC

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A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

March 6, 2020

INDEPENDENT AUDITORS' REPORT

Board of Directors and Members of
The Salad House Franchising, LLC:

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying balance sheet of The Salad House Franchising, LLC as of December 31, 2019 and 2018 and the related statements of operations, changes in stockholder's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with generally accepted auditing standards as accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. Accordingly, I express no such opinion.

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

An audit also includes evaluating 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. examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Salad House Franchising, LLC as of December 31, 2019 and 2018 and the related statements of operations, changes in stockholder's equity and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CPA

A. Andrew Gianiodis

Certified Public Accountant

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

Salad House Franchising, LLC

Balance Sheet
December 31, 2019 and 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash	$ 1,950	$ 3,795
Accounts Receivable	15,587	1,263
Prepaid Expenses	-	-
Due From Affiliates	-	-
TOTAL CURRENT ASSETS	17,537	5,058
FIXED ASSETS		
Equipment, net	4,500	5,000
TOTAL ASSETS	$ 22,037	$ 10,058

LIABILITIES & STOCKHOLDERS EQUITY

	2019	2018
CURRENT LIABILITIES		
Accounts Payable	$ 21,569	$ 8,596
Franchise Deposits	-	-
TOTAL CURRENT LIABILITIES	21,569	8,596
Notes Payable	-	-
TOTAL LIABILITIES	21,569	8,596
MEMBERS' EQUITY	468	1,462
TOTAL STOCKHOLDERS EQUITY	468	1,462
TOTAL LIABILITIES & EQUITY	$ 22,037	$ 10,058

See accompanying notes

Salad House Franchising, LLC

Statement of Operations

Years ending December 31, 2019 and 2018

	2019	2018
Revenues		
Franchise revenues	$ -	$ 27,423
Royalties	34,462	-
Other revenues	15,092	8,816
Total revenue	49,554	36,239
Cost of Sales	-	-
Goss margin	49,554	36,239
Expenses		
Advertising	10,264	100
Bank fees	790	611
Consulting	3,500	-
Miscellaneous	156	188
Office expense	475	119
Payroll expenses	32,643	24,676
Rent	6,000	-
Professional fees	26,201	11,702
Subscriptions	3,518	2,122
Total expenses	83,547	39,518
Operating loss	(33,993)	(3,279)
Depreciation	500	-
Net Loss	$ (34,493)	$ (3,279)

See accompanying notes

Salad House Franchising, LLC

Statement of Changes in Members' Equity

Years ending December 31, 2019 and 2018

		Total Equity
Equity at January 1, 2018	$	(7,004)
Capital Contributions		21,745
Draws		(10,000)
Net Loss		(3,279)
Equity at December 31, 2018	$	1,462
Equity at January 1, 2019	$	1,462
Capital Contributions		35,957
Draws		(2,458)
Net Loss		(34,493)
Equity at December 31, 2019	$	468

See accompanying notes

Salad House Franchising, LLC

Statement of Cash Flows
Years ending December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Net Income	$ (34,493)	$ (3,279)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation & amortization	500	-
Changes in assets and liabilities		
Current assets	(14,324)	51,713
Current liabilities	12,973	(56,404)
Net cash provided by operating activities	(35,344)	(7,970)
Cash flows from investing activities:		
Notes payable (net of payments)	-	-
Purchase of Equipment	-	-
Investment in intangibles	-	-
Net cash provided by investing activities	-	-
Cash flows from financing activities:		
Capital infusion	35,957	21,745
Draws	(2,458)	(10,000)
Net cash provided by investing activities	33,499	11,745
Net change in cash	(1,845)	3,775
Cash - beginning of period	3,795	20
Cash - end of period	$ 1,950	$ 3,795
Supplemental Disclosures		
Interest Paid	-	-
Income Taxes Paid	-	-

See accompanying notes

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS

The Company was organized as a Limited Liability Company under the laws of the state of New Jersey for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Salad House operation as a franchise.

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

REVENUE RECOGNITION

The Company accounts for revenue using the accounting method prescribed under Accounting Standards Codification 606 ("ASC") Topic Franchisors.

Deferred revenue consists of fees paid to the Company when a franchise agreement is signed. This revenue is deferred until all material services or conditions relating to the sale have been substantially performed or satisfied by the Company. In 2019, the Company recognized no franchise fees.

The Company similarly defers the related expenses specific to the franchise agreements, primarily sales commissions. Similarly, there are no prepaid commissions relating to the deferred revenue.

Royalty fees will be charged on a monthly basis and are recorded as earned.

The financial results from year end December 31, 2018 were not restated based on ASC 606.

COMPANY INCOME TAXES

The Company, with the consent of its stockholders, has elected to be a limited liability company. In lieu of income taxes at the business level, the members of a limited liability company is taxed based on its proportionate share of the Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at December 31, 2019 and 2018, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

NOTE 3 FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.

B. The franchisee is obligated to pay a non-refundable initial franchise fee.

C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

NOTE 4 SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 6, 2020, the date that the financial statements were available to be issued.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

SALAD HOUSE FRANCHISING, LLC
Balance Sheet
As of June 30, 2022

	Jun 30, 22
ASSETS	
Current Assets	
Checking/Savings	28,927.46
Accounts Receivable	49,747.05
Other Current Assets	734.35
Total Current Assets	79,408.86
Fixed Assets	4,586.43
Other Assets	
Due to/from Salad House Corpora	47,500.00
Due to/From Somerville	120.84
Investment in SH Red Bank	45,000.00
Total Other Assets	92,620.84
TOTAL ASSETS	**176,616.13**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	14,925.12
Total Accounts Payable	14,925.12
Other Current Liabilities	
Deferred Franchise Fees, net of	53,101.54
Deferred Revenue, current	6,685.00
Due to/from Ike Enterprises	259.16
Due to/from Millburn	3,707.57
Due to/from PB of Ridgewood LLC	25,000.00
Gift card pooling	7,255.26
Loan from Jerry Eicke	64,000.00
Total Other Current Liabilities	160,008.53
Total Current Liabilities	174,933.65
Long Term Liabilities	19,314.00
Total Liabilities	194,247.65
Equity	
Contributed capital	58,770.89
Cumulative Effect	-35,105.00
Draw	-152,676.00
Retained Earnings	172,825.48
Net Income	-61,446.89
Total Equity	-17,631.52
TOTAL LIABILITIES & EQUITY	**176,616.13**

SALAD HOUSE FRANCHISING, LLC
Profit & Loss
January through June 2022

		Jan - Jun 22
Ordinary Income/Expense		
Income		
Franchise income		
Advertising	46,948.33	
Initial	70,000.00	
Monthly	135,460.37	
Other	5,367.98	
Total Franchise income		257,776.68
Total Income		257,776.68
Cost of Goods Sold		
Apparel and merchandise		6,515.47
Total COGS		6,515.47
Gross Profit		251,261.21
Expense		
Advertising and Promotion		13,344.69
Bank Service Charges		303.31
Computer and Internet Expenses		-110.56
Consulting		40,294.00
Decor		250.00
Dues and Subscriptions		2,339.82
Insurance Expense		40,366.52
Legal and professional fees		62,184.86
Marketing, branding and PR		16,023.14
Meals and entertainment		4,756.46
Miscellaneous		27.06
Office Supplies		609.37
Parking and Tolls		9.00
Payroll Expenses		126,075.52
Payroll processing		1,403.74
Postage & Shipping		69.46
Recipe Development		20.04
Rent Expense		6,000.00
State taxes		750.00
Supplies		563.60
Temporary help		607.50
Travel		360.87
Total Expense		316,248.40
Net Ordinary Income		-64,987.19
Other Income/Expense		
Other Income		
Rebates		3,540.30
Total Other Income		3,540.30
Net Other Income		3,540.30
Net Income		**-61,446.89**

EXHIBIT G
TO THE FRANCHISE DISCLOSURE DOCUMENT

SAMPLE GENERAL RELEASE

This General Release (the "Release") is made this day of ________________________, by and between Salad House Franchising, LLC ("Franchisor"), and __________________________________ ("Franchisee"), and ___________________________________ ("Guarantor").

BACKGROUND

A. On ______________________________, Franchisee entered into a franchise agreement (the "Franchise Agreement") with Franchisor for the right to operate a *The Salad House®* franchised restaurant at ____ (the "Restaurant").

B. In order to induce Franchisor to enter into the Franchise Agreement with Franchisee, on ______________________________, Guarantor executed a guarantee (the "Guarantee") under which Guarantor agreed to personally guarantee, and act as a surety for, Franchisee's obligations to Franchisor under the Franchise Agreement.

C. Franchisee wishes to *[enter into a Successor Franchise Agreement; assign its rights and duties under the Franchise Agreement]* and has agreed to execute this Release as a condition of obtaining the consent of Franchisor in connection with the *[entry into the Successor Franchise Agreement; or assignment]*.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Release. Franchisee, Guarantor, and all persons and entities claiming by, through or under them, release, acquit and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "Franchisor Releasees") from any and all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, judgments, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which they, by themselves, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the offer, sale and/or operation of the Restaurant, and the parties' rights or obligations under the Franchise Agreement and Guarantee, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

2. This Release shall not be amended or modified unless such amendment or modification is signed by Franchisor, Franchisee and Guarantors. Franchisee and Guarantors acknowledge that the terms of this Release have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel.

3. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Release, it shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Release.

I HAVE READ THE ABOVE RELEASE AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS RELEASE IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

FRANCHISOR:
SALAD HOUSE FRANCHISING, LLC

By:______________________________
Name:____________________________
Title:_____________________________

FRANCHISEE:
____

By:______________________________
Name:____________________________
Title:_____________________________

GUARANTORS:

____
Name:____________________________

EXHIBIT H
TO THE FRANCHISE DISCLOSURE DOCUMENT

OPERATIONS MANUAL TABLE OF CONTENTS

SALAD HOUSE FRANCHISING, LLC

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EXHIBIT I
TO THE FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

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

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Salad House Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of _________________________.

FRANCHISEE:	FRANCHISOR:
_____________________________	SALAD HOUSE FRANCHISING, LLC
By:_________________________	By:_________________________
Name:_______________________	Name:_______________________
Title:_______________________	Title:_______________________

PRINCIPALS:

____
Name:_______________________

____
Name:_______________________

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, new York, north Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
New York	March 10, 2022, amended *Pending*
Virginia	*Pending*

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Salad House Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Salad House Franchising, 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, DC, 20580, and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Giuseppe Cioffi
133 Prospect Street, Suite 1
Westfield, New Jersey 07092
973-376-4001

Issuance Date: April 29, 2022

I received a Disclosure Document dated April 29, 2022, that included the following Exhibits:

EXHIBIT A: List of State Administrators/Agents for Service of Process
EXHIBIT B: Franchise Agreement
EXHIBIT C: Area Development Agreement
EXHIBIT D: Current Franchisees
EXHIBIT E: Former Franchisees
EXHIBIT F: Financial Statements
EXHIBIT G: Sample General Release
EXHIBIT H: Operations Manual Table of Contents
EXHIBIT I: State Specific Addenda

Date Received:______________________
(If other than date signed)

Date:______________________________

____
(Signature of recipient)

Print Name:_________________________

Print Address:_______________________
____

KEEP FOR YOUR RECORDS

RECEIPT

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EXHIBIT I: State Specific Addenda

Date Received:______________________
(If other than date signed)

Date:______________________________

____
(Signature of recipient)

Print Name:_________________________

Print Address:_______________________
____

Please return signed Receipt to: Salad House Franchising, LLC
133 Prospect Street, Suite 1
Westfield, New Jersey 07092