FRANCHISE DISCLOSURE DOCUMENT

SALAD FARM FRANCHISE, INC.
A California Corporation
10790 Wilshire Boulevard, Suite #805
Los Angeles, California 90024
www.saladfarmrestaurants.com
310- 259-3899

We franchise quick-service restaurants that offer freshly tossed salads, panini grilled sandwiches, baked potatoes, soups and beverages and other food items and ancillary related products for take-out and on premises consumption under the trade name "**SALAD FARM**." The total investment necessary to begin operations of a SALAD FARM Restaurant ranges from $330,000 to $729,000 for a new SALAD FARM Restaurant and from $311,000 to $1,109,500 for an existing SALAD FARM Restaurant. These amounts include an Initial Franchise Fee of $25,000 that must be paid to the franchisor.

We also grant development rights which enable you to open a specified number of SALAD FARM Restaurants within a specified exclusive area under individual Franchise Agreements. The Initial Development Fee is $10,000 for each SALAD FARM Restaurant to be established, which will be credited towards the Initial Franchise Fee for each individual Restaurant in the development schedule. The total investment necessary would depend upon the number of SALAD FARM Restaurants on the development schedule.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the 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 payments to the Franchisor or an affiliate in connection with the proposed franchise sale. Note, however, that **no government agency has verified the information contained in this document**.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Director, Chief Executive Officer and Chief Financial Officer, Shahram Vahdat, 10790 Wilshire Boulevard, Suite #805, Los Angeles, California 90024, 310-259-3899.

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

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

Federal Trade Commission,
Washington, D. C. 20580

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS ________________________

Item 22 of this disclosure document describes the following forms of agreements for these transactions which are attached to this disclosure document: the Franchise Agreement and attachments (**Exhibit B**); the Area Development Agreement and attachments (**Exhibit C**) and the Asset Purchase Agreement (**Exhibit D**).

Industry-Specific Regulations

California and other states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Restaurant, including those which (a) establish general standards, specifications and requirements for the construction, design and maintenance of the Restaurant premises; (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants; employee practices concerning the storage, handling, cooking and preparation of food; restrictions on smoking; availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness; (e) govern the use of vending machines, (f) control the sale of alcoholic beverages; and (g) regulate the proper use, storage and disposal of waste, insecticides, and other hazardous materials. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Franchise and should consider both their effect and cost of compliance.

ITEM 2

BUSINESS EXPERIENCE

The following is a list of our directors, officers, and other executives who have responsibility for our franchise program:

Director, Chief Executive Officer and Chief Financial Officer **Shahram Vahdat**

Mr. Vahdat has been one of our directors and our Chief Executive Officer and Chief Financial Officer since March 30, 2007. In addition, Mr. Vahdat has been a director, Chief Executive Officer and Chief Financial Officer of the Operating Company since January 26, 2005. Mr. Vahdat has also owned and operated a Greenwich Village Pizzeria Restaurant at 8937 Santa Monica Boulevard, West Hollywood, California from May 1983 to present, and at 512 East Washington Boulevard, Los Angeles, California from May 1985 to 2022. Mr. Vahdat is the sole owner of Nesh LLC located at 163 S. Lake Ave., Pasadena, CA 91101. Nesh owned a Salad Farm franchised Restaurant in Pasadena, California from 2016 to 2018.

Deleted: since

Deleted: since

Director and Secretary **Constantin Vasile**

Mr. Vasile has been one of our directors and our Secretary since March 30, 2007. In addition, Mr. Vasile has been a director and Secretary of the Operating Company since January 26, 2005. Mr. Vasile has also owned and operated a Salads 2000 restaurant at 901 West Victoria, Compton, California from November 2002 to May 2007. Mr. Vasile also owns 51% of DeSoto & Nordhoff, Inc. located at 20790 Nordhoff St., Unit 5, Chatsworth, CA 91311. Ms. Ingrid Teseleanu is a co-owner. This business owns and operates a Salad Farm franchised Restaurant in Chatsworth, California. Mr. Vasile the CEO and sole owner of Anjen Inc., a California corporation located at 7848 Canby Ave., Reseda, CA 91335. Anjen Inc. owned and operated a Salad Farm franchised Restaurant in Woodland Hills, California from 2019 to 2022.

Deleted: owns

Deleted: operates

the escrow not being consummated between SFF and you. Please refer to Section 14 of Exhibit D attached to this Agreement for further detail.

Our Revenue from Sales and Leases to You

Other than from produce, cups and T-shirt bags, we do not derive any revenue from your purchase of any products. The Operating Company will also derive revenue from you if you purchase an existing SALAD FARM Restaurant from the Operating Company and if you sublease the Franchised Location from the Operating Company. You must purchase our Proprietary Products from suppliers designated by us. We estimate that the percentage of the total expenditures you incur in operating the Restaurant which will be comprised of your required sublease payments, if any, to the Operating Company, will range from 8% to 10% of your total expenditures. We sell logoed cups or other items of a proprietary nature, and realize a profit on these sales. We have signed an exclusive deal with our produce supplier and we may receive up to a 2% rebate on all produce purchased by the franchisees and any Operating Company restaurant/s. As of Dec. 31, 2022 we have not received any rebate on purchased produce. We may also sign an agreement with Coca-Cola and receive rebates in the future. We have not currently implemented, nor received any revenue from any programs of this type and cannot estimate either the amount of any profit we would realize on these sales or the amount of rebates we might receive from Coca Cola.

Deleted: 2020

In 2022, SFF's total revenue was $___. In the same year, SFF's gross revenue from all required purchase and leases of products and services was $___. The percentage of SFF's total revenue that is from required purchases or leases was ___% for 2022.

Deleted: 2021

Deleted: 125,980

Deleted: 2,000

Deleted: 1 6

Deleted: 2021

Specifications, Standards, and Procedures

Every aspect of the interior and exterior of the Restaurant is subject to our specifications. You must comply with all mandatory specifications (whether contained in the Manual or any other written communication) relating to the appearance, function, cleanliness, and operation of the Restaurant. Maintenance and repair are solely your responsibilities. For the term of the Franchise Agreement, you must, at your expense, maintain the Restaurant premises (including adjacent public areas) in a clean, orderly condition and in excellent repair. You must make such additions, alterations, repairs, and replacements as may be required for that purpose, including repainting, repairing, and replacing obsolete or deteriorated signs, furnishing, fixtures, equipment, and decor as we may reasonably require. You must make all alterations, additions, or modifications to the Restaurant premises as we may reasonably require to accommodate changes made by us to the System, including changes to menu items or marketing positioning. You will have 3 months in which to make any required changes to the Restaurant premises. We may require you to refurbish the Restaurant premises at your expense at any time, but not more often than once every 5 years. However, if you open a new SALAD FARM Restaurant at the time you enter into a franchise agreement with us, you will not be obligated to perform a remodeling work that costs more than $20,000 for refurbishment of the interior of the Restaurant and no more than $20,000 for refurbishment of the exterior of the Restaurant in the first 5 years. If you have a store that has been operational for more than 5 years and 1 day you will not be obligated to perform remodeling work that costs more than $50,000 for refurbishment of the interior of the Restaurant and no more than $50,000 for the refurbishment of the exterior of the Restaurant, plus an annual increase in an amount equal to the percentage change in the Consumer Price Index, all Urban Consumers, published by the US Department of Labor.

Insurance

You must obtain before the opening of the Restaurant, and maintain during the term of the Franchise Agreement, Farmers Insurance insurance policies protecting you and us and any affiliate of ours. The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which the Restaurant is located and with a rating of "A" or better. These policies must, at a minimum, include: (a) "all risk" property

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEM-WIDE 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* (+ or -)
Franchised	2020	5	5	0
	2021	5	5	0
	2022	5	3	-2
Company Owned	2020	2	2	0
	2021	2	2	0
	2022	2	1	-1
Total Outlets	2020	7	7	0
	2021	7	7	0
	2022	7	4	-3

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN FRANCHISOR OR AN AFFILIATE)
FOR YEARS 2019 TO 2021

STATE	YEAR	NUMBER OF TRANSFERS
None	2020	0
	2021	0
	2022	0
Total Outlets	2020	0
	2021	0
	2022	0

[The remainder of this page intentionally left blank]

Deleted: 2019
Deleted: 6
Deleted: 5
Deleted: -1
Deleted: 2020
Deleted: 5
Deleted: 5
Deleted: 0
Deleted: 1
Deleted: 5
Deleted: 5
Deleted: 0
Deleted: 2019
Deleted: 1
Deleted: 2
Deleted: +1
Deleted: 2020
Deleted: 2
Deleted: 2
Deleted: 0
Deleted: 1
Deleted: 2
Deleted: 2
Deleted: 0
Deleted: 2019
Deleted: 7
Deleted: 7
Deleted: 0
Deleted: 2020
Deleted: 7
Deleted: 7
Deleted: 0
Deleted: 1
Deleted: 7
Deleted: 7
Deleted: 0
Deleted: 2019
Deleted: 2020
Deleted: 2021
Deleted: 2019
Deleted: 2020
Deleted: 2021

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2019 to 2021

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
CA	2020	5	0	0	0	0	5
	2021	5	0	0	0	0	5
	2022	5	0	0	0	2	3
Total Outlets	2020	5	0	0	0	0	5
	2021	5	0	0	0	0	5
	2022	5	0	0	0	2	3

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

Deleted: 2019
Deleted: 6
Deleted: 0
Deleted: 0
Deleted: 0
Deleted: 1
Deleted: 5
Deleted: 2020
Deleted: 5
Deleted: 0
Deleted: 0
Deleted: 0
Deleted: 0
Deleted: 5
Deleted: 2021
Deleted: 0
Deleted: 0
Deleted: 0
Deleted: 5
Deleted: 2019
Deleted: 6
Deleted: 0
Deleted: 0
Deleted: 0
Deleted: 1
Deleted: 5
Deleted: 2020
Deleted: 5
Deleted: 0
Deleted: 0
Deleted: 0
Deleted: 0
Deleted: 5
Deleted: 2021
Deleted: 0
Deleted: 0
Deleted: 0
Deleted: 5

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
California	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	1	0	1
Total Outlets	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	1	0	1

Deleted: 2019
Deleted: 1
Deleted: 0
Deleted: 1
Deleted: 0
Deleted: 0
Deleted: 2
Deleted: 2020
Deleted: 2
Deleted: 0
Deleted: 0
Deleted: 0
Deleted: 0
Deleted: 2
Deleted: 2021
Deleted: 0
Deleted: 2
Deleted: 2019
Deleted: 1
Deleted: 0
Deleted: 1
Deleted: 0
Deleted: 0
Deleted: 2
Deleted: 2020
Deleted: 2
Deleted: 0
Deleted: 0
Deleted: 0
Deleted: 0
Deleted: 2
Deleted: 2021
Deleted: 0
Deleted: 2

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE NO. 5
PROJECTED OPENINGS AS OF
DECEMBER 31, 2022

Deleted: 1

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLET IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
California	**0**	**1**	**1**
Total	**0**	**1**	**1**

During the last 3 fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

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

ITEM 21

FINANCIAL STATEMENTS

Attached as **Exhibit G** are our audited Financial Statements as of Dec. 31, 2020 through December 31, 2022. Our fiscal year end is December 31.

Deleted: is

Deleted: 2019

Deleted: ,

Deleted: our audited financial statements through December 31, 2020, and our audited financial statements

Deleted: 2021

ITEM 22

CONTRACTS

The following contracts are attached to this disclosure document in the following order:

1. Franchise Agreement and attachments **Exhibit B**

2. Area Development Agreement and attachments **Exhibit C**

3. Asset Purchase Agreement and attachments **Exhibit D**

The last two pages of this disclosure document (Exhibit I), following all Attachments, are detachable pages acknowledging your receipt of this disclosure document. You must sign one copy and give it to us. The other copy is for your records.

EXHIBIT A

TO THE SALAD FARM FRANCHISE, INC.
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS &
AGENTS FOR SERVICE OF PROCESS;
STATE EFFECTIVE DATES

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA **Effective Date:** September 13, 2022	Department of Financial Protection and Innovation: 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677	Shahram Vahdat Salad Farm Franchise, Inc. 10790 Wilshire Blvd., Ste. #805 Los Angeles, CA 90024 and Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677
HAWAII Effective Date:	Business Registration Division Department of Commerce and Consumer Affairs P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2722	Commissioner of Securities, Department of Commerce & Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS Effective Date:	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA Effective Date:	Indiana Secretary of State Securities Division, E-111 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
MARYLAND Effective Date:	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner at the Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360

Deleted: May 21

Deleted: 2021

EXHIBIT B

TO THE SALAD FARM FRANCHISE, INC.
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

24.1.1 FRANCHISEE hereby certifies that neither FRANCHISOR, nor any of FRANCHISOR's employees, persons speaking on FRANCHISOR's behalf, and sales representatives, if applicable, have: (a) made any additional oral, written, visual, or other representation, agreement, commitment, claim, or statement that stated or suggested any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise other than the financial performance representation contained in Item 19 of the Disclosure Document; or (b) made any oral, written, visual, or other representation, agreement, commitment, claim, or statement from which any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise might be ascertained, related to a SALAD FARM restaurant franchise, that is different from, contrary to, or not contained in the Disclosure Document; or (c) made any representation, agreement, commitment, claim or statement that is different from, contrary to, or not contained in, the Disclosure Document. FRANCHISEE acknowledges and agrees that FRANCHISOR does not make or endorse, nor does FRANCHISOR allow any of FRANCHISOR's employees or other persons speaking on FRANCHISOR's behalf to make or endorse, any additional oral, written, visual, or other representation, agreement, commitment, claim, or statement that states or suggests any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise with respect to a SALAD FARM restaurant franchise other than the financial performance representation contained in Item 19 of the Disclosure Document.

Deleted: y

FRANCHISEE Initials _____/_____

24.2 **Receipt of Franchise Offering Material**: FRANCHISEE acknowledges that it has received a copy of the complete Salad Farm Franchise, Inc. Franchise Disclosure Document for SALAD FARM restaurants, which contains a copy of this Franchise Agreement, the attachments thereto, and agreements relating thereto, if any, at least fourteen (14) calendar days prior to the date on which this Agreement was executed. FRANCHISEE acknowledges and agrees that FRANCHISOR has made no promises, representations, warranties or assurances to FRANCHISEE which are inconsistent with the terms of this Agreement or FRANCHISOR's Franchise Disclosure Document, concerning the profitability or likelihood of success of the Restaurant at the Franchised Location, that he/she has been informed by FRANCHISOR that there can be no guaranty of success in the franchised business and that FRANCHISEE's business ability and aptitude is primary in determining his success.

FRANCHISEE Initials _____/_____

24.3 **Review of Franchise Offering Material**: FRANCHISEE acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that FRANCHISOR has accorded FRANCHISEE ample time and opportunity to consult with advisors and counsel (lawyer) of FRANCHISEE's own choosing about the potential benefits and risks of entering into this Agreement.

FRANCHISEE Initials _____/_____

24.4 **Attorneys' Fees**: If FRANCHISOR becomes a party to any legal proceedings concerning this Agreement, the Restaurant or the Franchised Location by reason of any act or omission of FRANCHISEE or its authorized representatives, FRANCHISEE shall be liable to FRANCHISOR for the reasonable attorneys' fees and court costs incurred by FRANCHISOR in the legal proceedings. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

FRANCHISEE Initials _____/_____

24.5 **Atypical Arrangements**: FRANCHISEE acknowledges and agrees that FRANCHISOR may modify the offer of its franchises to other franchisees in any manner and at any time, which offers have or may have terms, conditions, and obligations which may differ from the terms, conditions, and obligations in this Agreement. FRANCHISEE further acknowledges and agrees that FRANCHISOR has made no warranty or

SALAD FARM FRANCHISE, INC.
FRANCHISE AGREEMENT

ATTACHMENT E
GUARANTEES

G. GUARANTORS' obligations under this Guarantee shall remain in full force and effect, and shall be unaffected by: (1) the unenforceability of the Agreement against FRANCHISEE; (2) the termination of any obligations of FRANCHISEE under the Agreement by operation of law or otherwise; (3) the bankruptcy, insolvency, dissolution, or other liquidation of FRANCHISEE, including, without limitation, any surrender or disclaimer of the Agreement by the trustee in bankruptcy of FRANCHISEE; (4) FRANCHISOR's consent or acquiescence to any bankruptcy, receivership, insolvency, or any other creditor's proceedings of or against FRANCHISEE, or by the winding-up or dissolution of FRANCHISEE, or any other event or occurrence which would have the effect at law of terminating the existence of FRANCHISEE's obligations prior to the termination of the Agreement; or (5) by any other agreements or other dealings between FRANCHISOR and FRANCHISEE having the effect of amending or altering the Agreement or FRANCHISEE's obligations under this Guarantee, or by any want of notice by FRANCHISOR to FRANCHISEE of any default of FRANCHISEE or by any other matter, thing, act, or omission of FRANCHISOR whatsoever. GUARANTORS consent and agree that this Guarantee shall apply in all modifications to the Agreement of any nature agreed to by FRANCHISEE with or without the GUARANTOR(S) receiving notice thereof.

H. No delay, waiver, omission, or forbearance on the part of FRANCHISOR to exercise any right, option, duty, or power arising out of any breach or default by FRANCHISEE, or GUARANTOR(S), or by any other franchisee, of any of the terms, provisions, or covenants thereof, and no custom or practice by the parties at variance with the terms of this Guarantee, shall constitute a waiver by FRANCHISOR to enforce any such right, option, or power as against GUARANTOR(S), or as to a subsequent breach or default by FRANCHISEE. Subsequent acceptance by FRANCHISOR of any payments due to it under the Agreement shall not be deemed to be a waiver by FRANCHISOR of any preceding or succeeding breach by FRANCHISEE or GUARANTOR(S) of any terms, covenants, or conditions of this Guarantee.

I. Each of the parties agrees to execute, acknowledge and deliver to the other party and to procure the execution, acknowledgment and delivery to the other party of any additional documents or instruments which either party may reasonably require to fully effectuate and carry out the provisions of this Guarantee.

J. The provisions of Section 23 of the Agreement shall apply as to any interpretation or enforcement of this Guarantee, and the provisions of Section 21.4 of the Agreement shall apply to any notice to either party, except that notice to each GUARANTOR shall be as follows:

Notices to GUARANTORS:

Name:________________________

Address:____

Fax:________________ Email: Telephone:__________

Name:________________________

Address:____

Fax: Email: Telephone:

Name:________________________

Address:____

Fax: Email: Telephone:

Deleted: Names and Addresses¶

Deleted: ¶

Formatted: Justified

Deleted:

Deleted: ________________¶

Deleted: Fax:____________ Email: ____________¶

Deleted: ________________¶ Fax:____________ Email: ____________...

x. ***Collaborative Drafting.*** Neither this Guarantee, nor any provision within it, shall be construed against any Party or its attorney because counsel for each of the Parties took part in the negotiation and drafting of this agreement. The doctrine of contra proferentem, to the extent that it is still recognized under California law, shall not be considered with regard to the interpretation of the terms of this Guarantee.

xi. ***Necessary Action.*** Each of the Parties shall promptly do any act or thing reasonably necessary and execute any or all documents or instruments reasonably necessary or proper to effectuate the provisions and intent of this Guarantee.

xii. ***Survival.*** All paragraphs herein shall survive the termination or expiration of this Guarantee.

xiii. ***Time of the Essence***. Time is of the essence with respect to all provisions of this Guarantee.

xiv. ***Advice of Counsel.*** Each Party to this Guarantee acknowledges and warrants that in executing this Guarantee, it or he has relied upon legal advice from the attorney of its or his choice or had the opportunity to consult with the attorney of its or his choice and that it or he fully understands the terms of this Guarantee. Because of the nature of such negotiations and discussions, neither Party shall be deemed to be the drafter of this Guarantee, and therefore no presumption for or against the drafter shall be applicable in interpreting or enforcing this Guarantee.

xv. ***Full Force and Effect.*** This Guarantee shall become effective upon its full execution by the Parties.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee in Los Angeles, California, as of the day and year set forth below:

GUARANTORS:

______________________________ **Date:** ____________________
Signed, as an individual

Deleted: A

____
Print Name

______________________________ **Date:** ____________________
Signed, as an individual

Deleted: A

____
Print Name

______________________________ **Date:** ____________________
Signed, as an individual

Deleted: A

____
Print Name

EXHIBIT C

TO THE SALAD FARM FRANCHISE, INC.
FRANCHISE DISCLOSURE DOCUMENT

<u>AREA DEVELOPMENT AGREEMENT AND ATTACHMENTS</u>

Style Definition: TOC 2: Justified

SALAD FARM FRANCHISE, INC.

AREA DEVELOPMENT AGREEMENT

connection with obtaining these development rights. FRANCHISOR grants this franchise in reliance upon each and all of DEVELOPER's representations.

G. FRANCHISOR has decided, based on the information provided by DEVELOPER to FRANCHISOR, to grant such development rights to DEVELOPER, pursuant to the terms and conditions set forth in this Agreement.

H. Under certain circumstances this Agreement may be amended per the requirements of the Small Business Administration ("SBA") or their lenders in order to conform to what the SBA has required of the FRANCHISOR and/or DEVELOPER. These changes are limited only to the area development agreements of developers and franchisees that obtain SBA loans. These terms do not apply to this Agreement unless a specific SBA addendum has been signed by DEVELOPER, FRANCHISOR and each FRANCHISEE.

NOW, THEREFORE, IT IS AGREED:

1. **GRANT AND TERM**

1.1 **Grant**: FRANCHISOR hereby grants to DEVELOPER the right, and DEVELOPER accepts the obligation, pursuant to the terms and conditions of this Agreement, to establish and operate not less than the cumulative number of Restaurants (the "**Minimum Development Obligation**") set forth in the development schedule described on **Attachment A** (the **"Development Schedule"**). Each Restaurant developed under this Agreement shall be located in the area described in **Attachment B** (the **"Development Area"**) and at a specific site approved by FRANCHISOR within the Development Area (a **"Franchised Location"**), and shall be established and operated pursuant to a separate franchise agreement (a **"Franchise Agreement"**) to be entered into between DEVELOPER and FRANCHISOR in accordance with Section 2.2 of this Agreement. Any increase or decrease in the size of any of the cities included within the Development Area shall have no effect on the Development Area as it is described in Attachment A. Each Restaurant shall be established and operated by DEVELOPER or by an entity controlling, controlled by, or under common control with, DEVELOPER.

1.2 **Protected Development Area**: During the term of this Agreement, neither FRANCHISOR nor an affiliate of FRANCHISOR shall establish or operate, or franchise other persons to establish or operate, a SALAD FARM Restaurant which is located within the Development Area. FRANCHISOR and its affiliates retain the right, among others, in any manner and on any terms and conditions that FRANCHISOR deems advisable, and without granting DEVELOPER any rights therein:

1.2.1 To own, acquire, establish, and/or operate, and license others to establish and operate, SALAD FARM Restaurants outside the Development Area;

1.2.2 To own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks or other systems, whether such businesses are the same, similar, or different from the Restaurant, at any location within or outside the Development Area;

Deleted:

Deleted: ¶

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

1.2.3 To sell or distribute, at retail or wholesale, directly or indirectly, or license others to sell or distribute, any products or services which bear any proprietary marks, including the Proprietary Marks, whether within or outside the Development Area;

1.2.4 To produce, license, distribute and market SALAD FARM branded food products, clothing, souvenirs, and novelty items through any outlet (regardless of its proximity to the Restaurant) including grocery stores, supermarkets and convenience stores and through any distribution channel, at wholesale or retail, including by means of the World Wide Web section of the Internet, mail order catalogs, direct mail advertising and other distribution methods; and

1.2.5 To own, acquire, establish and/or operate and grant others the right to develop, own, operate and issue franchises and licenses to others to develop, own and operate other methods and channels of distribution utilizing the Proprietary Marks and the System, including, without limitation, toll-free "1-800", "1-888" and "1-877" telephone numbers, domain names, URLs, Social Media, on-line computer networks and services, the Internet, kiosks, carts, concessions, satellite units, other mobile, remote, limited service or non-permanent facilities or other retail operations as a part of larger retail venues such as department stores, supermarkets, shopping malls or in public areas such as amusement parks, airports, train stations, public facilities, college and school campuses, arenas, stadiums, hospitals, office buildings, convention centers, airlines (in-flight service) and military bases.

1.3 **No Right to Use Proprietary Marks or System**: This Agreement is not a Franchise Agreement, and does not grant DEVELOPER any right to use or to franchise the use of, the Proprietary Products, the Proprietary Marks or the System.

1.4 **Term**: Unless sooner terminated as provided in this Agreement, the term of this Agreement, and all rights granted under this Agreement, shall expire on the date set forth in the Development Schedule as the date the final Restaurant is to be opened for business. Following the expiration of the term of this Agreement or the sooner termination of this Agreement, FRANCHISOR and its affiliates may construct, equip, open and operate, and license others the rights to construct, equip, open and operate additional SALAD FARM Restaurants at any location within the Development Area, without restriction, subject to any exclusive territorial rights granted for any then existing Restaurant under the applicable Franchise Agreement executed for that Restaurant.

1.5 **Developer May Not Exceed Minimum Development Obligation**: Unless FRANCHISOR otherwise agrees in writing, DEVELOPER may not construct, equip, open or operate more than the cumulative number of Restaurants comprising the Minimum Development Obligation.

2. DEVELOPMENT FEE AND OBLIGATIONS

2.1 **Development Fee**: Upon execution of this Agreement, DEVELOPER shall pay FRANCHISOR a development fee of ten thousand dollars ($10,000) for each Restaurant to be developed pursuant to this Agreement, or an aggregate of ______________________________ dollars ($___________), which fee has been fully earned, and is non-refundable, in whole or in part, in

Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted: ¶
Deleted:
Deleted:
Deleted: ___

consideration of administrative and other expenses incurred by FRANCHISOR and for the development opportunities lost or deferred as a result of the rights granted DEVELOPER under this Agreement.

2.2 **Execution of Franchise Agreements**: DEVELOPER shall execute a Franchise Agreement for each Restaurant to be franchised, the form of which, in each instance, shall be that which is then currently being offered by FRANCHISOR to new franchisees for SALAD FARM Restaurants. The current form of Franchise Agreement is attached as **Attachment C**. DEVELOPER shall execute and deliver each Franchise Agreement to FRANCHISOR on or before the date specified for the execution of such Franchise Agreement in the Development Schedule. If FRANCHISOR is not legally able to deliver its Franchise Disclosure Document to DEVELOPER by reason of any lapse or expiration of its franchise registration, or because FRANCHISOR is in the process of amending any such registration, or for any reason beyond FRANCHISOR's reasonable control, FRANCHISOR may delay the submission and execution of the Franchise Agreement until such time as FRANCHISOR is legally able to deliver a Franchise Disclosure Document, in which case the time period available for FRANCHISEE to develop and open the subject Restaurant shall be extended by the number of days FRANCHISOR has delayed delivery of the Franchise Agreement to DEVELOPER. Notwithstanding any contrary provision in any form of Franchise Agreement executed by DEVELOPER, the initial franchise fee to be paid under the Franchise Agreement for each Restaurant shall be the fee as stated in the Development Schedule.

2.3 **Development Schedule**: Recognizing that time is of the essence under this Agreement, DEVELOPER shall satisfy the Development Schedule by executing Franchise Agreements and opening Restaurants within the time established in the Development Schedule. Failure by DEVELOPER to adhere to any date set forth in the Development Schedule for the Minimum Development Obligation shall constitute a default under this Agreement, except as otherwise provided in Section 2.4 of this Agreement.

2.4 **Force Majeure**: If DEVELOPER is unable to meet the Minimum Development Obligation required under the Development Schedule solely as a result of strikes, material shortages, fires, floods, earthquakes or other acts of God or by force of law ("**Force Majeure**"), which DEVELOPER could not have reasonably avoided, the Development Schedule shall be extended by an amount of time equal to the time period during which the Force Majeure shall have existed.

3. SITE SELECTION

3.1 **Site Selection Guidelines**: FRANCHISOR shall provide site selection guidelines to DEVELOPER. All sites to be developed by DEVELOPER pursuant to the terms of this Agreement shall be in locations and of types, sizes and designs and under terms all subject to the prior written approval of FRANCHISOR.

3.2 **Site Submission**: DEVELOPER shall diligently seek appropriate sites in the Development Area for Restaurants in accordance with FRANCHISOR'S site selection criteria. DEVELOPER shall submit demographic and other information for proposed sites for FRANCHISOR'S approval in the manner designated by FRANCHISOR from time to time. A proposed site shall be

Deleted:
Deleted:
Deleted:
Deleted:
Deleted: ¶
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:

submitted to FRANCHISOR only after DEVELOPER has determined that the site is available on generally acceptable terms.

3.3 **Site Review**: DEVELOPER shall exert his best efforts to select mutually acceptable sites for the Restaurants immediately following DEVELOPER's execution of this Development Area Development Agreement. FRANCHISOR shall review each proposed site submitted by DEVELOPER and approve, reject or provide comments to DEVELOPER regarding same within thirty (30) days after receipt by FRANCHISOR of all available information regarding a proposed site. FRANCHISOR shall have the sole and absolute discretion to reject any site FRANCHISOR deems inappropriate as a location for a Restaurant. FRANCHISOR shall bear all expenses in connection with its review of proposed sites only for such period of time as DEVELOPER, in good faith, submits carefully investigated and selected sites for FRANCHISOR'S review and approval. Any approval furnished by FRANCHISOR or assistance in selecting a location for a Restaurant is not, and shall not be deemed to be, a guarantee or assurance by FRANCHISOR that the Restaurant shall be profitable or successful and FRANCHISOR hereby expressly disclaims and responsibility therefor. DEVELOPER acknowledges and agrees that DEVELOPER has the sole responsibility for finding each site for the Restaurants to be developed under this Agreement.

Deleted:

Deleted:

3.4 **Site Acquisition**: After a site proposed by DEVELOPER has been accepted by FRANCHISOR, DEVELOPER shall proceed to negotiate a lease or purchase agreement for the site and shall submit to FRANCHISOR a copy of the proposed lease or purchase agreement for such site prior to execution of the same by DEVELOPER. DEVELOPER shall not execute any lease or purchase agreement for any site until it has been reviewed and accepted by FRANCHISOR and FRANCHISOR has delivered to DEVELOPER a fully executed Franchise Agreement pursuant to Section 3.5 of this Agreement. If DEVELOPER purchases any operating SALAD FARM Restaurants from FRANCHISOR, or its affiliates, DEVELOPER shall sublease the sites for such SALAD FARM Restaurants from FRANCHISOR, or its affiliates.

Deleted:

Deleted:

3.5 **Franchise Agreement**: FRANCHISOR and DEVELOPER shall execute FRANCHISOR'S then-current Franchise Agreement in the form then being provided to prospective developers and franchisees of FRANCHISOR, the terms of which, including, without limitation, the amount of the royalty fee and advertising fee, may differ materially and be less advantageous to DEVELOPER than the terms of FRANCHISOR's current Franchise Agreement. After FRANCHISOR's acceptance of the site, lease or purchase agreement, DEVELOPER's execution of a Franchise Agreement and payment of the applicable initial franchise fee, and FRANCHISOR's delivery of a fully executed Franchise Agreement to DEVELOPER, DEVELOPER shall then procure the site pursuant to the form of lease or purchase agreement reviewed and accepted by FRANCHISOR and shall forward to FRANCHISOR, within ten (10) days after its execution, one copy of the executed lease or purchase agreement and, if purchased, the deed evidencing DEVELOPER's right to occupy the site. DEVELOPER shall then commence construction and operation of the Restaurant at the site pursuant to the terms of the Franchise Agreement.

Deleted:

Deleted:

Deleted:

3.6 **Condition Precedent to Franchisor's Obligation**: FRANCHISOR shall not be required to execute any Franchise Agreement if, at the time scheduled for execution, DEVELOPER (or any guarantor, officer or director of or a shareholder in DEVELOPER, if DEVELOPER is a corporation, or

Deleted: ¶

Deleted:

Deleted:

a general or limited partner of DEVELOPER, if DEVELOPER is a partnership, or a member, if DEVELOPER is a limited liability company) or any other developer or franchisee of FRANCHISOR which controls, is controlled by, or is under common control with DEVELOPER (a "**Developer Affiliate**"), shall be in default of any of the terms or provisions of this Development Agreement or of any other agreement between FRANCHISOR, or its affiliates, and DEVELOPER.

4. CONFIDENTIAL INFORMATION

DEVELOPER shall not, during or after the term of this Agreement, communicate, divulge, or use for the benefit of anyone else, any confidential information, knowledge, or know-how concerning the methods of development or operation of a Restaurant which may be communicated to DEVELOPER or of which DEVELOPER may be apprised by virtue of its association with FRANCHISOR. In addition to any other such confidential information, the Manual and FRANCHISOR's site selection criteria shall be deemed to be confidential. DEVELOPER shall divulge such confidential information only to such of its employees as must have access to it in order to perform their employment responsibilities. Any and all matters, information, knowledge, know-how, and techniques which FRANCHISOR designates as confidential shall be deemed confidential for purposes of this Agreement. DEVELOPER acknowledges that any failure to comply with the requirements of this Section 4 will result in irreparable injury to FRANCHISOR for which no adequate remedy at law may be available. In addition, any employee of DEVELOPER who may have access to any confidential information of FRANCHISOR shall execute covenants that they will maintain the confidentiality of information they receive in connection with their association with DEVELOPER. Such covenants shall be in a form satisfactory to FRANCHISOR, including, without limitation, specific identification of FRANCHISOR as a third party beneficiary of such covenants with the independent right to enforce them.

5. TRANSFER OF INTEREST

DEVELOPER must refer to Attachment E (attached to this Agreement) for state-specific changes to this Section.

5.1 **Transfer by Franchisor**: FRANCHISOR shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of FRANCHISOR's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all obligations of FRANCHISOR under this Agreement from the date of assignment. FRANCHISOR shall be under no further obligation hereunder, except for accrued liabilities, if any. In addition, and without limitation to the foregoing, DEVELOPER expressly affirms and agrees that FRANCHISOR and or its affiliates may sell their assets, the Proprietary Marks, or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, DEVELOPER expressly and specifically waives any claims, demands or damages arising from or related to the loss of FRANCHISOR's name, Proprietary

Deleted:

Deleted:

Deleted:

Deleted: ¶

Deleted: ¶

Deleted:

Deleted:

Marks (or any variation thereof) and System and/or the loss of association with or identification of Salad Farm Franchise, Inc. as FRANCHISOR under this Agreement. DEVELOPER specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. DEVELOPER agrees that FRANCHISOR has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Salad Farm Restaurants operating under the Proprietary Marks or any other marks following FRANCHISOR's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which DEVELOPER acknowledges may be within its Territory, proximate thereto, or proximate to any of DEVELOPER's restaurants). Further, FRANCHISOR reserves the right to retain the services of a master developer ("**Master Developer**") in the Development Area. In such event, the Master Developer, on behalf of FRANCHISOR, will perform certain sales, site assistance, and support services as directed by FRANCHISOR. DEVELOPER consents and agrees to any such delegation and assignment by FRANCHISOR of all or any portion of FRANCHISOR's obligations and rights under this Agreement to a Master Developer and acknowledges that DEVELOPER is not a third party beneficiary of any Master Developer Agreement or any other agreement between FRANCHISOR and any Master Developer.

5.2 **Transfer by Developer**: DEVELOPER understands and acknowledges that the rights and duties set forth in this Agreement are personal to DEVELOPER, and that FRANCHISOR has granted these rights in reliance on DEVELOPER's (or, if DEVELOPER is a corporation, partnership, or limited liability company, its principals') business skill, financial capacity, and personal character. Accordingly, neither DEVELOPER nor any immediate or remote successor to any part of DEVELOPER's interest in this Agreement, nor any individual, partnership, corporation, or other legal entity which directly or indirectly owns any interest in DEVELOPER shall sell, encumber, assign, transfer, convey, pledge, merge, or give away any direct or indirect interest in this Agreement, in DEVELOPER, or in all or substantially all of the assets of the Restaurants without the prior written consent of FRANCHISOR. Any change in the control of DEVELOPER shall be deemed a transfer for purposes of this Agreement. DEVELOPER acknowledges and agrees that DEVELOPER will not be permitted to assign any Restaurant or Franchise Agreement executed pursuant to this Agreement except in conjunction with a concurrent assignment to the same assignee of all of the Franchise Agreements executed pursuant to this Agreement or, at FRANCHISOR's election, the execution by the assignee of new franchise agreements in FRANCHISOR's then-current form for each of the Restaurants then developed or under development by DEVELOPER, and otherwise in accordance with the terms and conditions of DEVELOPER's Franchise Agreement(s). Any purported assignment or transfer not having the written consent of FRANCHISOR required by this Section 5.2 shall be null and void and shall constitute a breach of this Agreement, for which FRANCHISOR may immediately terminate, without opportunity to cure pursuant to Section 6.2.4 of this Agreement. FRANCHISOR's approval of a Transfer of an interest in this Agreement, in DEVELOPER, or in all or substantially all of the assets of the Restaurant does not constitute: (a) a representation as to the fairness of the terms of any agreement or arrangement between DEVELOPER or DEVELOPER's owners and the transferee or as to the prospects of success of the Restaurant by the transferee; or (b) a release of DEVELOPER or DEVELOPER's owners, a waiver of any claims against DEVELOPER or DEVELOPER's owners or a waiver of our right to demand the transferee's exact compliance

Deleted:

Deleted:

with this Agreement. Any approval shall apply only to the specific transfer of the franchise, all or substantially all of the assets of a franchise, or a controlling or non-controlling interest in the franchise being proposed and shall not constitute an approval of, or have any bearing on, any other transfer.

5.3 **Requirements for Transfer by Developer**: FRANCHISOR may, in its sole discretion, require any or all of the following as conditions of its consent to a transfer set forth in Section 5.2:

5.3.1 DEVELOPER shall not be in default of any provision of this Agreement, any amendment of this Agreement or successor hereto, or any other agreement between DEVELOPER and FRANCHISOR, or its affiliates.

5.3.2 The transferor (and, if the transferor is other than an individual, the transferor and such other owners of a beneficial interest in the transferor as FRANCHISOR may request) shall execute a general release, in a form prescribed by FRANCHISOR, of any and all claims which the transferor may have or believes to have against FRANCHISOR and/or its affiliates and their respective officers, directors, agents and employees, whether the claims are known or unknown, which are based on, arise from or relate to this Agreement and the Restaurants, as well as claims, known or unknown, which are not based on, do not arise from or do not relate to this Agreement or the Restaurants but which relate to other franchise agreements, restaurants, franchised locations and other agreements between FRANCHISOR, or its affiliates, and DEVELOPER which arose on or before the date of the general release, including, without limitation, all obligations, liabilities, demands, costs, expenses, damages, claims, actions and causes of action, of whatever nature, character or description, arising under federal, state and local laws, rules and ordinances.

5.3.3 The transferee (or, if the transferee is other than an individual, a principal of the transferee approved by FRANCHISOR) shall demonstrate to FRANCHISOR's satisfaction that the terms of the proposed assignment do not place an unreasonable financial burden on the transferee, and DEVELOPER understands and acknowledges that FRANCHISOR shall be entitled, in connection with assessing the financial burden placed upon any prospective assignee, to share with such prospective assignee information relating to the Restaurant, including information in FRANCHISOR's possession relating to operations and sales at the Restaurant.

5.3.4 The transferee (or, if the transferee is other than an individual, a principal of the transferee approved by FRANCHISOR) shall demonstrate to FRANCHISOR's satisfaction that the terms of the proposed assignment do not place an unreasonable operational burden on the transferee, and that the transferee meets FRANCHISOR's standards for: (a) work experience and aptitude; (b) character and reputation; (c) absence of conflicting interests; and (d) such other criteria and conditions as FRANCHISOR shall then consider relevant in the case of an application for a new developer by an applicant not currently operating any Restaurants.

5.3.5 At FRANCHISOR's request, the transferee (and, if the transferee is other than an individual, such principals of the transferee as FRANCHISOR may request) shall execute, for a term ending on the expiration date of this Agreement, the current standard form Development Agreement (and individual guarantees) then being offered to new developers, which Development Agreement shall supersede this Agreement in all respects and the terms of which Development Agreement may differ

Deleted:
Deleted:
Deleted:
Deleted:
Deleted: ¶
Deleted: ¶
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:

materially from the terms of this Agreement and may be less favorable to the transferee; provided, however, that the transferee shall not be required to pay any development fees;

5.3.6 Except in the case of a transfer to a corporation formed for the convenience of ownership, where the ownership of such corporation is in the same proportion as the ownership of DEVELOPER before such transfer, a transfer fee in an amount designated by FRANCHISOR, but which shall not exceed ten thousand dollars ($10,000), shall be paid by DEVELOPER to FRANCHISOR. If DEVELOPER desires to conduct business in a corporate capacity, FRANCHISOR will consent to the assignment of this Agreement to a corporation, provided that (i) the corporation shall be and shall remain a closely-held corporation; (ii) the stock certificates issued by the corporation shall contain a restriction on transfer referencing this Development Agreement, in a form required by FRANCHISOR; (iii) the ownership of the assignee corporation shall be in the same proportion as the ownership of DEVELOPER before the transfer; and (iv) none of the shares of stock in the assignee corporation shall be held by a business competitor of FRANCHISOR. DEVELOPER shall pay an administrative fee of five hundred dollars ($500.00) per transfer to a corporation, partnership or limited liability company where such transfer is for the convenience of ownership only. At the time of request for a transfer for the convenience of ownership, DEVELOPER shall submit the following documents to FRANCHISOR and FRANCHISOR shall review and approve such documents within thirty (30) days thereafter:

a) For an assignment to a closely-held corporation, DEVELOPER shall provide to FRANCHISOR a (i) file stamped copy of the Articles of Incorporation and By-laws of the proposed assignee corporation, (ii) a sample stock certificate, (iii) a Certificate of Good Standing in the state in which the corporation is authorized to do business and the state in which the corporation will conduct the restaurant business pursuant to this Franchise Agreement, (iv) a list of officers and their percentage ownership of the stock of the corporation, and (v) a list of directors of the corporation.

b) For an assignment to a partnership, DEVELOPER shall provide to FRANCHISOR a (i) file stamped copy of the Certificate of Limited Partnership (if applicable) or the Statement of Partnership, and (ii) a copy of the fully executed Partnership Agreement, containing an exhibit showing the percentage of ownership in the partnership by all partners.

c) For an assignment to a limited liability company, DEVELOPER shall provide to FRANCHISOR a (i) Certificate of Formation of Limited Liability Company and (ii) a fully executed copy of the Operating Agreement, containing an exhibit showing the percentage of ownership of all members in the limited liability company.

d) The transferor and transferee in any proposed transfer must use an independent third party escrow company in connection with the sale.

5.3.7 DEVELOPER shall remain liable for all of its obligations to FRANCHISOR and its affiliates which arose prior to the effective date of the transfer, and shall execute any documents reasonably requested by FRANCHISOR to evidence such liability.

5.3.8 DEVELOPER shall have paid all amounts due to FRANCHISOR.

Deleted:

Deleted:

Deleted:

5.4 **Granting of a Security Interest by Developer**: DEVELOPER shall not grant a security interest in DEVELOPER or in any of the assets of DEVELOPER without first obtaining the prior written consent of FRANCHISOR. FRANCHISOR's consent or refusal to consent may be based upon whatever factors FRANCHISOR, in its sole discretion, deems economically and commercially reasonable in protecting FRANCHISOR's interests and the relationship created under this Agreement. Under any circumstances however, FRANCHISOR shall not consent to any such granting of a security interest unless all of the following conditions are met:

5.4.1 Such security is granted only for the purpose of securing a loan in favor of DEVELOPER, which loan shall only be for the development of the Restaurants;

5.4.2 In the event of any default by DEVELOPER under any documents in any way relating to the security interest or the loan to which it relates, FRANCHISOR shall have the right at its sole option (but not the obligation) to cure any such default and/or to be substituted as obligor to the lender whose interests are secured by such security interest;

5.4.3 In the event of any such default, and if FRANCHISOR chooses to be substituted as obligor, FRANCHISOR shall be so substituted in all respects on the same terms and conditions to which DEVELOPER was subject, except that any acceleration of the obligations secured, due to DEVELOPER's default, shall be void upon cure by FRANCHISOR; and

5.4.4 Such other conditions and terms as FRANCHISOR shall deem necessary and/or prudent to protect its interests under this Agreement.

5.5 **Right of First Refusal**: If any party holding any direct or indirect interest in this Agreement, in DEVELOPER, or in all or substantially all of the assets of DEVELOPER desires to accept any bona fide offer from a third party to purchase such interest, DEVELOPER shall notify FRANCHISOR of such offer at least thirty (30) days before such transfer is proposed to take place, and shall provide such information and documentation relating to the offer as FRANCHISOR may require. FRANCHISOR shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and any background materials concerning the proposed transfer that FRANCHISOR shall reasonably request, to send written notice to the seller that FRANCHISOR intends to purchase the seller's interest on the same terms and conditions offered by the third party. If FRANCHISOR elects to purchase the seller's interest, the closing on such purchase shall occur within thirty (30) days from the date of notice to the seller of the election to purchase by FRANCHISOR. If FRANCHISOR declines to purchase the seller's interest, DEVELOPER shall have ninety (90) days from the earlier of: (a) receipt of a notice from FRANCHISOR declining to exercise its right of first refusal, or (b) thirty (30) days after FRANCHISOR's receipt of the transferor's written notification of the proposed transfer, to close on the transfer of such interest subject to FRANCHISOR's approval pursuant to Section 5.3. Failure to effect a transfer with the third party within the ninety (90) day period, or any material change thereafter in the terms of the offer prior to closing, shall constitute a new offer subject to the same rights of first refusal by FRANCHISOR as in the case of the third party's initial offer. Failure of FRANCHISOR to exercise the option afforded by this Section 5.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 5, with respect to a proposed transfer. In the event the consideration, terms, and/or conditions offered by a third party are such that

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

FRANCHISOR may not reasonably be required to furnish the same consideration, terms, and/or conditions, then FRANCHISOR may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, an independent appraiser shall be designated by FRANCHISOR at FRANCHISOR's expense, and the appraiser's determination shall be binding.

5.6. **Transfer Upon Death or Incapacitation**: Upon the death or permanent incapacity (mental or physical) of any person with an interest in this Agreement, in DEVELOPER, or in all or substantially all of the assets of DEVELOPER, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by FRANCHISOR within six (6) months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer, except that the transfer fee shall be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 5, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by FRANCHISOR within six (6) months, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within such period, FRANCHISOR may, at its option, terminate this Agreement, pursuant to Section 6.2.5 of this Agreement.

5.7. **Non-Waiver of Claims**: FRANCHISOR's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of FRANCHISOR's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

5.8. **Securities in Developer**: The sale of securities in DEVELOPER is subject to all of the conditions to transfer set out in Sections 5.2 and 5.3 of this Agreement. All materials required for such offering by federal or state law shall be submitted to FRANCHISOR for review prior to filing with any government agency; and any materials to be used in any exempt offering shall be submitted to FRANCHISOR for review prior to their use. No DEVELOPER offering shall imply, by use of the Proprietary Marks or otherwise, that FRANCHISOR is participating in an underwriting, issuance, or offering of securities of either DEVELOPER or FRANCHISOR; and FRANCHISOR's review of any offering shall be limited solely to the subject of the relationship between DEVELOPER and FRANCHISOR. DEVELOPER and the other participants in the offering must fully indemnify FRANCHISOR in connection with the offering. For each proposed offering, DEVELOPER shall pay to FRANCHISOR a non-refundable fee of twenty-five thousand dollars ($25,000), at the time that DEVELOPER submits materials for review by FRANCHISOR. DEVELOPER shall give FRANCHISOR written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section 5.8. Any such offering shall be subject to FRANCHISOR's right of first refusal as provided in Section 5.5 of this Agreement.

5.9. **Transfer by Developer in Bankruptcy - Right of First Refusal**: If, for any reason, this Agreement is not terminated pursuant to Section 6.1 and this Agreement is assumed, or assignment of the same to any person or entity who has made a bona fide offer to accept an assignment of this

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth: (a) the name and address of the proposed assignee, and (b) all of the terms and conditions of the proposed assignment and assumption, shall be given to FRANCHISOR within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of this Agreement, and, in any event, within ten (10) days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and FRANCHISOR shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of such proposed assignment and assumption, to accept an assignment of this Agreement to FRANCHISOR itself upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by DEVELOPER out of the consideration to be paid by such assignee for the assignment of this Agreement.

5.10 **No Subfranchising by Developer**: DEVELOPER shall not offer, sell, or negotiate the sale of SALAD FARM Restaurant franchises to any third party, either in DEVELOPER's own name or in the name of and/or on behalf of FRANCHISOR, or otherwise subfranchise, subcontract, sublicense, share, divide or partition this Agreement, and nothing contained in this Agreement will be construed as granting DEVELOPER the right to do so. DEVELOPER shall not execute any Franchise Agreement with FRANCHISOR, or construct or equip any Restaurant with a view to offering or assigning such Franchise Agreement or Restaurant to any third party.

Deleted:

Deleted:

6. DEFAULT AND TERMINATION

Deleted:

DEVELOPER must refer to Attachment E (attached to this Agreement) for state-specific changes to this Section.

6.1 **Termination In the Event of Developer's Bankruptcy or Insolvency**: DEVELOPER shall be deemed to be in default under this Agreement, and all rights granted to DEVELOPER of this Agreement shall automatically terminate without notice to DEVELOPER, if DEVELOPER becomes insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by DEVELOPER or such a petition is filed against and not opposed by DEVELOPER; if DEVELOPER is adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of DEVELOPER or other custodian for DEVELOPER's business or assets is filed and consented to by DEVELOPER; if a receiver or other custodian (permanent or temporary) of DEVELOPER's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against DEVELOPER; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); if DEVELOPER is dissolved; if execution is levied against DEVELOPER's business or property; if suit to foreclose any lien or mortgage against DEVELOPER's business premises or equipment is instituted against DEVELOPER and not dismissed within thirty (30) days; or if the real or personal property of DEVELOPER's business shall be sold after levy thereupon by any sheriff, marshal, or constable.

Deleted:

Deleted:

6.2 **Termination With Notice and Without Opportunity to Cure**: DEVELOPER shall be in default under this Agreement, and FRANCHISOR may, at its option, terminate this Agreement and all rights granted under this Agreement, without affording DEVELOPER any opportunity to cure the default, effective immediately upon receipt of notice by DEVELOPER upon the occurrence of any of the following events:

6.2.1 If DEVELOPER (or an officer, director, shareholder, general or limited partner, or member) is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that FRANCHISOR believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or FRANCHISOR's interest therein;

6.2.2 If DEVELOPER fails to comply with the Development Schedule;

6.2.3 If any of DEVELOPER's Franchise Agreements or any other agreement between DEVELOPER and FRANCHISOR or its affiliates is terminated due to a breach or non-curable default by DEVELOPER;

6.2.4 If any purported assignment or transfer of any direct or indirect interest in this Agreement, in DEVELOPER, or in all or substantially all of DEVELOPER's assets is made to any third party without FRANCHISOR's prior written consent, contrary to the terms of Section 7 of this Agreement;

6.2.5 If, contrary to the terms of Section 4 of this Agreement, DEVELOPER or any principal or employee of DEVELOPER discloses or divulges the contents of the Manual or other confidential information provided to DEVELOPER by FRANCHISOR;

6.2.6 If an approved transfer, as required by Section 5.6 of this Agreement, is not effected within the time provided following death or mental incapacity;

6.2.7 If DEVELOPER fails to comply with the covenants in Section 8.1 of this Agreement or fails to obtain execution of and deliver the covenants required under Section 8.7 of this Agreement;

6.2.8 If DEVELOPER or any principal of DEVELOPER has made any material misrepresentations in connection with DEVELOPER's application to FRANCHISOR for the development rights granted of this Agreement;

6.2.9 If DEVELOPER fails to obtain or maintain required insurance coverage;

6.2.10 If DEVELOPER, after curing a default pursuant to Section 6.3 of this Agreement, commits the same, similar, or different default, whether or not cured after notice;

6.2.11 If DEVELOPER or a Developer Affiliate fails to comply with any or all of the terms of this Agreement or any other agreement between FRANCHISOR, or its affiliates, and DEVELOPER within ten (10) days after receipt of written notice from FRANCHISOR to do so; or

Deleted:

Deleted:

Deleted:

Deleted:

Deleted: ¶

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

6.2.12 If DEVELOPER or a Developer Affiliate fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the franchise;

6.3 **Termination With Notice and Opportunity to Cure**: Except as provided in Sections 6.1 and 6.2 of this Agreement, DEVELOPER shall have sixty (60) days after its receipt from FRANCHISOR of a written Notice of Termination within which to remedy any default under this Agreement and to provide evidence thereof to FRANCHISOR. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to DEVELOPER effective immediately upon expiration of the sixty (60) day period or such longer period as applicable law may require. DEVELOPER shall be in default pursuant to this Section 6.3 for failure to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be modified or supplemented by the Manual, or for failure to carry out the terms of this Agreement in good faith.

6.4 **Franchisor's Options At Termination**: Upon any default under Sections 6.2 or 6.3 of this Agreement, FRANCHISOR may immediately take any one or more of the following actions, by written notice to DEVELOPER:

6.4.1 Terminate this Agreement and all rights granted to DEVELOPER under this Agreement;

6.4.2 Accelerate or decelerate the Development Schedule;

6.4.3 Reduce the Minimum Development Obligation required under this Agreement;

6.4.4 Eliminate or diminish DEVELOPER's rights, as set forth in Section 1.2 of this Agreement, with respect to the Development Area or the size of the Development Area or the Minimum Development Obligation; and/or

6.4.5 Increase the franchise fee to be paid by DEVELOPER from the fee set forth in the Development Schedule; provided, however, that, in no event shall such fee exceed the then-current initial fee collected by FRANCHISOR in connection with the execution of a single Franchise Agreement for a SALAD FARM Restaurant.

6.5 **Cross-Default**: Any default by DEVELOPER under the terms and conditions of this Agreement, any Franchise Agreement, Lease or Sublease, or any other agreement between FRANCHISOR, or its affiliates, and DEVELOPER, shall be deemed to be a default of each and every other such agreement. In the event of the termination of this Agreement for any cause, or the termination of any other agreement between FRANCHISOR, or its affiliates, and DEVELOPER, FRANCHISOR may, at its option, terminate any or all of such other agreements.

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

7. OBLIGATIONS UPON TERMINATION OR EXPIRATION

DEVELOPER must refer to Attachment E (attached to this Agreement) for state-specific changes to this Section.

Upon termination or expiration of this Agreement, all rights granted under this Agreement to DEVELOPER shall forthwith terminate, and:

7.1 **No Right to Open Additional Restaurants**: DEVELOPER shall have no right to establish or operate any Restaurant for which a Franchise Agreement has not been executed by FRANCHISOR at the time of termination.

7.2 **Franchisor's Right to Establish Restaurants**: FRANCHISOR shall have the right to establish, and to franchise others to establish, Restaurants in the Development Area except as may be otherwise provided under any Franchise Agreement in effect between FRANCHISOR and DEVELOPER.

7.3 **Franchisor's Right to Terminate Existing Franchise Agreements and Purchase Tangible Assets**: In the event of termination for any default of DEVELOPER, FRANCHISOR shall have the option, to be exercised within thirty (30) days after this Agreement is terminated, to terminate the Franchise Agreements, to the extent allowed by the Franchise Agreement, for, and purchase DEVELOPER's interest in, any or all Restaurants, regardless of whether such Restaurants are under construction or are open and operating, and all of the "**Tangible Assets**" of DEVELOPER related to such Restaurant(s) (as defined in this Section 7.3) at fair market value in accordance with the applicable provisions of the Franchise Agreements. For purposes of this Section 7.3, the term "**Tangible Assets**" shall mean only the leasehold improvements, furniture, fixtures, equipment, useable inventory, supplies, and interior and exterior signs at the Restaurant(s). The purchase price shall be their then-current fair market value, less the amount of all fees and obligations due to FRANCHISOR, or its affiliates, from DEVELOPER. The purchase price for the Tangible Assets shall not contain any amount for "**goodwill**", "**going concern value**" or initial franchise fees, royalty fees, advertising fees or any other sums paid to FRANCHISOR by DEVELOPER prior to the termination of this Agreement. In addition, the purchase price shall not include payment for any inventory or supplies or leasehold improvements, equipment, fixtures or signs which FRANCHISOR deems obsolete or has theretofore designated as failing to meet quality standards for the System.

7.4 **Irreparable Injury to Franchisor**: DEVELOPER agrees and acknowledges that DEVELOPER's failure to comply with the provisions of Section 7.3 will result in irreparable harm to FRANCHISOR and to the Proprietary Marks, and DEVELOPER agrees to pay all damages, expenses, court costs and reasonable attorneys' fees incurred by FRANCHISOR in obtaining specific performance of, or an injunction against violation of, and/or damages resulting from a violation of, the requirements of Section 7.3 of this Agreement. Should a court require a bond for the issuance of such an injunction, the Parties agree that such bond shall be limited to $1,000.00.

7.5 **Payment of Monies Due**: DEVELOPER shall promptly pay all sums owing to FRANCHISOR and its affiliates. If this Agreement is terminated because of a default by DEVELOPER,

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

such sums also shall include all damages, costs, and expenses, including attorneys' fees, incurred by FRANCHISOR as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien as evidenced by a UCC-1 Financing Statement in favor of FRANCHISOR against any and all leasehold improvements, fixtures, furnishings and equipment, inventory, supplies and vehicles located at or used in connection with the Restaurant, together with all accounts, payment intangibles, attachments, accessories, additions, substitutions and replacements, all cash and non-cash proceeds derived from insurance or the disposition of such assets, all rights of DEVELOPER to use the Proprietary Marks, patents, copyrights and their registrations, trade secret information and other proprietary rights, and all rights granted, owned or licensed to DEVELOPER under this Agreement for the use of the Proprietary Marks, trade names, trade styles, patents, copyrights, trade secret information and other proprietary rights. FRANCHISOR shall have the right to set off any amounts which FRANCHISOR deems are payable to FRANCHISOR by DEVELOPER.

7.6 **Return of Materials and Other Confidential Information**: DEVELOPER shall immediately deliver to FRANCHISOR the Manual and all other manuals, records, correspondence files, and any instructions containing confidential information relating to the operation of DEVELOPER's business which are in DEVELOPER's possession; and all copies thereof (all of which are acknowledged to be the property of FRANCHISOR).

8. COVENANTS

8.1 **Non-Competition During Term of Agreement**: DEVELOPER specifically acknowledges that, pursuant to this Agreement, DEVELOPER will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of FRANCHISOR and the System. DEVELOPER (or, if DEVELOPER is a corporation, limited liability company, or partnership, all principals of DEVELOPER) covenants that during the term of this Agreement, except as otherwise approved in writing by FRANCHISOR, DEVELOPER (or, if DEVELOPER is a corporation, limited liability company, or partnership, all principals of DEVELOPER) shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, or legal entity:

8.1.1 Divert or attempt to divert any present or prospective Restaurant customer to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System;

8.1.2 Employ or seek to employ any person who is or has been within the previous thirty (30) days employed by FRANCHISOR or an affiliate of FRANCHISOR as a salaried managerial employee, or otherwise directly or indirectly induce such person to leave his or her employment; or

8.1.3 Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business concept that is the same or similar to SALAD FARM Restaurants or which offers products or services which are the same as or similar to the products and services being offered by SALAD FARM Restaurants.

8.2 **Non-Competition After Execution or Termination of Agreement**: Commencing upon the date of: (a) a transfer permitted under Section 5 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); or (d) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 8.2, and continuing for an uninterrupted period of one (1) year thereafter, DEVELOPER shall not, without FRANCHISOR's prior written consent, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with a business which: (a) offers products or services which are the same as or similar to the products and services offered by the Restaurants, and (b) is, or is intended to be, located at or within a ten (10) mile radius of the Development Area.

8.3 **Exceptions to Non-Compete Covenants**: Sections 8.1 and 8.2 shall not apply to ownership by DEVELOPER of a less than five percent (5%) beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

8.4 **Reducing Scope of Covenants**: DEVELOPER understands and acknowledges that FRANCHISOR shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 8.1 and 8.2, or any portion thereof, without DEVELOPER's consent, effective immediately upon receipt by DEVELOPER of written notice thereof; and DEVELOPER agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 22.1 of this Agreement.

8.5 **Covenants from Individuals**: DEVELOPER shall obtain and furnish to FRANCHISOR executed covenants similar in substance to those set forth in this Section 8 (including covenants applicable upon the termination of a person's relationship with DEVELOPER) from any or all of the following persons: (a) all officers, directors, members and holders of a beneficial interest of five percent (5%) or more of the securities of DEVELOPER, and of any corporation directly or indirectly controlling DEVELOPER, if DEVELOPER is a corporation or limited liability company; and (b) the general partners and any limited partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if DEVELOPER is a partnership. Every covenant required by this Section 8.5 shall be in a form approved by FRANCHISOR, including, without limitation, specific identification of FRANCHISOR as a third party beneficiary of such covenants with the independent right to enforce them.

8.6 **Breach of Covenants Causes Irreparable Injury**: DEVELOPER acknowledges that DEVELOPER's violation of any covenant of this Section 8 or any action described in Sections 6.2, 6.3, or 10.3 would result in irreparable injury to FRANCHISOR for which no adequate remedy at law may be available, and DEVELOPER consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by FRANCHISOR in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:

9. **DEVELOPER AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP**

9.1 **Corporate Developer**: Except as otherwise approved in writing by FRANCHISOR, if DEVELOPER is a corporation, it shall: (a) confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to developing and operating the Restaurants; (b) maintain stop transfer instructions on its records against the transfer of any equity securities and shall only issue securities upon the face of which a legend, in a form satisfactory to FRANCHISOR, appears which references the transfer restrictions imposed by this Agreement; (c) not issue any non-voting securities convertible into voting securities; (d) maintain a current list of all owners of record and all beneficial owners of any class of voting stock of DEVELOPER and furnish the list to FRANCHISOR upon request. In addition, each present and future shareholder of DEVELOPER, and their spouses, shall jointly and severally guarantee DEVELOPER's performance of each and every provision of this Agreement by executing a Guarantee in the form annexed hereto as **Attachment D** provided, however, that no guarantee shall be required from a shareholder who acquires DEVELOPER's securities after DEVELOPER becomes registered under the Securities Exchange Act of 1934.

9.2 **Partnership Developer**: If DEVELOPER is a partnership it shall: (a) furnish FRANCHISOR with its partnership agreement as well as such other documents as FRANCHISOR may reasonably request, and any amendments thereto; and (b) prepare and furnish to FRANCHISOR, upon request, a current list of all general and limited partners in DEVELOPER.

9.3 **Limited Liability Company Developer**: If a DEVELOPER is a limited liability company, DEVELOPER shall: (a) furnish FRANCHISOR with a copy of its articles of organization and operating agreement, as well as such other documents as FRANCHISOR may reasonably request, and any amendments thereto; (b) prepare and furnish to FRANCHISOR, upon request, a current list of all members and managers in DEVELOPER; and (c) maintain stop transfer instructions on its records against the transfer of equity securities and shall only issue securities upon the face of which bear a legend, in a form satisfactory to FRANCHISOR, which references the transfer restrictions imposed by this Agreement.

10. **INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

10.1 **No Fiduciary Relationship**: This Agreement does not create a fiduciary relationship between the parties hereto. DEVELOPER shall be an independent contractor; and nothing in this Agreement is intended to constitute or appoint either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

10.2 **Public Notice of Independent Status**: DEVELOPER shall conspicuously identify itself and the Restaurant in all dealings with its customers, contractors, suppliers, public officials, and others, as an independent DEVELOPER of FRANCHISOR, and shall place such notice of independent

Deleted:
Deleted: ¶
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Formatted: Tab stops: 0", Left + Not at 0.83" + 0.92"
Deleted:
Deleted:
Deleted:
Deleted:

ownership in its Restaurant and on all forms. FRANCHISOR shall have the right to specify the language of any such notice.

10.3. **Independent Contractor**: DEVELOPER acknowledges and agrees that it is not authorized to make any contract, agreement, warranty, or representation on FRANCHISOR's behalf, or to incur any debt or other obligations in FRANCHISOR's name; and that FRANCHISOR shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action; nor shall FRANCHISOR be liable by reason of any act or omission of DEVELOPER in its conduct of the Restaurant or for any claim or judgment arising therefrom against DEVELOPER or FRANCHISOR.

Deleted:

Deleted:

10.4 **Indemnification**: DEVELOPER shall indemnify and hold harmless to the fullest extent by law, FRANCHISOR, its affiliates and their respective directors, officers, employees, members, agents, successors and assigns (collectively the "**Indemnitees**") and to hold the Indemnitees harmless to the fullest extent permitted by law, from any and all losses and expenses (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, a claim of a third party against any one or more of the Indemnitees in connection with (a) your failure to perform or breach of any covenant, agreement, term or provision of this Agreement, (b) your breach of any representation or warranty contained in this Agreement, (c) the marketing, promotion, advertisement or sale of any of the products and services offered by your Restaurant pursuant to this Agreement, including unfair or fraudulent advertising claims (whether in print advertising or electronic media), and product liability claims, (d) your development, ownership, operation and/or closing of your Restaurant, (e) your noncompliance or alleged noncompliance with any law, ordinance, rule or regulation including any allegation that we or another Indemnitee is a joint employer or otherwise responsible for your acts or omissions relating to your employees; and (f) any allegedly unauthorized service or act rendered or performed in connection with this Agreement, (collectively an "**event**"), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees

Deleted:

Deleted:

The foregoing indemnity shall apply even if it is determined that the Indemnitees' negligence caused such loss, liability or expense, in whole or in part, provided, however, that this indemnity will not apply to any liability arising from a breach of this Agreement by the Indemnitee(s) or the gross negligence or willful acts of the Indemnitee(s) (except to the extent that joint liability is involved, in which event the indemnification provided herein will extend to any finding of comparative or contributory negligence attributable to DEVELOPER).

For the purpose of this Section 10.4, the term "**losses and expenses**" shall be deemed to include compensatory, exemplary, and punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to FRANCHISOR's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses.

DEVELOPER shall give FRANCHISOR prompt notice of any event of which it is aware, for which indemnification is required, and, at the expense and risk of DEVELOPER, FRANCHISOR may elect (but is not obligated) to direct the defense and/or settlement thereof, provided that the selection of counsel shall be subject to DEVELOPER's consent, which consent shall not be unreasonably withheld or delayed. FRANCHISOR will seek the advice and counsel of DEVELOPER. Any assumption of FRANCHISOR shall not modify DEVELOPER's indemnification obligation. FRANCHISOR may, in its reasonable discretion, take such actions as it deems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereto as may be, in FRANCHISOR's sole judgment, necessary for the protection of the indemnities or the System, provided however, that any settlement shall be subject to DEVELOPER's consent, which consent shall not be unreasonably withheld or delayed. Further, notwithstanding the foregoing, if the insurer on a policy or policies obtained in compliance with this Agreement agrees to undertake the defense of an event (an "Insured Event"), FRANCHISOR agrees not to exercise its right to select counsel to defend the event if such would cause FRNACHISEE's insurer to deny coverage. FRANCHISOR reserves the right to retain counsel to represent FRANCHISOR with respect to an Insured Event at FRANCHISOR's sole cost and expense.

This Section 10.4 shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

10.4.1. **Taxes:** FRANCHISOR will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon the Restaurant, DEVELOPER's property or upon FRANCHISOR in connection with sales made or business conducted by DEVELOPER (except for any income taxes imposed on FRANCHISOR's income). Payment of all such taxes shall be DEVELOPER's responsibility. In the event of a bona fide dispute as to DEVELOPER's liability for taxes, DEVELOPER may contest DEVELOPER's liability in accordance with applicable law. In no event, however, will DEVELOPER permit a tax sale, seizure, or attachment to occur against the Restaurant or any of its assets.

11. APPROVALS, WAIVERS, AND NOTICES

11.1 **Obtaining Approvals**: Whenever this Agreement requires the prior approval or consent of FRANCHISOR, DEVELOPER shall make a timely written request to FRANCHISOR therefor, and such approval or consent must be obtained in writing. FRANCHISOR makes no warranties or guarantees upon which DEVELOPER may rely, and assumes no liability or obligation to DEVELOPER, by providing any waiver, approval, consent, or suggestion to DEVELOPER in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefore.

11.2 **No Waiver**: No delay, waiver, omission, or forbearance on the part of FRANCHISOR to exercise any right, option, duty, or power arising out of any breach or default by DEVELOPER, or by any other DEVELOPER, of any of the terms, provisions, or covenants thereof, and no custom or practice by the parties at variance with the terms of this Agreement, shall constitute a waiver by FRANCHISOR to enforce any such right, option, or power as against DEVELOPER, or as to a subsequent breach or default by DEVELOPER. Subsequent acceptance by FRANCHISOR of any payments due to it under this Agreement shall not be deemed to be a waiver by FRANCHISOR of any preceding or succeeding breach by DEVELOPER of any terms, covenants, or conditions of this Agreement.

11.3 **Waiver of Obligations**: FRANCHISOR and DEVELOPER may by written instrument unilaterally waive or reduce any obligation of the other under this Agreement. Any waiver granted by FRANCHISOR shall be without prejudice to any other rights FRANCHISOR may have, will be subject to continuing review by FRANCHISOR and may be revoked, in FRANCHISOR's sole discretion, at any time and for any reason, effective upon delivery to DEVELOPER of 10 days' prior notice. DEVELOPER and FRANCHISOR shall not be deemed to have waived any right reserved by this Agreement by virtue of any custom or practice of the parties at variance with it; any failure, refusal or neglect by DEVELOPER or FRANCHISOR to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder; any waiver, forbearance, delay, failure or omission by FRANCHISOR to exercise any right, whether

Deleted: ¶

Deleted: ¶

Deleted:

Deleted:

Deleted:

Deleted:

Deleted: ¶

Deleted: ¶

of the same, similar or different nature, with respect to other SALAD FARM restaurants; or the acceptance by FRANCHISOR of any payments due from DEVELOPER after any breach of this Agreement.

11.4 **Notices**: All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail; by private overnight delivery; or by telecopier (fax). Service shall be deemed conclusively made (a) at the time of service, if personally served; (b) twenty-four (24) hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; (c) upon the earlier of actual receipt or three (3) calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; (d) twenty-four (24) hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and (e) at the time of transmission by telecopier, if such transmission occurs prior to 5:00 p m. on a business day and a copy of such notice is mailed within twenty-four (24) hours after the transmission. Notices and demands shall be given to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

Notices to FRANCHISOR:

Salad Farm Franchise, Inc.
10790 Wilshire Boulevard, Suite 805
Los Angeles, California 90024
Fax: ___________________
Attention: President

Notices to DEVELOPER:

____
____
____
Fax: ________________

Either party may change its address for the purpose of receiving notices, demands and other communications as herein provided by a written notice given in the manner aforesaid to the other party.

12. ENTIRE AGREEMENT, SEVERABILITY, AND CONSTRUCTION

12.1 **Entire Agreement**: This Agreement, any attachments hereto, and any ancillary agreements between DEVELOPER and FRANCHISOR or any affiliate which are executed contemporaneously with this Agreement, constitute the entire and complete Agreement between FRANCHISOR (and, if applicable, any affiliate) and DEVELOPER concerning the subject matter thereof, and supersede all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that FRANCHISOR furnished to DEVELOPER.

DEVELOPER acknowledges that it is entering into this Agreement, and any ancillary agreements executed contemporaneously herewith, as a result of its own independent investigation of the business franchised hereby and not as a result of any representation made by FRANCHISOR or persons associated

Deleted:
Deleted:
Deleted:
Deleted: ¶
Deleted:
Deleted:

with FRANCHISOR (i.e.: shareholders, officers, directors, employees, agents, representatives, independent contractors, etc.), or other developers, which are contrary to the terms herein set forth or which are contrary to the terms of any Franchise Disclosure Document, or other similar document required or permitted to be given to DEVELOPER pursuant to applicable law. Except for those permitted under this Agreement to be made unilaterally by FRANCHISOR, no amendment, change, or variation 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.

12.2 **Severability and Construction**: Except as expressly provided to the contrary herein, each section, part, term, and provision of this Agreement shall be considered severable; and if, for any reason, any 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 the invalid portions, sections, parts, terms, provisions, and/or covenants shall be deemed not to be a part of this Agreement. Neither this Agreement or any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used to fairly accomplish the purposes and intentions of all parties to this Agreement. FRANCHISOR and DEVELOPER intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

Deleted:

12.3 **Survival of Obligations After Expiration or Termination of Agreement**: Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

Deleted:

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

Deleted:

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

Deleted:

12.6 **Responsibility**. The term **"DEVELOPER"** as used in this Agreement shall refer to each person executing this Agreement as DEVELOPER, whether such person is one of the spouses, partners, shareholders, mangers, trustees, trustors or beneficiaries or persons named as included in DEVELOPER, and shall apply to each such person as if he were the only named DEVELOPER in this Agreement.

Deleted:

12.6.1 If DEVELOPER is a married couple, both husband and wife executing this Agreement shall be liable for all obligations and duties of DEVELOPER under this Agreement as if such spouse were the sole DEVELOPER under this Agreement.

12.6.2 If DEVELOPER is a partnership or if more than one person executes this Agreement as DEVELOPER, each partner or person executing this Agreement shall be liable for all the obligations and duties of DEVELOPER under this Agreement.

12.6.3 If DEVELOPER is a trust, each trustee, trustor and beneficiary signing this Agreement shall be liable for all of the obligations and duties of DEVELOPER under this Agreement.

12.6.4 If DEVELOPER is a corporation or limited liability company, all shareholders or members executing this Agreement shall be liable for all obligations and duties of DEVELOPER under this Agreement as if each such shareholder or member were the sole DEVELOPER under this Agreement.

12.6.5 If DEVELOPER is in breach or default under this Agreement, FRANCHISOR may proceed directly against each such spouse, partner, signatory to this Agreement, shareholder, member, trustee, trustor or beneficiary without first proceeding against DEVELOPER and without proceeding against or naming in such suit any other DEVELOPER, partner, signatory to this Agreement, shareholder, trustee, trustor or beneficiary. The obligations of DEVELOPER and each such spouse, partner, person executing this Agreement, shareholder, trustee, trustor and beneficiary shall be joint and several.

12.6.6 Notice to or demand upon one spouse, partner, person signing this Agreement, shareholder, member, trustee, trustor or beneficiary shall be deemed notice to or demand upon DEVELOPER and all such spouses, partners, persons signing this Agreement, shareholders, members, trustees, trustors and beneficiaries, and no notice or demand need be made to or upon all such DEVELOPER's, spouses, partners, persons executing this Agreement, shareholders, members, trustees, trustors or beneficiaries.

12.6.7 The cessation of or release from liability of DEVELOPER, or any such spouse, partner, person executing this Agreement, shareholder, member, trustee, trustor or beneficiary shall not relieve any other DEVELOPER, spouse, partner, person executing this Agreement, shareholder, member, trustee, trustor or beneficiary from liability under this Agreement, except to the extent that the breach or default has been remedied or monies owed have been paid.

12.7 **Incorporation of Recitals**: The recitals set forth in Sections A through H of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement.

13. APPLICABLE LAW

13.1 **Choice of Law**: This Agreement takes effect upon its acceptance and execution by FRANCHISOR in California, and shall be interpreted and construed under the laws of California. In the

Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted: ¶
Deleted:

event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the Restaurant is located outside of California and such provision would be enforceable under the laws of the state in which the Restaurant is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 13.1 is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject.

13.2 **Venue**: The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the State of California in the county in which FRANCHISOR has its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

Deleted:

13.3 **Nonexclusivity of Remedy**: No right or remedy conferred upon or reserved to FRANCHISOR or DEVELOPER by this Agreement is intended to be, nor shall be deemed, 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.

Deleted:

Deleted:

13.4 **Limitation of Adjudicative Proceedings**: Except with respect to obligations regarding use of the Confidential Information in Section 4, each party (and its owners) waives, without limitation, any right it might otherwise have to assert a claim for and/or to recover lost profits and other forms of consequential, incidental, contingent, punitive and exemplary damages from the other except as provided herein. FRANCHISOR and DEVELOPER's liability shall be limited to actual compensatory damages except as provided herein. 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.

Deleted:

13.5 **Right to Injunctive Relief**: Nothing herein contained shall bar FRANCHISOR's right to seek injunctive relief to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to DEVELOPER's: (a) use of the Proprietary Marks, (b) obligations upon termination or expiration of the Agreement, (c) assignment or proposed assignment of the Restaurant, this Agreement, or any ownership interest in DEVELOPER, or (d) actions covered by the provisions of Section 7. FRANCHISOR also shall be able to seek injunctive relief to prohibit any act or omission by DEVELOPER or its employees that constitutes a violation of any applicable law, is dishonest or misleading to DEVELOPER's customers or to the public, or which may impair the goodwill associated with the Proprietary Marks; and DEVELOPER agrees to pay all costs and reasonable attorneys' fees incurred by FRANCHISOR in obtaining such relief. Should a court require a bond for the issuance of such an injunction, the Parties agree that such bond shall be limited to $1,000.00.

Deleted:

13.6 **Incorporation of Recitals**: The recitals set forth in Sections A through H of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement.

Deleted:

14. ACKNOWLEDGMENTS

14.1. **Recognition of Business Risks**: DEVELOPER acknowledges that it has conducted an independent investigation of the proposed franchise, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of DEVELOPER as an independent business person. FRANCHISOR expressly disclaims the making of, and DEVELOPER acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, sales, income, profits, or success of the business venture contemplated by this Agreement, or of other SALAD FARM Restaurants.

DEVELOPER Initials _____/_____

14.1.1 DEVELOPER hereby certify that neither FRANCHISOR, nor any of FRANCHISOR's employees, persons speaking on FRANCHISOR's behalf, and sales representatives, if applicable, have: (a) made any additional oral, written, visual, or other representation, agreement, commitment, claim, or statement that stated or suggested any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise other than the financial performance representation contained in Item 19 of the Disclosure Document; or (b) made any oral, written, visual, or other representation, agreement, commitment, claim, or statement from which any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise might be ascertained, related to a SALAD FARM restaurant franchise, that is different from, contrary to, or not contained in the Disclosure Document; or (c) made any representation, agreement, commitment, claim or statement that is different from, contrary to, or not contained in, the Disclosure Document. DEVELOPER acknowledges and agrees that FRANCHISOR does not make or endorse, nor does FRANCHISOR allow any of FRANCHISOR's employees or other persons speaking on FRANCHISOR's behalf to make or endorse, any additional oral, written, visual, or other representation, agreement, commitment, claim, or statement that states or suggests any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise with respect to a SALAD FARM restaurant franchise other than the financial performance representation contained in Item 19 of the Disclosure Document.

DEVELOPER Initials _____/_____

14.2. **Receipt of Franchise Offering Material**: DEVELOPER acknowledges that it has received a copy of the complete Salad Farm Franchising Company Franchise Disclosure Document for SALAD FARM Restaurants, which contains a copy of the Franchise Agreement, the attachments thereto, and agreements relating thereto, if any, at least fourteen (14) calendar days prior to the date on which this Agreement was executed. . DEVELOPER acknowledges and agrees that FRANCHISOR has made no promises, representations, warranties or assurances to DEVELOPER which are inconsistent with the terms of this Agreement or FRANCHISOR's Franchise Disclosure Document, concerning the profitability or likelihood of success of any Restaurant at any Franchised Location, that DEVELOPER has been informed by FRANCHISOR that there can be no guarantee of success in the franchised business and that DEVELOPER's business ability and aptitude is primary in determining DEVELOPER's success.

DEVELOPER Initials _____/_____

14.3. **Review of Franchise Offering Material**: DEVELOPER acknowledges that DEVELOPER has read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that FRANCHISOR has accorded DEVELOPER ample time and opportunity to consult with advisors and counsel of DEVELOPER's own choosing about the potential benefits and risks of entering into this Agreement.

DEVELOPER Initials _____/_____

14.4 **Attorneys' Fees**: If FRANCHISOR becomes a party to any legal proceedings concerning this Agreement, the Restaurants or the Franchised Locations by reason of any act or omission of DEVELOPER or its authorized representatives, DEVELOPER shall be liable to FRANCHISOR for the reasonable attorneys' fees and court costs incurred by FRANCHISOR in the legal proceedings. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

Deleted:

DEVELOPER Initials _____/_____

14.5 **Atypical Arrangements**: DEVELOPER acknowledges and agrees that FRANCHISOR may modify the offer of development rights to other developers in any manner and at any time, which offers have or may have terms, conditions, and obligations which may differ from the terms, conditions, and obligations in this Agreement. DEVELOPER further acknowledges and agrees that FRANCHISOR has made no warranty or representation that all Area Development Agreements previously issued or issued after this Agreement by FRANCHISOR do or will contain terms substantially similar to those contained in this Agreement. FRANCHISOR may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Area Development Agreements previously executed or executed after the date of this Agreement with other SALAD FARM Restaurant developers in a non-uniform manner.

DEVELOPER Initials _____/_____

14.6 **Anti-Terrorism Laws**. DEVELOPER and its officers, directors, members and shareholders shall comply with and/or assist FRANCHISOR to the fullest extent possible in FRANCHISOR's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, DEVELOPER and its officers, directors, members and shareholders certify, represent, and warrant that none of the property or interests of DEVELOPER or its officers, directors, members and shareholders is subject to being "blocked" under any of the Anti-Terrorism Laws and that DEVELOPER and its officers, directors, members and shareholders are not otherwise in violation of any of the Anti-Terrorism Laws.

Deleted: ¶

14.6.1 For the purposes of this Section 14.6, "**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.

14.6.2 DEVELOPER and its officers, directors, members and shareholders certify that none of its employees, or anyone associated with DEVELOPER or its officers, directors, members and shareholders are listed in the Annex to Executive Order 13224. DEVELOPER agrees not to hire any individual listed in the Annex. The Annex is available at:

http://www.treasury.gov/

14.6.3 DEVELOPER certifies that DEVELOPER has no knowledge or information that, if generally known, would result in DEVELOPER, its officers, directors, members and shareholders, its employees, or anyone associated with DEVELOPER to be listed in the Annex to Executive Order 13224.

14.6.4 DEVELOPER shall be solely responsible for ascertaining what actions must be taken by DEVELOPER to comply with the Anti-Terrorism Laws, and DEVELOPER specifically acknowledges and agrees that DEVELOPER's indemnification responsibilities set forth in this Agreement pertain to DEVELOPER's obligations under this Section 14.6.

14.6.5 Any misrepresentation by DEVELOPER under this Section 14.6 or any violation of the Anti-Terrorism Laws by DEVELOPER, its officers, directors, members and shareholders, or DEVELOPER's employees shall constitute grounds for immediate termination of this Agreement and any other Agreement DEVELOPER has entered with FRANCHISOR or an affiliate of FRANCHISOR, in accordance with the terms of this Agreement.

14.7 **Additional Documents**. Each of the parties agrees to execute, acknowledge and deliver to the other party and to procure the execution, acknowledgment and delivery to the other party of any additional documents or instruments which either party may reasonably require to fully effectuate and carry out the provisions of this Agreement.

14.8 **Counterparts**. This Agreement may be executed by the parties simultaneously in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures.

[Signature Page Follows]

Deleted:

Deleted:

Deleted:

IN WITNESS WHEREOF, the parties have executed this Agreement in Los Angeles, California, on the date first shown above.

SALAD FARM FRANCHISE, INC.	**DEVELOPER**
By:______________________	By: ______________________
Name:	Name:
Title:	Title:
Date: ________________	Date: ________________

Deleted: ¶

Deleted:

Deleted: ¶

Deleted: ¶

Deleted: ¶

SALAD FARM FRANCHISE, INC.
AREA DEVELOPMENT AGREEMENT

ATTACHMENT A
DEVELOPMENT SCHEDULE
MINIMUM DEVELOPMENT OBLIGATION

SALAD FARM FRANCHISE, INC.
AREA DEVELOPMENT AGREEMENT

ATTACHMENT A
DEVELOPMENT SCHEDULE
MINIMUM DEVELOPMENT OBLIGATION

	Developer's Date of Execution of Franchise Agreement	Date of Restaurant Opening	Initial Franchise Fee Under Franchise Agreement After Credit for Development Fee
1.	______________	________________	_____________________
2.	______________	________________	_____________________
3.	______________	________________	_____________________
4.	______________	________________	_____________________
5.	______________	________________	_____________________
6.	______________	________________	_____________________

Deleted: Of
Deleted: Of
Deleted:
Deleted:

SALAD FARM FRANCHISE, INC.	**DEVELOPER**
By: ________________________	By: ________________________
Name: ______________________	Name: ______________________
Title: _______________________	Title: _______________________
Date: ________________	Date: ________________

Formatted: Left
Deleted:
Deleted:
Formatted: No underline
Deleted:

SALAD FARM FRANCHISE, INC.
AREA DEVELOPMENT AGREEMENT

ATTACHMENT B
DEVELOPMENT AREA

____

____

____

The above description constitutes DEVELOPER's exclusive development area, subject to Section 1.2 of this Area Development Agreement.

SALAD FARM FRANCHISE, INC.	**DEVELOPER**
By: ______________________	By: ______________________
Name: ____________________	Name: ____________________
Title: _____________________	Title: _____________________
Date: _____________________	Date: _____________________

Formatted: Left

Deleted: _

Formatted: No underline

Deleted: _

SALAD FARM FRANCHISE, INC.
AREA DEVELOPMENT AGREEMENT

ATTACHMENT C
CURRENT FORM OF
SALAD FARM FRANCHISE, INC.
FRANCHISE AGREEMENT

SALAD FARM FRANCHISE, INC.
DEVELOPMENT AGREEMENT

ATTACHMENT D
GUARANTEES

In consideration of the execution of the Area Development Agreement (the "Agreement") between SALAD FARM FRANCHISE, INC. ("**FRANCHISOR**") and ________________________________ ("**DEVELOPER**") dated _______________, and for other good and valuable consideration, the undersigned (print clearly) ________________________________, ________________________________ ("**GUARANTOR(S)**"), for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the DEVELOPER:

Deleted: _____

A. The parties acknowledge that, but for the GUARANTOR(S)'s execution of this Guarantee, FRANCHISOR would not have entered into the Agreement with DEVELOPER, and GUARANTOR(S) is/are receiving a benefit from DEVELOPER in executing this Guarantee;

B. GUARANTORS, individually and jointly, shall pay or cause to be paid to FRANCHISOR all monies payable by DEVELOPER under the Agreement on the days and times in the manner therein appointed for payment thereof.

C. GUARANTORS, individually and jointly, shall unconditionally guarantee full performance and discharge by DEVELOPER of all the obligations of DEVELOPER under the Agreement at the times and in the manner therein provided, including but not limited to the non-compete provisions in Section 8, and agree that this Guarantee will be construed as though the GUARANTORS and each of them executed an agreement containing the identical terms and conditions of the Agreement.

D. GUARANTORS shall indemnify and hold FRANCHISOR and its affiliates harmless against and from all losses, damages, costs, and expenses which FRANCHISOR and its affiliates may sustain, incur, or become liable for by reason of: (1) the failure for any reason whatsoever of DEVELOPER to pay the monies payable pursuant to the Agreement or to do and perform any other act, matter or thing pursuant to the provisions of the Agreement; or (2) any act, action, or proceeding of or by FRANCHISOR for or in connection with the recovery of monies or the obtaining of performance by DEVELOPER of any other act, matter or thing pursuant to the provisions of the Agreement.

E. GUARANTORS consent and agree that (1) GUARANTOR(S)' liability will not be contingent or conditioned upon FRANCHISOR'S pursuit of any remedy, including any legal or equitable relief, against the DEVELOPER or any other person; (2) the enforcement of GUARANTOR(S)' obligations under this Guarantee may take place before, after, or contemporaneously with, enforcement of any debt or obligation of DEVELOPER under the Agreement; and (3) GUARANTOR(S)' liability will not be diminished, relieved or otherwise affected by the DEVELOPER'S insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the GUARANTOR(S)..

F. Without affecting the GUARANTORS' obligations under this Guarantee, FRANCHISOR, without notice to the GUARANTORS, may extend, modify, or release any indebtedness or obligation of DEVELOPER, or settle, adjust, or compromise any claims against DEVELOPER. GUARANTORS waive notice of amendment of the Agreement and notice of demand for payment or performance by DEVELOPER.

G. GUARANTORS' obligations under this Guarantee shall remain in full force and effect, and shall be unaffected by: (1) the unenforceability of the Agreement against DEVELOPER; (2) the termination of any obligations of DEVELOPER under the Agreement by operation of law or otherwise; (3) the bankruptcy, insolvency, dissolution, or other liquidation of DEVELOPER, including, without limitation, any surrender or disclaimer of the Agreement by the trustee in bankruptcy of DEVELOPER; (4) FRANCHISOR's consent or acquiescence to any bankruptcy, receivership, insolvency, or any other creditor's proceedings of or against DEVELOPER, or by the winding-up or dissolution of DEVELOPER, or any other event or occurrence which would have the effect at law of terminating the existence of DEVELOPER's obligations prior to the termination of the Agreement; or (5) by any other agreements or other dealings between FRANCHISOR and DEVELOPER having the effect of amending or altering the Agreement or DEVELOPER's obligations under this Guarantee, or by any want of notice by FRANCHISOR to DEVELOPER of any default of DEVELOPER or by any other matter, thing, act, or omission of FRANCHISOR whatsoever. GUARANTORS consent and agree that this Guarantee shall apply in all modifications to the Agreement of any nature agreed to by DEVELOPER with or without the GUARANTOR(S) receiving notice thereof.

H. No Waiver: No delay, waiver, omission, or forbearance on the part of FRANCHISOR to exercise any right, option, duty, or power arising out of any breach or default by DEVELOPER or GUARANTOR(S), or by any other developer, of any of the terms, provisions, or covenants thereof, and no custom or practice by the parties at variance with the terms of this Guarantee, shall constitute a waiver by FRANCHISOR to enforce any such right, option, or power as against GUARANTOR(S), or as to a subsequent breach or default by DEVELOPER. Subsequent acceptance by FRANCHISOR of any payments due to it under the Agreement shall not be deemed to be a waiver by FRANCHISOR of any preceding or succeeding breach by DEVELOPER of any terms, covenants, or conditions of this Guarantee.

I. Additional Documents. Each of the parties agrees to execute, acknowledge and deliver to the other party and to procure the execution, acknowledgment and delivery to the other party of any additional documents or instruments which either party may reasonably require to fully effectuate and carry out the provisions of this Guarantee.

J. The provisions of Section 12 of the Agreement shall apply as to any interpretation or enforcement of this Guarantee, and the provisions of Section 11.4 of the Agreement shall apply to any notice to either party, except that notice to each GUARANTOR shall be as follows:

Notices to GUARANTORS:

Deleted: '

Deleted: '

Deleted: Development

Deleted: '

Deleted:

Deleted: '

Formatted: Font: Not Bold, No underline

Deleted:

Formatted: Font: Not Bold, No underline

Name: ______________________________

Address: ______________________________

Fax: ______________ Email: ______________ Telephone: ______________

Name: ______________________________

Address: ______________________________

Fax: ______________ Email: ______________ Telephone: ______________

Name: ______________________________

Address: ______________________________

Fax: ______________ Email: ______________ Telephone: ______________

K. This Guarantee may be executed by the parties in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures.

L. Miscellaneous Terms and Conditions:

i. Governing Law; Submission to Jurisdiction. The validity, construction, performance and enforceability of this Guarantee shall be governed in all respects by the laws of the State of California, United States of America, without reference to choice of law principles.

ii. Headings. The section headings contained in this Guarantee are for reference purposes only and will not affect in any way the meaning or interpretation of this Guarantee.

iii. Amendment. This Guarantee may be amended, modified, waived or terminated only by written agreement executed by the parties.

iv. Valid and Binding Obligation. This Guarantee and each provision herein have been duly executed and delivered by the parties and constitute the legal, valid and binding obligations of the Parties hereto.

v. Successors and Assigns. All of the terms, provisions, conditions and covenants herein contained shall be binding upon and shall inure to the benefit of the parties and their respective successors, assigns, heirs, estates, executors, administrators, legal representatives, devisees, consultants, officers, directors, employees, shareholders, members, affiliates and associates.

vi. Counterparts. This Guarantee may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but all such counterparts shall constitute one and the same Guarantee. Signatures of this Guarantee may be transmitted via electronic means

Deleted: Names and Addresses

Formatted: Font: Times New Roman

Deleted: ______________________________ ¶

Deleted: ______________________________ ¶ ______________________________ ¶ Fax: ______________ Email: ______________ ¶ ¶ ______________________________ ¶ ______________________________ ¶ ______________________________ ¶ Fax: ______________ Email: ______________ ¶ ¶ ______________________________ ¶ ______________________________ ¶ ______________________________ ¶ Fax: ______________ Email: ______________ ¶

Deleted: ;

Deleted: *Waiver.*

Deleted: P

Deleted: Any waiver by either Party of any provision of this Guarantee or any right hereunder shall not be deemed a continuing waiver and shall not prevent or estop such Party from thereafter enforcing such provision, and the failure of either Party to insist in any one or more instances upon the strict performance of any of the provisions of this Guarantee by the other Party shall not be construed as a waiver or relinquishment for the future performance of any such term or provision, but the same shall continue in full force and effect ¶

Deleted: Parties

Deleted: Parties

(including facsimile or e-mailed PDF scan) and shall be considered an original and binding against the Party that executed and delivered such signature via electronic means.

vii. ***Entire Agreement.*** This Guarantee constitutes the entire Guarantee between the GUARANTOR(s) and FRANCHISOR in relation to the subject matter. This Guarantee supersedes any prior or contemporaneous agreement relating hereto whether written or oral, and no representation, promise or warranty not expressed herein or endorsed hereon have been made by either party or their employees and consultants.

Deleted: Party

viii. ***Severability.*** If one or more provisions of this Guarantee are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be deleted or modified in such a manner as to make it enforceable to the maximum extent possible to reflect the parties' intent hereunder, (b) the balance of the Guarantee shall be interpreted as if such provision were so deleted or modified, and (c) the balance of the Guarantee shall be enforceable in accordance with its terms.

Deleted: Parties

Deleted: Parties

Deleted: Parties'

iix. ***Assignment.*** GUARANTOR(S) may not assign or delegate its rights, duties and obligations under this Guarantee without the prior written consent of the FRANCHISOR.

ix. ***Collaborative Drafting.*** Neither this Guarantee, nor any provision within it, shall be construed against any Party or its attorney because counsel for each of the parties took part in the negotiation and drafting of this agreement. The doctrine of contra proferentem, to the extent that it is still recognized under California law, shall not be considered with regard to the interpretation of the terms of this Guarantee.

Deleted: Parties

x. ***Necessary Action.*** Each of the parties shall promptly do any act or thing reasonably necessary and execute any or all documents or instruments reasonably necessary or proper to effectuate the provisions and intent of this Guarantee.

Deleted: Parties

xi. ***Survival.*** All paragraphs herein shall survive the termination or expiration of this Guarantee.

xii. ***Time of the Essence***. Time is of the essence with respect to all provisions of this Guarantee.

xiii. ***Advice of Counsel.*** Each party to this Guarantee acknowledges and warrants that in executing this Guarantee, it or he has relied upon legal advice from the attorney of its or his choice or had the opportunity to consult with the attorney of its or his choice and that it or he fully understands the terms of this Guarantee. Because of the nature of such negotiations and discussions, neither party shall be deemed to be the drafter of this Guarantee, and therefore no presumption for or against the drafter shall be applicable in interpreting or enforcing this Guarantee.

Deleted: Party

Deleted: Party

xiv. ***Full Force and Effect.*** This Guarantee shall become effective upon its full execution by the parties.

Deleted: Parties

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee in Los Angeles, California, as of the day and year set forth below.

GUARANTORS:

Deleted: ¶

Date:

Signed, as an individual

Print Name

Date:

Signed, as an individual

Print Name

Date:

Signed, as an individual

Print Name

Deleted: ____________________________
Date: ___________________¶
As an individual¶
¶
¶
____________________________ Date: ___________________¶
As an individual¶
¶
¶
____________________________ Date: ___________________¶
As an individual¶

EXHIBIT G

TO THE SALAD FARM FRANCHISE, INC.
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

SALAD FARM FRANCHISE, INC.

Audited Financial Statements
As of and for the year ended
December 31, 2022

TABLE OF CONTENTS

Z. DAVID DAVIDIAN, CPA

DAVIDIAN & ASSOCIATES
A PROFESSIONAL ACCOUNTANCY CORPORATION
Certified Public Accountants
(888) 452-5577
FAX (888) 202-7757
www.lacpa.com

200 NORTH MARYLAND AVENUE
SUITE 302
GLENDALE, CALIFORNIA 91206

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
of SALAD FARM FRANCHISE, INC.

We have audited the accompanying financial statements of SALAD FARM FRANCHISE INC (a California Corporation), which comprise the balance sheet as of December 31, 2022, and the related statement of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SALAD FARM FRANCHISE INC as of December 31, 2022, and the result of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Davidian & Associates

Davidian & Associates
A Professional Accountancy Corporation
Glendale, California
April 14, 2023

SALAD FARM FRANCHISE, INC.

BALANCE SHEET
AS OF DECEMBER 31, 2022

ASSETS		
Current Assets		
Cash	$	54,565
Investmnet account		107,286
Total Current Assets		161,851
TOTAL ASSETS	$	161,851
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable an accrued expenses	$	1,926
Total Current Liabilities		1,926
Non-Current Liabilities		
SBA - EIDL loan		45,482
Total Non-Current Liabilities		45,482
Total Liabilities		47,408
Stockholders' Equity		
Common stock, $0.50 par value; 100,000 shares authorized; issued and outstanding		50,000
Retained Earnings		64,443
Total Stockholders' Equity		114,443
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	161,851

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

SALAD FARM FRANCHISE, INC.

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

Gross Revenue	$	121,530
Cost of Revenue		2,744
Gross Profit		118,786
Selling, general and administrative expenses		
Payroll and payroll tax expenses		54,779
Legal & professional expenses		13,670
Other general & administrative expenses		40,396
Total Operating Expenses		108,845
Operating Income		9,941
Other Income (Expense)		
Interest & dividend income		684
Capital gain, realized		16,973
Interest expense		(1,602)
Total Other Income (Expense)		16,055
Net Income before Income Taxes		25,996
Provision for Income Taxes		800
Net Income	$	25,196

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

SALAD FARM FRANCHISE, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY AS OF DECEMBER 31, 2022

	Common Stock		Retained	
	Shares	Amount	Earnings	Total
Balance at December 31, 2021	100,000	50,000	28,403	78,403
Shareholder Contribution (Distribution)			(56,129)	(56,129)
Unrealized Capital Gain			16,973	16,973
Net Income for the year ended December 31, 2022			25,196	25,196
Balance at December 31, 2022	100,000 $	50,000 $	14,443 $	64,443

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

SALAD FARM FRANCHISE, INC.

STATEMENT OF CASH FLOWS
AS OF DECEMBER 31, 2022

Cash Flow from Operating Activities:		
Net income	$	25,196
Adjustment to reconcile net income to net cash provided by operating activities:		
(Increase) Decrease in:		
Investment account		(9,192)
Accounts receivable		39,618
Increase (Decrease) in:		
Accounts payable and accrued expenses		(7,993)
Net Cash Privided by Operating Activities		50,373
Cash Flow from Investing Activities:		
Net Cash Used in Investing Activities		-
Cash Flow from Financing Activities:		
Distributions to shareholders		(56,129)
Repayment of loans		(1,284)
Net Cash Used in Financing Activities		(57,413)
Net Decrease in Cash		(7,040)
Cash Balance at Beginning of Period		61,605
Cash Balance at End of Period	$	54,565
Supplemental Disclosures:		
Tax Paid	$	800

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

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING PILICIES

Nature of operations

Salad Farm Franchise, Inc. ("the Company") was incorporated in the state of California in 2007 and is headquartered in Los Angeles. The Company sells franchises for the right to own and operate quick-service restaurants that offer freshly tossed salads, Panini-grilled sandwiches, baked potatoes, soups, beverages and other food items and ancillary related products for take-out and on premises consumption under the trade name, "Salad Farm." All of the stores are located in California. As of December 31, 2019, there were seven franchise stores in operation. Four of the seven franchise stores are considered major customers of the Company as each one individually accounted for greater than 10% of the total revenues of the Company.

Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cash and cash equivalents

The Company considers currency on hand, demand deposits with banks or other financial institutions, treasury bills, commercial paper, money market funds or other investments with original maturities of three months or less to be cash and cash equivalents. At December 31, 2022, cash and cash equivalents consisted of currency on hand and demand deposits with banks and other financial institutions.

Inventories

Inventories consist of cups, lids and bags for sales to franchisees and are valued at the lower of cost (principally the first-in, first-out basis) or market (net realizable value).

Revenue recognition

The Company's revenues are generated from initial franchise fees, royalty fees, other fees and sales of restaurant supplies. Revenue is recorded when earned and when collectability is reasonably assured. Each of these is discussed in more detail below.

Franchise Sales

The Company recognizes revenue from the nonrefundable initial franchise fees when the franchisee commences operations, at which time the Company has substantially performed all of its ligations associated with such fees. Prior to such time, franchise fees collected are recorded as deferred revenue. The initial franchise period is 10 years with renewals available based upon the terms of the franchise agreement.

Revenues are recognized once the Company has performed all pre-opening obligations including training, pre-opening assistance and support and setup of billing and collection systems.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING PILICIES (Continued)

Royalty Fees
The Company charges its franchisees recurring royalty fees based upon the terms of the franchise agreement. Such fees are based upon the square footage of the restaurant location and are generally billed to the franchisee either weekly or monthly.

Sales of Restaurant Supplies
The Company offers its franchisees the opportunity to purchase the necessary supplies, such as cups, lids, and bags, to facilitate the services they are providing to their customers. Should the unit franchisee elect to participate in the program; the Company purchases the desired supplies and, in turn, sells it to the unit franchisee. The proceeds from the sale are reflected in franchise services revenue with the associated expense included in costs.

Other Revenues
Other fees comprise advertising, training and other service fees that may be earned from the provision of services to the franchisees.

Property and equipment
Property and equipment are stated at cost. Depreciation is provided by use of the straight-line and over the estimated useful lives of the related assets for financial reporting purposes. Expenditures for maintenance and repairs are charged to operations as incurred. Property replacements and betterments, which extend the life of the assets, are capitalized and subsequently depreciated. When assets are sold or disposed the cost and accumulated depreciation are removed from the accounts and the resulting gains or losses are included in operations.

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

Accounts Receivable, Net of Allowance for Doubtful Accounts
Accounts receivable consist of amounts due to the Company for franchise fees, royalty fees, other fees and product sales. Receivables are carried at the amount of the original billing amount less an estimate made for doubtful accounts. To establish the allowance for doubtful accounts, the Company evaluates the individual receivables by considering the creditworthiness of the franchisee, past experience, changes in customer demand, and the overall economic climate in the markets served. Management determined that no reserve was necessary as of December 31, 2022.

Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded in income when received in cash. Interest may be charged on past due receivables.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING PILICIES (Continued)

Advertising & Marketing costs

Advertising and marketing costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period which future benefits are expected to be received. There were no direct-response advertising costs incurred during the year. Total advertising and marketing costs for the year ended December 31, 2022 was none.

Income taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Accordingly, the Company does not pay federal taxes on its taxable income and is not allowed a net operating loss or carryback as a deduction against taxable income. Instead, the Company's stockholders report their proportionate shares of the Company's net operating income or loss on their respective individual income tax returns. The Company has also elected to be treated as a Subchapter S corporation for state income tax purposes. Due to the California/Federal conformity legislation, California has generally adopted the federal Subchapter S provisions with the exception that the Company pays a tax in the amount of 1.5% of the adjusted California income or $800, whichever is greater. Any tax-related interest or penalties are included in income tax expense.

State income taxes are provided for the tax effects of transactions reported in the financial statements. The provision for state income taxes will consist of taxes not currently due plus deferred income taxes, if material, related primarily to differences between the basis of certain assets and liabilities for financial and income tax reporting purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Management has determined that there was no material deferred tax amounts as of December 31, 2019; and, accordingly, there was no provision for state income taxes resulting from deferred amounts during the years then ended.

The Company makes an assessment of whether each income tax position is "more likely than not" of being sustained on audit, including resolution of related appeals or litigation, if any. For each income tax position that meets the "more likely than not" recognition threshold, the Company then assesses the largest amount of tax benefit that is greater than 50% likely of being realized upon effective settlement with the tax authority.

NOTE 2 – ACCOUNTS RECEIVABLE

The Company had no Accounts receivable as of December 31, 2022.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company shares the costs of certain expenses with an entity related through common ownership and control. The Company may also receive funds from or advance funds to this related party under short-term arrangements that do not require interest and are due on demand. As of December 31, 2022, there were no advances outstanding between the Company and this related party.

In addition, the Company's stockholders received cash distributions totaling $56,129 during the years ended December 31, 2022.

NOTE 4 – MARKETABLE SECURITIES

At December 31, 2022, the marketable securities portfolio held by Oppenheimer & Co Inc which was comprised of securities classified as available for sale. The amounts for marketable securities for year ended December 31, 2021 are as follows:

	Cost	Fair Market Value	Unrecognized Gain (Loss)
Equities	$ 90,313	$ 107,286	$ 16,973
Total	$ 90,313	$ 107,286	$ 16,973

As of December 31, 2022, the investment gained its value compared to the previous year. The unrealized gain was $116,973 as of the year ended December 31, 2022.

Z. DAVID DAVIDIAN, CPA

DAVIDIAN & ASSOCIATES
A PROFESSIONAL ACCOUNTANCY CORPORATION
Certified Public Accountants
(888) 452-5577
FAX (888) 202-7757
www.lacpa.com

200 NORTH MARYLAND AVENUE
SUITE 302
GLENDALE, CALIFORNIA 91206

CONSENT OF INDEPENDENT ACCOUNTANT

Davidian & Associates, consents to the use in the Franchise Disclosure Document issued by SALAD FARM FRANCHISE INC ("Franchisor") with an issuance date of April 14, 2023 as it may be amended, or our report dated April 14, 2023, relating to the financial statements of Franchisor as of December 31, 2022.

Davidian & Associates

Davidian & Associates
A Professional Accountancy Corporation
Glendale, California
April 14, 2023

EXHIBIT I

TO THE SALAD FARM FRANCHISE, INC.

FRANCHISE DISCLOSURE DOCUMENT

List of Current and Former Franchises

Salad Farm Franchise, Inc. Current Franchisee BY CITY AND STATE
as of 12/31/22:

Deleted: 21

1. DeSoto & Nordhoff, Inc.
   Pres. Constantin Vasile
   20790 W. Nordhoff St., unit 5
   Chatsworth, CA 91311
   Phone 818-626-9399

2. Salara Enterprises Inc.
   Pres: Ms. Salpy Terlsian
   2210 S. Figueroa St.
   Los Angeles, CA 90007
   Phone 213-748-3111

3. Alka Investment Corp.
   Pres. Ali Moradbakhati
   11047 Santa Monica Blvd.
   Los Angeles, CA 90025
   Phone 310-481-2080

4. Anasar Inc.
   Pres. Ali Rezvani
   55 River Oaks Place., Suite 50
   San Jose, CA 95134
   Phone 408-649-6143

Deleted: <#>Anjen Inc ¶
Pres Constantin Vasile¶
7848 Canby Ave , ¶
Reseda, CA 91335¶
Phone 818-347-1400¶
¶

Deleted: <#>Nazco, Inc ¶
15301 Ventura Blvd , Ste P17¶
Sherman Oaks, CA 91403¶
Phone 818-789-4700

Deleted: <#>Snst26, Inc ¶
Pres: Mr Shapour Nazarian¶
3600 Soto St ,¶
Vernon, CA 90058 ¶
Phone 323-277-9080

Salad Farm Franchise, Inc. Former Franchisees as 12/31/22:

Deleted: ¶

Deleted: 21

1. Anjen Inc.
   Pres. Constantin Vasile
   7848 Canby Ave.,
   Reseda, CA 91335
   Phone 818-347-1400

Formatted: Indent: Left: 0.5 , No bullets or

2. Sabrina Garcia
   301 W. Main St.
   Alhambra, CA 91801
   Phone 626-500-0010

3. Anna M. Huff
   373 W. Bonita Ave
   Claremont, CA 91711
   Phone 909-621-1770

4. Kb3 Investments LLC
   Pres: Ms. Bahar Ghasseminejad
   9774 San Circle
   Beverly Hills, CA 90210
   Phone 310-275-4315

5. Nazco, Inc.
   15301 Ventura Blvd., Ste. P17
   Sherman Oaks, CA 91403
   Phone 818-789-4700

Formatted: Font: (Default) Times New Roman, 12 pt

Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.25 + Indent at: 0.5

6. Nesh Corp.
   Pres. Shahram Vahdat
   163 S. Lake Ave.,
   Pasadena, CA 91101
   Phone 626-219-6405

Formatted: Font: 12 pt

Formatted: Font: (Default) Times New Roman, 12 pt

Formatted: Font: 12 pt

7. Snst26, Inc.
   Pres: Mr. Shapour Nazarian
   3600 Soto St.,
   Vernon, CA 90058
   Phone 323-277-9080

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.25 + Indent at: 0.5

8. Tim Kim and Soo Jin Lee
   3675 Wilshire Blvd. # C
   Los Angeles, CA 90010.
   Phone 818-421-3996

9. WC Salad Farm Corp.
   CEO Josh Chavol
   5780 Canoga Ave.,
   Woodland Hills CA, 91367
   Phone 818-347-1400

Deleted: ¶