FRANCHISE DISCLOSURE DOCUMENT

STAND-UP BURGERS FRANCO, LLC
A DELAWARE LIMITED LIABILITY COMPANY
5855 Green Valley Circle, Suite 208
Culver City, CA 90230
310-745-5228
www.standupburgers.com

STAND-UP BURGERS

We offer franchises for "Stand-Up Burgers" fast casual restaurants offering a high-quality uniquely crafted, 100% plant-based, vegan, healthy-style cuisine featuring sandwiches, salads, bowls, grilled items, entrees, side dishes, and desserts along hot and cold beverages in sophisticated restaurants and other approved products and services (each a "Restaurant"), or multiple Restaurants developed in a particular geographic area according to a development schedule.

You must sign an Area Development Agreement committing to develop a minimum of three (3) "Stand-Up Burgers" fast casual restaurants, each pursuant to a separate unit Franchise Agreement. The total investment necessary to begin operation of each Stand-Up Burgers Restaurant franchise ranges from $630,500 to $932,500, excluding land. This includes the initial franchise fee of $30,000 that must be paid to the franchisor or its affiliates; provided that on signing the Area Development Agreement, you will pay us a development fee equal to one-half of the initial franchise fee for each Franchise Agreement (i.e., $15,000), multiplied by the number of Restaurants you commit to open (and this amount will be credited against the initial franchise fee leaving a $15,000 balance due on signing).

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact John Billingsley at 5855 Green Valley Circle, Suite 208 Culver City, CA 90230, tel. no. (310) 745-5228 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 an attorney or an accountant.

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

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

Issuance date: June 8, 2022

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

ADDENDUM TO THE STAND-UP BURGERS FRANCO, LLC DISCLOSURE DOCUMENT AS REQUIRED BY THE STATE OF MICHIGAN

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

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

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

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

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

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

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

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

a. The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards;

b. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor;

c. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; or

d. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

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

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EXHIBITS:

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ITEM 1
The Franchisor and any Parents, Predecessors, and Affiliates

To simplify the language in this disclosure document, "**we**", "**us**" or "SUB" means Stand-Up Burgers FranCo, LLC, the franchisor. "**You**" means the individual, corporation, partnership, limited liability company, or other entity who buys the franchise. If the franchisee will operate through a corporation, partnership, limited liability company or other entity, "you" also includes the franchisee's owners or partners.

The Franchisor

We are a Delaware limited liability company formed on February 3, 2022. Our parent company is VG HoldCo, LLC, a Delaware limited liability company]. Our and our parent's principal business address is 5855 Green Valley Circle, Suite 208 Culver City, CA 90230. We conduct business under the name "Stand-Up Burgers." We began franchising in 2022. We franchise businesses that operate fast casual, restaurants offering a high-quality uniquely crafted, 100% vegan, cheeseburgers, hamburgers, grilled sandwiches, salads, side dishes, milkshakes, and desserts along with cold beverages and other approved products and services under the Marks (each a "**Stand-Up Burgers Restaurant**" or "**Restaurant**"). Our "**Marks**" consist of the "Stand-Up Burgers" name and mark and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs that we have designated, or may in the future designate. As of the date of this disclosure document, other than offering, selling and supporting Stand-Up Burgers Restaurants, we do not engage in any other business activities, including operating the type of business being franchised. Except as described above, we have not previously engaged in any other line of business or offered franchises in any other line of business.

We have no predecessors. Our affiliate, Veggie Grill, Inc. ("**VGI**"), operates 3 Stand-Up Burgers Restaurants and has done so since 2021. VGI also operates 30 "Veggie Grill" restaurants and has entered into one (1) License Agreement in 2019, allowing the licensee to operate one or more "Veggie Grill" restaurants on college or university campuses. Stand-Up Burgers, Inc. and VG Holdco Inc.'s share our principal business address at 5855 Green Valley Circle, Suite 208 Culver City, CA 90230. Except as described above, our affiliates have not offered, and do not offer, franchises in any line of business.

Our agents for service of process and their addresses are attached as Exhibit G**.**

The Franchise

We offer the following franchise by this disclosure document:

(a) Area Development Agreement. Under this agreement, we assign you a defined geographical area (the "**Development Area**") within which you must develop and operate a specified number (but no fewer than three (3)) Stand-Up Burgers Restaurants, by specified deadlines. The Development Area may be one city, one or more counties, or some other defined area, and may be non-exclusive or may be granted certain territorial protection. You will sign an Area Development Agreement (Exhibit B), which will describe your Development Area, your development schedule and obligations, and your territorial protection, if applicable. You will pay a Development Fee equal to $15,000 multiplied by the number of Restaurants you commit to open (i.e., one-half of the initial franchise fee for each Restaurant).

(b) Franchise Agreement. For each Restaurant you open pursuant to the Area Development Agreement, you will sign a separate Franchise Agreement promptly after our acceptance of the location for the Restaurant, on our then-current form of agreement, which may contain materially different terms from the form attached to this Franchise Disclosure Document (Exhibit A). You will also pay a $30,000 initial franchise fee (minus the $15,000 you paid as part of your Development Fee). Each Franchise Agreement licenses you to operate one Stand-Up Burgers Restaurant selling Authorized Products (defined below) under the Marks and in accordance with our System (defined below).

Our **"Authorized Products"** consist of the proteins, vegetables, sides, dressings, sauces, and beverages and other food items (including ingredients) and other products, which may include specialty foods, packaged, prepped or ready-to-eat foods, pre-packaged and/or branded dressings and similar items, digital media, electronic media, and other media, apparel, retail and novelty items, and gift or loyalty cards, as we specify, all purchased, prepared, sold and/or manufactured in strict accordance with our recipes and

Brand Standards, including specifications as to ingredients, brand names, preparation and presentation. Our **"System"** includes, among other things, specified and distinctive food recipes and ingredients, proprietary dressings, preparation techniques, product specifications, business formats, trade dress confidential information, training programs, methods, marketing materials and techniques, copyrights, menus, uniforms, signs, designs, layouts, and Brand Standards (defined below) for establishing and operating Stand-Up Burgers Restaurants. We may change, improve and further develop the System. Our **"Brand Standards"** are the then-current specifications, standards, policies, procedures, methods of operation, and rules we prescribe for the development, ownership and operation of Stand-Up Burgers Restaurants and the offer and sale of products and services from a Stand-Up Burgers Restaurant, as modified by us in writing and which may be designated by us as mandatory or suggested.

The primary market for the products offered by the Stand-Up Burgers Restaurants is the general public. The goods and services offered by Stand-Up Burgers Restaurants are not seasonal. The increasing awareness about the benefits of a plant-based diet has resulted in the steady growth of the global plant-based food market. The overall market for plant-based food options has been growing at a steady pace and is expected to continue. There are several factors that are driving the awareness and acceptance of a plant-based diet including plant-based foods are as tasty as meat-based foods, there is a growing ethical concern pertaining to animal slaughter and the growing health consciousness among consumers. With rise in incidence of diabetes, obesity, hypertension, and cardiovascular diseases, people are particular about eating healthy.

The restaurant market is highly competitive, and includes restaurants, grocery stores, convenience stores, mobile food trucks, and kiosks and other retail businesses selling various types of food, both vegan and non-vegan. You will compete with numerous other independent and chain-affiliated restaurants, some of which may be franchised, some of which may offer plant-based menu items. Many restaurant franchise systems have already established national and international brand recognition. The plant-based food category is no longer limited to vegan / vegetarian consumers; however, the market remains in its infancy

As with all retail and food service businesses, your choice of location is critical to your success, no matter how good the concept. The typical Stand-Up Burgers Restaurant is approximately 1,500 to 2,200 square feet in size and has seating for 35 to 49 patrons. Stand-Up Burgers Restaurants will most likely be located in densely populated areas, business districts, suburban areas, and lifestyle centers. Stand-Up Burgers Restaurants cater to dine-in, take-out and delivery customers. Stand-Up Burgers Restaurants will be open year-round seven days per week, closing selected holidays. We do not believe that Stand-Up Burgers Restaurants are by their nature seasonal businesses, though your location may result in seasonality of sales.

A wide variety of Federal, state, and local laws, rules, and regulations have been enacted that may impact the operation of your Stand-Up Burgers Restaurant, and may include those that (a) establish general standards, permitting restrictions and requirements and other specifications and requirements for the construction, design, maintenance and operation of a restaurant; (b) set standards pertaining to employee health and safety; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants; employee practices concerning the storage, handling, cooking, and preparation of food; restrictions on smoking restrictions on smoking and exposure to tobacco smoke or other carcinogens or reproductive toxicants and saccharin; availability of and requirements for public accommodations, including restrooms; (d) requirements for fire safety and general emergency preparedness; (e) regulate the proper use, storage and disposal of waste, insecticides, and other hazardous materials, (f) establish general requirements or restrictions on advertising containing false or misleading claims, or health and nutrient claims on menus or otherwise, such as "low calorie" or "fat free," (g) establish requirements for the disclosure of caloric and other nutritional information for food items you will offer and sell; (h) regulate the size of available menu items and/or ingredients (e.g. salt); (i) regulate the type and size of food and beverage containers and utensils; and (j) establish requirements concerning withholdings and employee reporting of taxes on tips. In addition, the Federal government, State governments and local jurisdictions have enacted and may continue toor in the future enact various regulations, orders and recommendations addressing the global COVID-19 pandemic, including "shelter in place," "safer at home" and "social distancing" orders, that may apply to the operation of your Stand-Up Burgers Restaurant. These regulations and orders may, for example, require the temporary closure of what they define as "non-essential" businesses, temporarily restrict the products and services that may be offered from your Stand-Up Burgers Restaurant, limit seating and/or occupancy, and/or limit hours and scope of operations. You should investigate whether there are regulations, orders or other requirements or recommendations that may apply in the geographic area in which you are interested in locating your Stand-Up Burgers Restaurant and should consider both their impact and cost of compliance. You also must comply with all business licensing and other regulations applicable to your Stand-Up Burgers Restaurant. It is your responsibility, on a continuous basis, to investigate and comply with all local, county, state and federal laws as they vary from locale to locale, and they change periodically.

ITEM 2
Franchisor Business Experience

Kevin Boylan – Director and Co-Founder

Mr. Boylan founded the Veggie Grill brand in 2006 and has served as a director since 2006. Since 1990, Mr. Boylan has owned and continues to own Standard Capital Group, an investment banking firm in Los Angeles, California.

T.K. Pillan – Director and Co-Founder

Mr. Pillan founded the Stand-Up Burgers brand in 2006 and has served as a director since 2006. Mr. Pillan is currently serving as the Executive Chairman of the Company. In 2015, Mr. Pillan co-founded and continues to manage Powerplant Ventures, a venture capital fund in Los Angeles, California.

Rahul Aggarwal - Director

Mr. Aggarwal has served and continues to serve as a director of the Veggie Grill brand since August 2012. Mr. Aggarwal is a General Partner with Brentwood Associates in Los Angeles, California since December 2014 and has been with Brentwood Associates since July 1999. Mr. Aggarwal also serves as a Director of Lazy Dog Restaurants in Huntington Beach, California since July 2013, a Director of Pacific Catch in San Francisco, California since April 2016, a Director of Upward Projects since November 2017, a Director of Blaze Pizza since July 2017, a Director of Afterburn Holdings since January 2019, a Director of Chicken Salad Chick since November 2019, a Director of Snooze since December 2020 and a Director of Watermill Express since April 2021.

Jay Gentile - Chief Executive Officer & Co-President

Mr. Gentile has served as our Chief Executive Officer since joining the company in November 2019. From November 2012 until October 2019 Mr. Gentile was the Director USA, Head of Country, Caffè Nero Americas Inc in Boston MA. Mr. Gentile served as the Chief Operating Officer from November 2019 through December 2021.

Huntley Castner – Chief Financial Officer & Co-President

Mr. Castner has served as our Co-President and Chief Financial Officer since joining the company in January 2020. Prior to his tenure at the Company, Mr. Castner was the Chief Financial Officer at Farmer Boys Franchising from October 2017 through January 2020. Prior to Farmer Boys, Mr. Castner served as Chief Financial Officer at Lemonade Restaurant Group from October 2014 to April 2017. Prior to Lemonade, Mr. Castner served as the Chief Executive Officer of Yogurtland Franchising from May 2011 to September 2014. Prior to Yogurtland, Mr. Castner served as Vice President Strategy & Finance of Panda Restaurant Group from December 2005 to December 2011.

Brandon LaChance – Chief Marketing Officer

Mr. LaChance joined as our Chief Marketing Officer in January 2022. Prior to his tenure at the Company, Mr. LaChance was Vice President, Digital Marketing & Communications at The Habit Burger from May 2019 through December 2021. Prior to Habit Burgers, Mr. LaChance served as Senior Vice President of Digital at Edleman from August 2017 through January 2019. Prior to Edleman, Mr. LaChance served as Director of Advertising and Digital Marketing at CKE (Carl's Jr / Hardee's) Restaurants from April 2012 to

July 2017. Prior to CKE, Mr. LaChance served as National Manager of Advertising for Burger King Corporation from December 2010 to April 2012.

John P. Billingsley - Chief Growth Officer

Mr. Billingsley has served as our Chief Growth Officer since joining the company in August 2019. From September 2018 until August 2019 Mr. Billingsley was the Chief Development Officer for Paris Baguette in Moonachie NJ. From October 2017 until April 2018, Mr. Billingsley was Chief Development Officer at Le Pain Quotidien in New York, NY. From January 2013 until September 2017, Mr. Billingsley served as Executive Vice President at Papa Gino's Holding Corporation in Dedham, MA.

Steve Brown – Vice President Human Resources

Steve Brown, PHR, SHRM-CP, has served as our Human Resources Leader since joining the company in November 2016. Mr. Brown began his career with us as Director of Human Resources and was promoted to Vice-President, Human Resources in 2019. From February 2014 until November 2016, Mr. Brown was Director of Human Resources for Landmark Restaurant Group, an IHOP franchisee, located in Los Angeles, California.

Curtis Nicholson – Director of Operations, Stand-Up Burgers

Mr. Nicholson has served as the Director of Operations of Stand-Up Burgers since June of 2021. Previously Mr. Nicholson was a Regional Manager with a Five Guys Burgers and Fries franchisee from 2015 – 2018. Then joined Veggie Grill as a Regional Operator overseeing the Pacific Northwest and Chicago markets.

Jonathan Cowan – Senior Director of Supply Chain

Jonathan Cowan has served as Director of Supply Chain since joining Veggie Grill in 2020. Previously, Mr. Cowan worked with the Decurion Corporation as Director of Supply Chain for Arclight Cinemas and Pacific Theaters. Prior to relocating to Los Angeles, Mr. Cowan served as Global Supply Chain Manager for Norwegian Cruise Line in Miami from 2015 to 2018. As part of that role, Mr. Cowan spent two years based remotely in Asia, supporting the cruise line's expansion into the region. From 2013 through 2015, Mr. Cowan was the Purchasing Manager for Southeast Food Distribution. Prior to that, Mr. Cowan served as Director of Purchasing for the Farm Stores Corporation and Gardner's Markets in South Florida from 2009 to 2013. Mr. Cowan has a degree in economics from the University of Florida.

ITEM 3
Litigation

There is no litigation that is required to be disclosed in this Item.

ITEM 4
Bankruptcy

There is no bankruptcy that is required to be disclosed in this Item.

ITEM 5
Initial Fees

Area Development Agreement

When you sign our Area Development Agreement, you must pay us an initial development fee equal to $15,000 (one-half of the current initial franchise fee) multiplied by the number of Restaurants that you must open during the initial term of the Area Development Agreement (a minimum of three (3) Restaurants).

Franchise Agreement.

When we accept the site for each Restaurant, you will sign a separate Franchise Agreement and pay us an initial franchise fee of $30,000 (provided that we will credit the one-half you paid under the Area Development Agreement, leaving a balance due of $15,000). If you signed a form of Area Development Agreement which differs from our current form, your initial franchise fees will be determined in accordance with your Area Development Agreement. The development fee is fully-earned by us when paid, is uniform for franchises currently being offered in this state and is not refundable under any circumstances.

ITEM 6
OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Continuing Royalty	5% of Gross Sales	First business day after each Accounting Period	"**Gross Sales**" is the total of all revenues received or receivable by you as payment, regardless of form or exchange, whether or not payment is received therefore, on account of any and all goods, services, merchandise, or products sold or provided in or from your business, or which are promoted or sold under any of our marks. "Gross Sales" excludes: (i) sums representing sales taxes collected and actually transmitted to the appropriate governmental authority; (ii) tips or gratuities paid to employees; and (iii) proceeds from isolated sales of furniture, fixtures or equipment not constituting any part of the products offered for resale at your business nor having any material effect upon the ongoing operation of your business. "**Accounting Period**" the period(s) we designate as "Accounting Period(s)". Currently, each Accounting Period is one calendar month.
Brand Fee	Up to 2% of Gross Sales as determined by us. As of the date of this disclosure document, the advertising fund has not been established.	Payable with the Continuing Royalty	When established by us, we may change the amount of the Brand Fee upon notice (not to exceed 4%) and until we establish the Brand Fund, you must spend an amount equal to 2% of Gross Sales on local advertising, and then 1% of Gross Sales after the Brand Fund is established.
Social Media / Technology Fee	$250	Payable with Continuing Royalty	The social media/technology fee is to offset our expenses incurred in implementing and supporting franchisee technology and management of the social media efforts for the System. We may adjust the amount of the Technology Fee on 30 days' notice; however the Technology Fee will not be increased by more than 50% in any 12 month period.

Type of Fee[1]	Amount	Due Date	Remarks
Site Review Request Fee	$1,500 / Site Review Request	Upon demand	Payable only if we reasonably determine that you have submitted a number of Site Review Requests that exceed the typical necessary for you to find a site acceptable to us.
Initial Training Program Fee	Our then-current daily training fee, currently $2,500 per person over the initial 4 persons	Upon demand	Payable only if (i) you send more than 4 persons to our Initial Training Program; (ii) the franchise agreement is the second or subsequent agreement between us; (iii) the franchise agreement is a successor franchise agreement; (iv) you must re-attend the Initial Training Program.
On-Site Training Fee	Our then-current daily training fee, currently $250 per person/trainer per day	Upon demand	Payable if (i) you request, or we require you to have more than 10 days of On-Site Training; (ii) the franchise agreement is the second or subsequent agreement between us; or (iii) the franchise agreement is a successor franchise agreement.
Additional or Remedial Training Fee	Our then-current daily training fee, currently $250 per person/trainer per day	Upon demand	
Travel Expenses for On-Site and Additional / Remedial Training	Our costs	In advance or upon demand, at our option	You must pay all our Travel Expenses in connection with On-Site Training
Intranet Service Fee	Our then-current Intranet service fee, presently there is no charge for this	No later than 30 days after notice	At our request, you must contribute a reasonable amount toward the cost of the Intranet's maintenance for the preceding year. We may adjust the amount you pay based upon the services provided by or through the Intranet.
Insurance	Cost of insurance plus our costs in obtaining the insurance for you.	Upon demand	If you do not obtain and maintain the requisite insurance coverage, we may, at our option, purchase such insurance for you must pay us the premiums and our costs in obtaining such insurance.
Co-op Minimum	The amount designated by the co-op, not to exceed 2% and not less than any minimum specified by us	As required by the co-op	As of the date of this disclosure document, we have not formed any Co-Ops. All fees imposed by Co-Ops will be paid to the applicable Co-Op.
Annual Conference	A reasonable fee not to exceed $1,000, plus all Travel Expenses for your personnel that attend the Annual Conference. Conference.	At the time of travel.	We may periodically schedule an annual conference or convention or other-system wide or regional meetings of franchisees and/or Restaurant operators. If we schedule such conference or meeting, you and your designated personnel must attend unless you provide us with good reason not to attend. We will not require attendance more than once per calendar year.

Type of Fee[1]	Amount	Due Date	Remarks
Transfer / Assignment	$10,000 plus then-current training fees and reimbursement of travel expense	Prior to transfer / assignment	
Proprietary Systems	Our then-current charges	Upon demand	Only payable if we implement proprietary information systems (such as a point-of-sale system). As of the date of this disclosure document, there are no systems which you must license from us.
Review of Entity Information	Varies	Upon demand	Payable only if you are an entity and your ownership changes
Audit	Amount understated or underpaid plus interest[2] on the underpayment at the highest rate allowable by law (not to exceed 18%, subject to state law).	Upon demand	If any audit discloses that you have underpaid or understated Gross Sales in any report or statement by more than 3% of Gross Sales, then you must immediately pay the full amount owed with interest and pay the cost of conducting the audit including, without limitation travel, lodging, meals, wages, expenses and reasonable accounting and legal fees incurred by us**.
Late Fee	1% per month of the amount due	Upon demand	Due only if you are late in paying any amounts owed to us.
Interest on Late Payments	Interest of 18% per annum, or the highest interest rate allowable by state law, on any unpaid amounts.	Upon demand	Due only if you are late in paying any amounts owed to us.
Charges for unpaid checks, drafts or electronic payments	Our costs and expenses arising from the non-payment, including bank fees in the amount of at least $50.00 and other related fees incurred by us	Upon demand	Payable only if any check, draft, electronic or other payment is unpaid because of insufficient funds or otherwise
Successor Agreement Fee	50% of our then-current initial franchise fee, but not less than $12,500	Upon signing a successor franchise agreement.	
Testing and Evaluation Costs	Our actual and reasonably anticipated costs	Upon demand	
Amounts Paid or Advanced by Us on Franchisee's Behalf or taxes	Varies	Upon demand	Only if we pay or become liable for sums you must pay or if taxes (other than income taxes) are imposed on us based on your Gross Sales or amounts you pay us

Type of Fee[1]	Amount	Due Date	Remarks
(other than our income taxes)			
Interim Management Fee	10% of Gross Sales plus expenses	Upon demand	Payable only if we assume management of your business
Indemnification	Varies	Upon demand	
Real Estate Site / Construction Supervision Fee	$10,000 / site plus and reimbursement of travel expense	Upon demand	We charge a construction supervision fee as compensation for our time and expenses incurred in connection with our supervision of your construction of the Restaurant. The fee covers 3 site visits (pre-construction, mid-point of construction, turnover).

(1) All fees are imposed by and are payable to us, except as indicated. All fees are non-refundable in this Item. Franchises sold in other states may require the franchisees to pay fees on a basis other than as described in this Item, otherwise, the fees are uniform for franchises currently being offered in this state.

(2) Interest begins from the date of the underpayment.

ITEM 7
YOUR ESTIMATED INITIAL INVESTMENT

Area Development Agreement

In addition to your costs for opening individual Restaurants under each Franchise Agreement (see charts below and Items 5 and 6 above), you will incur the following initial expenditures in connection with your Area Development Agreement:

1. You may incur fees for lawyers, accountants and other professional who assist you in connection with your purchase, which we estimate will be between $5,000 and $10,000, but the actual amounts will be determined by you and your professionals, which we cannot predict.

2. When you sign your Area Development Agreement, you must pay us an initial development fee equal to $15,000 (one-half of our current initial franchise fee) multiplied by the number of Restaurants you must open during the initial term of the Area Development Agreement.

Franchise Agreement

The following chart describes the estimated initial investment for each individual Stand-Up Burgers Restaurant.

Category of investment	Amount		Method of Payment	When Due	To Whom Paid
	Low	High			
Initial Franchise Fee[1]	$15,000	$30,000	Lump Sum	On or before the signing the Franchise Agreement	Us
Architectural and Contractor Consulting Fees[2]	$35,000	$50,000	As incurred or per construction contract	Before opening	3rd Party
Real Estate or Advance Rent and Security Deposit and other Prepaid Expenses and Costs[2]	$7,500	$37,500	As incurred	Before opening or as dictated by your lease.	Landlord or Property Owner

Category of investment	Amount		Method of Payment	When Due	To Whom Paid
	Low	High			
Building Costs/Leasehold Improvements[3]	$250,000	$350,000	As incurred	Before opening	3rd Party
Equipment and Fixtures[4]	$195,000	$250,000	As incurred	As incurred	3rd Party
Signs	$45,000	$55,000	As incurred	Before opening	3rd Party
Small Wares	$10,000	$18,000	As incurred	Before opening	Product Supplier
POS and Information Systems and Software[5]	$6,500	$8,000	As incurred	When delivered	3rd Party
Opening Inventory	$2,500	$5,000	As incurred	As incurred - must purchase before opening	Product Supplier
Grand Opening Promotion	$5,000	$10,000	As incurred	As incurred	Us or 3rd Party
Miscellaneous Opening Expenses	$10,000	$15,000	As incurred	As incurred	Us or 3rd Party
Attorneys' Fees and Business Consultants	$10,000	$20,000	As incurred	As incurred	Vendors and Approved Suppliers
Travel and Living Expenses While Training[6]	$8,000	$14,000	As incurred	As incurred	As Required by 3rd Party
Insurance[7]	$1,000	$5,000	As incurred	As incurred	Lessor
Licenses, Permits, Fees and Deposits[8]	$5,000	$15,000	As incurred/	Before opening	Muni. utility
Additional Funds for First 3 Months of Operation[9]	$25,000	$50,000	As incurred	As incurred	3rd Party
Total	**$**630,500	**$**932,500	**(Exclusive of land costs)**		

Note: Actual costs will vary for each franchisee and each business depending on a number of factors. Payments to us are not refundable. Whether any costs paid to third parties are refundable will vary based on the practice in the area where your Stand-Up Burgers Restaurant is located. If you are signing your Franchise Agreement in connection with the transfer or renewal of an existing franchise, many items of this table are not applicable to you because your Stand-Up Burgers Restaurant is currently open and operating, but under our franchise agreement we may obligate you to remodel, renovate, modernize, or refurbish it to our then-current standards.

1. The figure in the high column represents an initial franchise fee of $30,000 for each restaurant, and the figure in the low column represents an initial franchise toward which you have been credited $15,000 of your Development Fee. Under the Area Development Agreement, you must commit to open at least three (3) restaurants, and we will credit $15,000 of your initial area development fee towards the initial franchise fee for each restaurant you have committed to open and paid a Development Fee. We do not finance any part of the initial investment, but we may agree that you may pay the purchase price for any existing location we or our affiliates sell to you in installments.

2. These estimates assume that your location will be a leased, unimproved, unfinished "vanilla shell" with code compliant exhaust systems in place. These figures may vary considerably depending on such factors as material and labor costs in your area. These estimates do not include tenant improvement allowances offered by your landlord, if any. The estimates provided are for space

that is 1,500 to 2,200 square feet, using conventional on-site construction methods. This estimate assumes that you will not purchase real estate or construct the building or premises. Nor does this estimate assume that you will engage in any demolition or site work. If you purchase real estate and must construct the building, your initial investment will be greater, the exact amount depending upon the size and location of the premises. Landlords typically require that a lessee pay the first month's rent, the last month's rent and a security deposit equal to one to three (1-3) months of rent upon execution of the lease, which we estimate could total between $7,500 and $37,500). Real estate costs vary considerably in accordance with to real estate values in your area, your real estate interest (leasehold or ownership), location, size of the site, code requirements and other factors, including labor.

3. You must retain licensed and bonded architects, engineers and general contractors that are approved by us, to prepare your architectural plans, engineering drawings and construction drawings.

4. These figures are based on you purchasing substantially all of your equipment and fixtures.

See Item 11 regarding the computer system hardware and Information Systems you must purchase. The figures include your purchase of one (1) laptop or desktop computer for general business purposes, computer hardware components, software, and peripherals (such as printer and scanner) that we specify, a telephone system, an in-store music system, two (2) Point-of-Sale (POS) computer systems and the cost of maintenance / subscription (estimated to be between $3,500-4,000/location/year) agreements for the hardware and software. The figures do not include any technical support costs associated with operating the hardware or software. You must buy for use at least two (2) Point-of-Sale (POS) computer systems approved by us and which meet our then-current specifications and standards for each Restaurant. The main functions of the POS System are to act as a cash register and collect and manage information in connection with the various sales transactions at your Restaurant, including detailed sales data, inventory, prices, coupons, taxes and other sales information.

5. We do not charge for tuition or materials for the initial training for your first Operating Principal, General Manager and up to two (2) crew lead personnel who train together, but you are responsible for all other costs associated with attending training. Your Operating Principal and General Manager attend a 6-week operations training program, and your crew lead personnel a 4-week training program at our headquarters in Culver City, California, or an affiliate-owned restaurant in Los Angeles, California, and/or at another location of our choosing. Your costs will vary, depending upon your point of origin, method of travel, class of accommodation, and living expenses (food, transportation, etc.). These figures include estimated payroll expenses for training for four trainees for a combined total of 20 weeks of training. The lower estimate in this range assumes you are local with no travel or lodging expenses, while the higher estimate assumes higher priced flights, rental car, and accommodations for four (4) trainees.

6. You must obtain and maintain at least the minimum amount of insurance we specify. An insurance deposit may be required by the issuing company in order to obtain the minimum types and amounts of insurance. You will need to check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the geographic area in which your Stand-Up Burgers Restaurant will be located, your experience with the insurance carrier, the loss experience of the carrier, and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may wish to carry above our stated minimums. You are responsible for obtaining and maintaining all permits and licenses necessary to operate your Stand-Up Burgers Restaurant. This estimate is based on our estimate of requirements in the Los Angeles, California area. You will need to check with your advisors and state and local government authorities regarding these requirements in your market area.

7. You must comply with federal, state and local license, certificate and permit requirements for the operation of your Restaurant. The requirements of cities and states vary. You should determine what laws apply to you before acquiring a franchise. You must obtain and pay for these licenses and/or permits before opening your Restaurant.

Our estimate does not include the costs associated with securing a beer & wine license. Your Restaurant may be able to offer beer & wine for sale. Since the availability and expenses of acquiring a beer & wine license very substantially from jurisdiction to jurisdiction, you should consult the appropriate governmental authority concerning the availability of the license and the associated expenses for your Restaurant before you sign a Franchise Agreement. Fees for beer & wine license applications/permits vary from location to location. We strongly recommend that you verify the cost and availability of a beer & wine license in your jurisdiction before signing the Franchise Agreement.

8. In addition to the other estimated initial investments described above, which you will incur before opening, the disclosure laws require us to include an estimate of the "additional funds" you will need to operate your franchise during the "initial phase" of your business, which is defined as 3 months or a longer period if "reasonable for the industry." We are not aware of any established longer "reasonable period," so this disclosure covers a 3 month period. The estimate of additional funds for the initial phase of your business assumes no income to offset your operating expenses. The estimates include, as applicable, items such as inventory, professional and accounting fees, additional advertising and marketing, computer maintenance, repairs and service, bank charges (including interest), miscellaneous supplies and equipment, wages and related payroll taxes, health benefits and workers' compensation for a minimum staff, state tax and license fees, deposits and prepaid expenses (if applicable) and other miscellaneous items. The estimate of additional funds does not include an owner's salary or draw. The additional funds required will vary by your area; how much you follow our methods and procedures; your management skills, experience and business acumen; local economic conditions; and the prevailing wage rate. We cannot guarantee that you will not have additional expenses in starting a Stand-Up Burgers Restaurant. Additional operating expenses will be incurred in connection with the ongoing operation of your Stand-Up Burgers Restaurant.

General

In compiling these estimates, we rely on our affiliates' experience in the construction and development of affiliate-owned Stand-Up Burgers Restaurants in Berkeley, California and Chicago, Illinois. These amounts are the minimum recommended levels to cover your operating expenses for 3 months. However, we cannot guarantee that such an amount will be sufficient. Additional working capital may be required if sales are low or fixed costs are high. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8
Restrictions on Sources of Products and Services

Real Estate

You are solely responsible for locating a site for your Stand-Up Burgers Restaurant, subject to our acceptance. Unless we notify you in writing that the proposed site is acceptable within 30 days after you have submitted a site review request package for a proposed site (or 5 days after receipt of additional information which we request), the site will be deemed rejected. You may not relocate your Stand-Up Burgers Restaurant without our prior written consent.

If you do not already have a location for your Stand-Up Burgers Restaurant when you sign your Franchise Agreement, you must promptly purchase or lease a site for your Stand-Up Burgers Restaurant. You must submit a copy of the proposed lease or purchase agreement for the accepted location within 30 days following our acceptance of the location. Our acceptance of your lease is based solely on our own interests and does not represent any guarantee or endorsement by us of the Location or confirmation that the lease complies with applicable law or that the terms of the lease are favorable to you. If we accept the proposed lease, we will notify you of our acceptance of the lease. Your lease must not (a) obligate us in any manner, (b) contain any provision inconsistent with your Franchise Agreement, or (c) contain a non-competition covenant which restricts us or any of our affiliates. In addition, your lease must provide for a term at least as long as the term of your Franchise Agreement and must include the lease addendum attached to the Franchise Agreement as Exhibit C, except for any exceptions we may make in our discretion.

If you purchase the location for your Stand-Up Burgers Restaurant, you must submit the purchase contract to us for acceptance at least 10 days before you sign it and provide a fully signed copy within 10 days following signing.

Your Stand-Up Burgers Restaurant must be constructed, equipped, and improved in compliance with our current design criteria. You must only employ licensed and bonded architects, engineers, and general contractors that are approved by us. All drawings and plans must be submitted to us for our prior review and acceptance before you commence construction. All drawings and plans must be submitted with a construction and build-out calendar reflecting that the construction and development of your Stand-Up Burgers Restaurant will be completed within the required time periods. If we do not deliver written notice of our acceptance or rejection of such plans or drawings within 15 business days, the plans or drawings shall be deemed rejected.

You must not open your Stand-Up Burgers Restaurant to the public until: (a) you and we have fully executed a franchise agreement and you have properly developed and equipped your Stand-Up Burgers Restaurant in accordance with the Franchise Agreement, our Brand Standards and applicable law; (b) all pre-opening training for your personnel has been completed; (c) you have obtained all permits necessary to operate your Stand-Up Burgers Restaurant; (d) you have obtained written authorization from us to open and commence operation of your Stand-Up Burgers Restaurant; (e) you have paid the Initial Franchise Fee; and (f) you have otherwise satisfied the conditions set forth in your Franchise Agreement. You must deliver a notice stating the Opening Date of your Stand-Up Burgers Restaurant, which we will countersign, but if you and we fail to sign such letter, we will determine the Opening Date in good faith. The Brand Standards will be communicated to you through the manual(s), bulletins, electronic communications and/or other directives.

Subject to force majeure, you must commence operation of your Stand-Up Burgers Restaurant as soon as possible, but in any event within 12 months after the effective date of your Franchise Agreement.

<u>Merchandise, Materials, Supplies and Services</u>

You must advertise, sell and serve all and only the products we authorize. You must operate your Stand-Up Burgers Restaurant in compliance with the Brand Standards, and the procedures, policies, rules and regulations contained in the Manual(s), bulletins, electronic communications and/or other directives. You must purchase, and maintain in inventory as needed to meet reasonably anticipated consumer demand, the proteins, vegetables, dressings, sauces, sides, salads, and beverages and other food items (including ingredients) and other products, which may include specialty foods, packaged, or ready-to-eat foods, pre-packaged and/or branded dressings and similar items, digital media, electronic media, and other media, apparel, retail items, and gift or loyalty cards, as specified by us, all of which are purchased, prepared, sold and/or manufactured in strict accordance with our recipes, Brand Standards and specifications, including specifications as to ingredients, brand names, preparation and presentation ("**Authorized Products**").

You may not offer, sell or otherwise distribute from your Stand-Up Burgers Restaurant any products or services that we have not specified or approved to be offered or sold from your Stand-Up Burgers Restaurant. All products and services must be offered, sold and distributed in accordance with the Brand Standards.

We may periodically designate and approve Brand Standards and/or suppliers of furniture, fixtures, and equipment ("**FFE**") and other products and services that we periodically authorize for use at or sale from your Stand-Up Burgers Restaurant, including services, ingredients, merchandize, equipment, uniforms, supplies, forms, Information Systems and other products, goods, and services. You must purchase or lease all FFE and other products and services for your Stand-Up Burgers Restaurant only according to the Brand Standards. As we designate or specify, you must purchase all Authorized Products and FFE from: (i) us (if we sell or provide the same); (ii) suppliers designated by us, which may include our affiliates; (iii) suppliers approved by us; or (iv) suppliers selected by you with our prior written approval. We and our affiliates may be the sole designated supplier of certain goods and services. You will establish the prices charged for goods and services sold by your Stand-Up Burgers Restaurant and will provide information regarding the prices to us as requested.

If you wish to purchase or use any products or services for your Stand-Up Burgers Restaurant that we have not yet evaluated or purchase any product or service from a person or entity (a "**Proposed Supplier**") that we have not yet approved (for products and services that we obligate you to purchase only from designated or approved suppliers), you must submit sufficient information, specifications and samples for us to determine whether the product or service complies with the Brand Standards and specifications and the proposed supplier meets our criteria. For each Proposed Supplier, you must first deliver written notice seeking approval, which notice shall: (a) identify the name and address of the Proposed Supplier, (b) contain such information as may be requested by us or required in the Manual(s), bulletins, electronic communications and/or other directives (which may include financial, operational and economic information regarding its business and product), and (c) identify the products and/or services desired to be purchased or obtained through the Proposed Supplier. Upon request, we will furnish to you the general, but not manufacturing specifications for non-proprietary items and services if specifications are not contained in the Manual(s), bulletins, electronic communications and/or other directives. We will not be obligated to reveal our trade secrets and/or Brand Standards of any proprietary items to you or any third party. We may request that the Proposed Supplier furnish us, at no cost to us, product samples, specifications, and such other information as we may require. As a further condition of its approval, we may require a Proposed Supplier to agree in writing: (i) to faithfully comply with our specifications and requirements relating to product quality, prices, consistency, warranty, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), and/or other criteria, (ii) to offer and sell goods or services bearing or using the Marks only to licensees and franchisees of ours and only pursuant to a trademark license agreement in form prescribed by us, (iii) to provide to us duplicate purchase invoices for our records and inspection purposes and (iv) to otherwise comply with our reasonable requests. Each Proposed Supplier must agree to comply with our usual and customary requirements, including those relating to insurance, indemnification and non-disclosure, and shall demonstrate to our reasonable satisfaction: (a) its ability to provide goods or services, applicable, meeting the Brand Standards; (b) its reliability with respect to delivery and the consistent quality of its products or services; and (c) its ability to meet such other requirements as determined by us to be in the best interest of the franchise system. We have the right to inspect the Proposed Supplier's facilities and to require the Proposed Supplier to deliver product samples or items, at our option, either directly to us or to any third party it designates for testing. We reserve the right periodically to inspect and re-inspect the facilities and products of any Suppliers with whom you may deal, designate sources that you must use, and/or refuse any of your requests for any reason, including that we have already designated an exclusive source (which might be us or an affiliate) for a particular item or service or if we believe that doing so is in the best interests of our franchise network. We may disapprove a proposed supplier for any reason, including if, in our opinion the approval of the proposed supplier would disrupt or adversely impact our national or regional distribution arrangements. We may revoke our approval of a supplier at any time.

We will use our good faith efforts to notify you of our decision within 20 business days after we receive your request for approval and all requested back-up information.

You or your Proposed Supplier must pay us in advance (or if we request, reimburse us) our reasonably anticipated costs to review the Proposed Supplier's application and all current and future reasonable costs and expenses, to inspect and audit the Proposed Suppliers' facilities, equipment, and all product testing costs paid by us to third parties.

We and our affiliates may collect or receive rebates, allowances, credits or other consideration in the form of cash or services or otherwise from Suppliers based on purchases or sales by franchisees. We and our affiliates may derive revenue from third party suppliers based upon your purchases. We and our affiliates reserve the right to derive revenue and other material consideration, from promotional allowances, volume discounts and other payments by suppliers that we designate, approve or recommend for some or all Stand-Up Burgers franchises. We and our affiliates may retain, or use as we deem appropriate, any or all such cash or non-cash rebates, allowances, credits or other consideration. Although we and our affiliates have no obligation to do so, we and our affiliates may (which may be on a one-time or recurring basis) contribute all or a portion of the cash rebates to the Brand Fund or return to franchisee a portion of cash rebates obtained by us and our affiliates on account of purchases made by franchisees. Currently, these rebate monies, if and when collected by us, will be reinvested in brand development and various marketing campaigns and other initiatives including website and application development for the Stand-Up Burgers system. We may change this at any time.

We and our affiliates may derive revenue and profit based on your purchases and leases, including from charging you for products and services that we or our affiliate) provide to you. Since we recently began franchising, during our fiscal year ended December 28, 2021, neither we nor any of our affiliates derived revenue from required sales or leases to franchisees and promotional allowances.

At such time(s) as we establish a national or regional purchasing program, or exclusive vendor supply contract(s) for any of products or services, you must participate in such purchasing program or vendor contract(s) in accordance with its terms. We may establish purchasing or distribution cooperatives, but as of the date of this disclosure document, none have been established. We may also negotiate volume buying arrangements with suppliers for the benefit of franchisees. No officers have any interest in any of our current suppliers.

You must use your best efforts to operate your Stand-Up Burgers Restaurant in a manner calculated to achieve the maximum Gross Sales possible.

We estimate that substantially all your expenditures for leases and purchases in establishing your Stand-Up Burgers Restaurant and substantially all your expenditures on an ongoing basis during the operation of your Stand-Up Burgers Restaurant will be for goods and services which are subject to sourcing restrictions (that is, which must meet our standards and specifications and/or which must be purchased from suppliers which we designate or approve).

We may periodically require you to participate in test programs, marketing/promotional initiatives and market research to determine the salability of new products and services. If you are requested to participate in a test program, you must provide timely reports and other relevant information regarding such test program.

We do not provide material benefits to you based on your use of designated suppliers but doing so is one of your obligations under the franchise agreement and we may either require you to purchase replacement products from a designated supplier or terminate your franchise agreement if you purchase from unapproved sources in violation of your agreement.

Computer Equipment & Information Systems

As more fully described in Item 11, you must obtain the "Information System" as detailed in the Manual(s), bulletins, electronic communications and/or other directives. The Information System must be connected via a high-speed connection at all times and be capable of accessing the Internet. You must obtain certain Information Systems that we specify. You must also obtain related service contracts, support contracts and other similar arrangements

Records

All of your bookkeeping and accounting records, financial statements, and all reports you submit to us must conform to our Brand Standards.

Insurance

You must maintain suitable insurance coverage and minimum amounts specified in the Franchise Agreement, Manual(s), bulletins, electronic communications and/or other directives, including all risk property and casualty insurance for the replacement value of your Stand-Up Burgers Restaurant; business interruption insurance providing for continued payment of all amounts due (or to become due) to us under your Franchise Agreement or any other agreement with us; workers compensation insurance as required by applicable law. All policies must name us as an additional insured. You may obtain additional insurance coverage as you feel necessary. If you fail to obtain or maintain the specified insurance, we may, at our option, in addition to any other rights we may have, procure such insurance for you without notice and you must pay, upon demand, the premiums and our costs in taking such action.

Marketing

You must only use, display, transmit, and broadcast advertising, promotion and marketing materials provided or approved by us and only use and display all material in accordance with the Brand Standards. You must obtain our prior written approval to use and/or display any advertising, promotion or marketing materials regarding your Stand-Up Burgers Restaurant or the System, including, all print and electronic advertising, networking or social media postings, mobile applications, bulletin boards, or listings (including on sites such as Facebook, Instagram, Twitter, Pinterest, LinkedIn, Yelp, and YouTube), website postings or listings, mobile and content streaming advertisements, newspaper and magazine advertisements, direct mailers and mail coupons, not provided by us.

Grand Opening Promotion

In addition to general advertising and promotion, you must develop a written pre-opening and opening promotional plan, which plan must account for you spending $5,000 on grand opening promotion and must be submitted to and approved by us prior to the Opening Date of your Stand-Up Burgers Restaurant.

Uniforms

You must cause all of your personnel to wear uniforms in accordance with the Brand Standards, present a neat and clean appearance.

Signs

You must maintain approved signs and/or awnings identifying your Stand-Up Burgers Restaurant, which shall conform in all respects to the Brand Standards and the layout and design plan approved for your Stand-Up Burgers Restaurant.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section In Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 5.1, 5.2 and 5.3 of Franchise Agreement; Section 6.1 of Area Development Agreement	Items 8 & 11
b. Pre-opening purchases/leases	Sections 5.3 and 5.4 of Franchise Agreement	Item 8
c. Site development and other pre-opening requirements	Sections 5.2, 5.3, 5.4 of Franchise Agreement, Section 6.1 of Area Development Agreement	Items 7 & 11
d. Initial and ongoing training	Article 6 of Franchise Agreement	Item 11

Obligation	Section In Agreement	Disclosure Document Item
e. Opening	Sections 4.6 and 5.4 of Franchise Agreement	Item 8 & 11
f. Fees	Article 4 of Franchise Agreement; Article 5 of Area Development Agreement	Items 5 & 6
g. Compliance with standards and policies/Operating Manual	Article 7 of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Article 11 of Franchise Agreement	Items 13 & 14
i. Restrictions on products/services offered	Sections 9.1, 9.2, and 9.3 of Franchise Agreement	Item 16
j. Warranty and customer service requirements	Section 9.4 of Franchise Agreement	Item 11
k. Territorial development and sales quotas	Section 2.3 of Franchise Agreement; Article 2 of Area Development Agreement	Item 12
l. Ongoing product/service purchases	Section 7.1, 7.4, an Article 9 of Franchise Agreement	Item 8
m. Maintenance, appearance, and remodeling requirements	Section 5.3 and 5.5 of Franchise Agreement	Item 11
n. Insurance	Section 7.11 of Franchise Agreement	Items 6 & 8
o. Advertising	Sections 4.3 and 4.6 of Franchise Agreement; Article 8 of Franchise Agreement	Items 6 & 11
p. Indemnification	Sections 13.2.4, 16.1, and 16.2 of Franchise Agreement; Sections 7.3, 10.1 and 10.2 of Area Development Agreement	Item 6
q. Owner's participation/ management/staffing	Section 7.2 of Franchise Agreement	Items 11& 15
r. Records/reports	Section 10.1 and 10.4 of Franchise Agreement	Item 6
s. Inspections/audits	Sections 10.2 and 10.3 of Franchise Agreement	Items 6 & 11
t. Transfer	Sections 13.1, 13.2, 13.3. 13.4 and 13.5 of Franchise Agreement; Section 7.3 of Area Development Agreement	Item 17

Obligation	Section In Agreement	Disclosure Document Item
u. Renewal	Sections 3.2, 3.3, 3.4 and 3.5 of Franchise Agreement; Sections 4.2, 4.3 and 4.4 of Area Development Agreement	Item 17
v. Post-termination obligations	Article 15 of Franchise Agreement; Section 4.5 of Area Development Agreement	Item 17
w. Non-competition covenants	Section 12.1 of Franchise Agreement; Sections 8.1 and 8.2 of Area Development Agreement	Item 17
x. Dispute resolution	Article 17 of Franchise Agreement; Sections 10.17, 10.18, 10.19 and 10.20 of Area Development Agreement	Item 17
y. Guarantee	Sections 13.2 and 13.4.3 of Franchise Agreement; Exhibit F to Franchise Agreement	Items 15 and 17

ITEM 10
Financing

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

ITEM 11
Franchisor's Assistance, Advertising, Computer Systems, and Training

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

Pre-Opening Obligations

Before you open your business, we will:

Site Review. Upon receiving the information regarding a proposed site, we will review the information and either accept or reject the proposed site under our then-current standards for site acceptance and rejection. If we do not accept your proposed site within 30 days after your submission (or 5 days after you provide any supplemental information we request), the site will be deemed rejected. (Franchise Agreement, § 5.1) You may not enter into a lease or purchase agreement for a site unless and until the site has been accepted. We may impose a fee of $1,500 per each Site Review Request if we reasonably determine that you have submitted a number of Site Review Requests that exceed the typical necessary for you to find a site that is acceptable to us. Unless we agree to an extension, you must obtain our acceptance of a proposed site within 180 days following the execution of the Franchise Agreement. Your Stand-Up Burgers Restaurant location will be purchased or leased by you from independent third parties. We do not generally own the premises and lease it to you. If you do not locate your site and obtain our acceptance within the required time period, you will be in default and we may terminate the agreement (subject to applicable notice and cure rights, if any).

Site Selection Assistance. We do not locate sites for you. However, we may, without obligation, assist you in locating or evaluating a site. The factors we consider in accepting sites include general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms. (Franchise Agreement, § 5.2)

Brand Standards for Stand-Up Burgers Restaurant. We will provide a copy of our basic specifications for the design and layout of your Stand-Up Burgers Restaurant. We will provide a copy of our Brand Standards (which includes the names of approved suppliers) for the design and layout of a typical Stand-Up Burgers Restaurant and mandatory and suggested equipment, furnishings and fixtures. (Franchise Agreement, § 5.3.1) We do not provide equipment, signs, fixtures, opening inventory or supplies, but provide you with specifications only. We do not deliver or install these items.

Training. We provide an initial training program described below. (Franchise Agreement § 6.1)

Operating Principal. We will accept or reject your Operating Principal. (Franchise Agreement §§ 1.1.3 and 7.2)

Operations Manual. We are in the process of drafting our Manual and, if you sign an Area Development Agreement and Franchise Agreement, we will give you a copy of the Manual as soon as it is prepared. The Manuals contain our standard operational procedures, policies, rules and regulations with which you must comply. (Franchise Agreement, §7.4).

Time to Commence Operations

We estimate the typical length of time between signing a Franchise Agreement and commencing the operation of a Stand-Up Burgers Restaurant is between 10 and 12 months, assuming that a location can be obtained and leased within one month after you sign the Franchise Agreement. If there are unforeseen delays, it could take considerably longer for you to open your Stand-Up Burgers Restaurant. Factors that may affect the length of time it takes you to commence operating your Stand-Up Burgers Restaurant include the process of negotiating a lease, construction delays, drafting architectural plans, obtaining permits, weather conditions, shortages, and delayed installation of equipment, fixtures and signs, and your successful completion of our initial training program, among other factors.

Obligations After Opening.

During the operation of the franchise business, we will:

1. provide up to five (5) days of on-site training commencing shortly before and ending shortly after your Stand-Up Burgers Restaurant opens to the public, with any additional needed training in our discretion (Franchise Agreement § 6.2).

2. provide training courses, programs and conventions that we choose to provide. (Franchise Agreement § 6.4). Such training courses, programs and conventions may require the payment of an additional fee.

3. upon reasonable request, we will give you additional assistance and advice to help you run your Stand-Up Burgers Restaurant. In our sole discretion, we may send a representative to your Stand-Up Burgers Restaurant to discuss your operations. If provided at your request, you must reimburse our expenses and pay our then-current training charges and Travel Expenses (Franchise Agreement § 6.4);

4. issue and modify Brand Standards and System (Franchise Agreement §§ 7.1 and 7.4);

5. we will provide you access to the Manual(s) (Franchise Agreement § 7.4).

6. approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose to use in connection with local advertising (Franchise Agreement § 8.1);

7. maintain and administer the Brand Fund, if and when established (Franchise Agreement § 8.3).

8. periodically designate Authorized Products (Franchise Agreement §§ 9.2 and 9.3).

9. let you use our Marks (Franchise Agreement § 2.1 and Article 11).

10. let you use our confidential information (Franchise Agreement Section 12.2).

Advertising (Franchise Agreement, § 8)

Brand Fund

When and if we establish a Brand Fund, you must pay us a Brand Fee of up to 4% of the Gross Sales of your Stand-Up Burgers Restaurant. Other franchisees may not be obligated to contribute to the Brand Fund or may contribute at a different rate, as we determine appropriate. We will contribute the Brand Fee to our Brand Fund. We will direct all advertising programs and control the creative concepts, materials and media used, media placement and allocation. Media placement may be national, regional, or local advertising, public relations, or promotional campaigns, and/or used for programs designed to promote and enhance the image, identity or patronage of Stand-Up Burgers Restaurants, or programs designed to promote and retain customer satisfaction and resolve customer disputes. Advertising may be from an in-house advertising department or national, regional, or local advertising agencies, or other sources. We need not make expenditures that are equivalent or proportionate to your contributions. We need not ensure that any particular franchisee benefits directly or proportionately from fund advertising. The fund is not a trust and we are not a fiduciary.

For each Restaurant that we or any of our Affiliates operate, we or our Affiliate will similarly allocate to the Brand Fund the amount that would be contributed to the Advertising Fund if it were a licensed restaurant.

The fund may be used to meet all costs (including reimbursement to us and our affiliates) of administering, directing, preparing, placing and paying for national, regional or local advertising to promote and enhance the image, identity or patronage of Stand-Up Burgers Restaurants, or programs designed to promote and retain customer satisfaction and resolve customer disputes, all as we determine appropriate. We will either transfer the brand fund contributions to a separate entity to whom we have delegated the responsibility to operate and maintain the brand fund or place the funds in a separate account that we maintain. We may not use this money principally to solicit new franchise sales. We may include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Brand Fund.

We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Brand Fund in that year and may cause the Brand Fund to borrow funds to cover deficits or invest in surplus funds. We may refund or rebate all or a portion of a franchisee's brand fund contributions to the applicable franchisee for expenditure by that franchisee. If we spend less than the total of all contributions to the Brand Fund during any fiscal year, we may accumulate those sums for use in later years. If we or an affiliate advances money to the Brand Fund, we or they will be entitled to reimbursement. Any interest earned on monies held in the Brand Fund shall be used for the Brand Fund.

We are not required to establish the Brand Fund, but if and when we do we will not then terminate the fund until it has spent all money in the fund for advertising and promotional purposes.

Because the Brand Fund has not been established, there were no expenditures for our fiscal year ending December 28, 2021. Unless required by applicable law, we are not required to prepare audited or other financial statements for the Brand Fund, or to provide you with an accounting of how funds were spent; however, (i) if we prepare financial statements for the Brand Fund, we will make the last year's financial statements available to you within a reasonable period of time after your written request; and (ii) an annual unaudited summary of the contributions to, and expenditures of, the Brand Fund for the last year's activity will be made available to you within a reasonable period of time after your written request.

Other Advertising Information

You may develop advertising materials for your own use, at your own cost. You must submit to us all advertising materials not prepared or previously approved by us, for our approval. If we do not approve your advertising materials within 30 days, the proposed advertising will be deemed disapproved. (Franchise Agreement § 8.1)

You must expend at least 2% of your monthly Gross Sales on local advertising and promotion of your Stand-Up Burgers Restaurant, conforming to our specifications in the Manual(s), bulletins, electronic communications and/or other directives. If and when we establish the Brand Fund, you will then spend at least 1% of your Monthly Gross Sales on local advertising and promotion in addition to paying the Brand Fee. You must deliver evidence of local advertising expenditures in the form and manner we prescribe. All contributions to a Co-op Advertising Region and all expenditures for other promotional campaigns shall be in addition to your required local advertising expenditure. At our request, you must submit an advertising plan to us that details the local advertising you will conduct during the calendar year. Such plan shall be made available not later than December 15 of the preceding calendar year. We reserve the right to reject all or part of such plan and you must revise the plan in response to our comments.

Advertising Council

There is no advertising council composed of franchisees that advises the franchisor on advertising policies. The Franchise Agreement does not give us the power to form, change or dissolve an advertising council.

Advertising Cooperatives (Franchise Agreement § 8.7)

As of the date of this disclosure document, we have not established any local or regional advertising cooperatives ("**Co-op**"). If we do so, you must participate in any advertising Co-op for the region in which your Stand-Up Burgers Restaurant is located. We will notify you in writing if you must join a regional advertising cooperative for your area and the amount of your advertising cooperative contributions. We determine the area of each advertising cooperative.

Each advertising cooperative must adopt written governing documents. A copy of the governing documents (if one has been established) is available upon request. At all meetings of cooperative advertising regions, each participating franchisee is entitled to one vote per Stand-Up Burgers Restaurant that franchisee operates in the cooperative region and we are entitled to one vote for each company-owned Stand-Up Burgers Restaurant in the region.

Your minimum contributions to the advertising cooperative will be determined by us, not to exceed 1% of Gross Sales (the "**Co-op Minimum**"). However, each cooperative may change the contribution by affirmative vote of not less than a majority of the voting power of the cooperative region. We or our affiliate, as applicable, will contribute to the advertising cooperative for each of our company- or affiliate-owned Stand-Up Burgers Restaurant located in the cooperative region on the same basis as franchisees.

Presently, there are no advertising cooperatives, and therefore advertising cooperatives are not presently required to prepare quarterly or annual financial statements.

Information Systems (Franchise Agreement, § 7.3)

Before you commence operating your Stand-Up Burgers Restaurant, you must purchase or lease the required electronic based hardware, software, middleware, web-based solutions, wireless, mobile, electronic interfaces, cabling, and other electronic devices, including, computer systems, point of sale cash collection systems, mobile devices/software, order systems, email systems, data systems, network systems, printer systems, mobile applications, internet systems, mobile applications, telecommunication systems, telephone systems, security systems, digital media systems, video and still digital cameras, power systems, required service and support systems and programs, and other related accessories and peripheral equipment ("**Information Systems**"). The approximate initial cost for you to purchase and install the Information Systems is $6,500 to $10,000. Presently you may purchase Information Systems from any supplier so long as the Information Systems meet our Brand Standards.

Currently, the Information Systems you must purchase, install and maintain include the following for each Restaurant:

1. at least two (2) Point-of-Sale (POS) computer systems to act as a cash register and collect and manage information in connection with the various sales transactions at your Restaurant, including detailed sales data, inventory, prices, coupons, taxes and other sales information.

2. at least one (1) laptop or desktop computer for general business purposes. The computer must be equipped with computer hardware components, software, and peripherals (such as printer and scanner) that we specify.

3. internet navigation software and maintain a high speed (DSL or cable at least 100 mbps uploading speed or higher) Internet connection (with e-mail capability).

4. a telephone system that meets our specifications.

5. you will be required to install an in-store music system. We will provide our recommendation or approve the system of your choice. We will select the music located on the hard drive of your in-store music system. You may request specific music for the in-store music system in your Restaurant; however, this music must be approved by us. The cost of the music system is not included in the POS / tech stack estimate.

6. We also recommend you purchase a security system with closed-circuit television which meets our standards and specifications (the "**Security System**"). The cost of the security system is not included in the POS / tech stack estimate.

We have no obligation to provide any maintenance, repairs, upgrades or updates to you. You must purchase and maintain software maintenance and support for your POS System, Computer System and Security System. You will be responsible for obtaining support and/or optional maintenance contracts from third parties for your computer maintenance and repair needs. You are also responsible for all updates and upgrades. You must maintain your Information Systems operational and in good repair. There is no contractual limit on our ability to require you to update or upgrade the systems, add components to the system and replace components of the system.

Except for providing you with a list of our recommended suppliers and any applicable specifications and standards, we are not obligated to provide or assist you in obtaining any of the above items or services.

You must purchase, use and maintain the Information Systems specified in the Manual(s), bulletins, electronic communications and/or other directives in accordance with the Brand Standards. The Information Systems must at all times be connected to one or more high-speed communications media specified by us and permit access to the internet 24 hours per day, 7 days per week.

At our direction, you must electronically link the Information Systems to us or our designee. You must allow us and/or our designee to access the Information Systems and stored files and data (the "**IS Data**"), and to add, remove, configure, and modify the Information Systems via any means including electronic polling and uploads, with or without notice. We own the IS Data that is stored on your Information Systems, and you will assign to us any and all rights you may have in the IS Data. We will have independent access to the information generated and stored in the Information Systems.

The Information Systems will store information concerning the customers, sales mix, sales information, purchasing and inventory, accounting, and other operations. You must provide all assistance we require to bring the Information Systems on-line with our or our designee's computer at the earliest possible time and to maintain this connection as we require. We may retrieve from your Information Systems all information that we consider necessary, desirable, or appropriate. There are no contractual limitations on our right to access information.

Device	QTY	MFG	Model	Cost

Terminals	2	Par/Brink	M6155 plus	$2,900
Payment Devices	2	Ingenico	269035528 plus	$1,000
Software Subscription	1 lot	Par Brink	BR 0001	$2,850
			Total	$6,750

We cannot reasonably estimate the future costs of the Information Systems, required hardware, software, or service or support, however you must acquire and implement, at your cost and expense, the hardware, software and other components and devices comprising the Information Systems (including additions, upgrades, updates and modifications) and all support services, service and maintenance agreements and subscriptions prescribed by us. The Information System may be provided directly by third parties or may be sold, licensed or sublicensed by or through us at a reasonable one-time or recurring charge. Except as described above, we cannot estimate the cost of maintaining, updating or upgrading your Information Systems or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time.

Training (Franchise Agreement, Article 6)

Before opening your Stand-Up Burgers Restaurant, your Operating Principal and General Manager and up to two (2) Crew Lead personnel must successfully complete, to our satisfaction, an initial training program in the Brand Standards and the operation of a Stand-Up Burgers Restaurant ("Stand-Up Burgers Food & Brand Philosophy" Training Program). Your Operating Principal and General Manager will attend a 6-week operations training program, and your crew lead personnel a 4-week training program at our headquarters in Culver City, California, or an affiliate-owned restaurant in Los Angeles, California, and/or at another location of our choosing. Training may include classroom training, instruction at our or your facilities, hands-on training, remote training, and/or a self-study program. We may modify the content and manner of conducting the Initial Training Program in our discretion.

We will provide the Initial Training Program for your Operating Principal and general manager and up to two (2) Crew Lead personnel, who train together, at no additional charge, but you are responsible for all other costs associated with attending training. Your costs will vary, depending upon your point of origin, method of travel, class of accommodation, and living expenses (food, transportation, etc.). You must also pay the cost of printed materials (approximately $250 per trainee and $60/month charge for access to our online learning management systems for each learning management system license.

You may not operate your Stand-Up Burgers Restaurant until the then-current Operating Principal and general manager shall have completed the Initial Training Program to our satisfaction.

Crew Lead personnel who do not pass a test must attend additional training at your cost. The amount of time required depends on the individual's ability to personally demonstrate the competencies. This may increase your cost for travel, hotels and meals for you and/or your designated representative. If you live close to the training facility, your costs will probably be on the lower end of the range. Any wages or salaries that you may pay trainees while they attend training are not included in these estimates. If additional people are required to attend the training for any reason, your costs will increase proportionately. The amount of time required depends on the individual's ability to personally demonstrate the competencies. This may increase your cost for travel, hotels and meals for you and/or your designated representative. If you live close to the training facility, your costs will probably be on the lower end of the range. Any wages or salaries that you may pay trainees while they attend training are not included in these estimates. If additional people are required to attend the training (based on the size and scope of your Area Development Agreement), your costs will increase proportionately. You must also maintain worker's compensation insurance coverage for trainees in your employ for the duration of your trainees' engagement in and with our training program(s).

If we provide the Initial Training Program (i) to any person designated by you in addition to the first Operating Principal, first general manager and up to two (2) Crew Lead who train at the same time], (ii) to you in connection with a Successor Franchise Agreement or your (or your affiliates') second or subsequent Stand-Up Burgers Restaurant, or (iii) to you because we obligate you (or your employees) to attend the Initial Training Program, you pay our then-current training fees and reimburse us for our costs and expenses incurred by or assessed in connection with travel, including airfare, hotel/lodging, local transportation, meals, and, with regard to our employees', agents' and/or representatives' expenses, a per diem charge determined by us in advance, with respect to other incidental expenses incurred, including laundry and/or telephone expenses ("**Travel Expenses**").

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
TRAINING OVERVIEW • **CREW LEAD - 4 WEEKS @ 160 HOURS** • **OPERATING PRINCIPAL & GENERAL MANAGER - 6 WEEKS @ 240 HOURS**			
WEEK 1: Orientation & Introductions • Brand ID & Food Philosophy KITCHEN-– Bulk Prep • Recipe Review KITCHEN - Line Prep • Training Test Focus: Prep Station Module Test KITCHEN - Build • Line Builds Training & Practice • Training Test Focus: Build Station Module Test		**40 hours**	**Training store**
WEEK 2: KITCHEN - Grill & Fry Stations • Training Test Focus: Grill & Fry Station Module Test KITCHEN – Station Review • Training Test Focus: Kitchen Station Module Test KITCHEN - Station Round Robin • Participants will work an entire shift in all 3 stations (Grill, Fry, Build @ 1 station per day)		**40 hours**	**Training store**
WEEK 3: KITCHEN - Kitchen Deep Cleaning & Closing • Deep Cleaning Procedures KITCHEN/FOH - Expo Station • Expo Station Set Up & Prep • Order Accuracy • Guest Experience & Recovery FOH - Beverage Station & Inventory Product Review • Beverage Station Set Up & Prep FOH - Cashier & Restaurant Maintenance		**40 hours**	**Training store**

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
• Cash Handing Procedures & Troubleshooting • POS Training & Troubleshooting FOH - Station Review & Practice Shifts • Training Test Focus: Stand-Up Burgers Station Tests, Restaurant Safety and Brand Review **WEEK 4:** • CREW LEADER Training – open / mid-shift management • CREW LEADER Training – mid / close shift management		**40 hours**	**Training store**
WEEK 5: OPERATING PRINCIPAL & GENERAL MANAGER • GENERAL MANAGER Training – open / mid-shift management • GENERAL MANAGER training – mid / close shift management		**40 hours**	**Training store**
WEEK 6: OPERATING PRINCIPAL & GENERAL MANAGER • GENERAL MANAGER training – administrative duties: o Hiring and Training o kenPayroll o Scheduling o Inventory o P&L Management o Cash Handling o Security o Workplace Safety o Guest Recovery o Regulatory Compliance o Local Store Marketing • Program Summary Review and testing		**40 hours**	**Training store**
Total	**Crew Lead - 160 hours** **Operating Principal / General Manager 240 hours**		

We will hold training as frequently as we determine necessary. Our training is conducted by various members of our staff and under the supervision of Ms. Kimberly Bettis, our Director of Training. Training General Managers typically enjoy two years or more experience with Stand-Up Burgers. The trainers that support them are highly trained in their position and on the essential principles of adult learning. All other trainers will have experience in the materials that they are presenting, and at least one year of restaurant experience. The Manual(s), bulletins, electronic communications and/or other directives, various demonstrations, checklists, and exams are used in our training program.

If you or your affiliate opens its fifth (5th) Stand-Up Burgers Restaurant, you must thereafter employ a Director of Operations. With our consent, your Director of Operations may be the same person as your Operating Principal. Your Director of Operations must attend and successfully complete, to our satisfaction, the Initial Training Program.

Immediately before and after each of your Stand-Up Burgers Restaurants opens to the public, we will provide up to two weeks of on-site training. We do not charge a fee for on-site training for your first Stand-Up Burgers Restaurant, however, if we determine that it is necessary to provide more than two weeks of on-site training, you must pay our then-current training fees. In all cases you must pay or reimburse us for our Travel Expenses.

We will provide additional assistance and training to you and your employees upon your request or as we deem necessary to instruct you and your employees with regard to new procedures or programs which we deem important to the operation of your Stand-Up Burgers Restaurant. We may also provide optional additional assistance for you and your employees. Such additional assistance may be held on a national or regional basis at locations that we choose. We may establish charges for the additional assistance (in addition to reimbursement for our Travel Expenses), and in addition to any charges we establish, you must pay all transportation costs, food, lodging and other similar costs that you and your employees incur in connection with attending any additional training. Currently, the cost of the additional training is our daily training fee plus Travel Expenses, currently $200 per person per day.

ITEM 12
Territory

Area Development Agreement

Under the Area Development Agreement, we grant you the right to develop a specified number of (no fewer than three (3)) Restaurants at locations in a specified Development Area, subject to our approval, by signing a separate Franchise Agreement for each Stand-Up Burgers Restaurant. The Development Area may be one or more cities, counties, states or some other defined area. During the term of the Area Development Agreement, we will not operate or grant a license or franchise to any other person to operate a "Traditional Restaurant" (defined below) in your Development Area. We reserve the right to operate or license or franchise any other person to operate a Restaurant (a) at any location outside your defined Development Area, including immediately adjacent to the Development Area, and (b) at any Non-Traditional Venue, even if located within your Development Area. We may (a) own or operate, and franchise or license others to own or operate restaurants operating under names other than "Stand-Up Burgers" at any location, and of any type or category at all, even if located within your Development Area, and (b) produce, license, distribute and market "Stand-Up Burgers" brand named products, and products bearing other marks, including food and beverage products, books, clothing, souvenirs and novelty items, at or through any location or outlet, including grocery stores and convenience stores (including if located within the Development Area), and through any distribution channel, at wholesale or retail, including by means of catering, the internet or internet web site, mobile application, online food and beverage ordering, third-party food and beverage delivery services, food trucks or other non-fixed locations, direct mail advertising, and other distribution methods, including websites, online retailers, and direct sales through affiliates. Until the termination or expiration of your Area Development Agreement, you retain your right of exclusivity as long as you comply with your development schedule and other obligations under the Area Development Agreement.

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

If you fail to meet any of your obligations under the Area Development Agreement, including the development obligations, or commit a material breach of any Franchise Agreement that you have signed, or a material breach of any other agreement with us, we may terminate your right to develop, open and operate Restaurants in your Development Area, but the termination of your right to develop your Development Area will not terminate any rights granted under the Franchise Agreements then in effect between you and us, absent a breach of the Franchise Agreement itself. After the expiration of the term of your Area Development Agreement, we may own, operate, or franchise or license others to operate additional restaurants anywhere, without restriction, including in your Development Area, subject to the rights granted to you in the Protected Area established under any than existing Franchise Agreement, provided that, if you determine that further development of your Development Area is desirable after the term of your agreement, you must notify us in writing, including the number of proposed Restaurants and the proposed development schedule, at the earlier of: (a) 180 days before the scheduled expiration of the Term or (b) the date on which we accept the proposed site for the last Restaurant needed to meet your development obligation. If we determine that your proposed additional development is unacceptable in any respect, we will negotiate with you in good faith for 60 days to try to agree upon a mutually acceptable development schedule. If we determine that your proposed additional development is acceptable or if you and we reach an agreement on an alternative additional development obligation, you will have the right to enter into a new Area Development Agreement and undertake additional development of your Development Area.

Franchise Agreement

Each Franchise Agreement grants you the right to a Stand-Up Burgers Restaurant locations accepted by us. Your Stand-Up Burgers Restaurants will be located within a specific geographic area (the "**Protected Area**"). You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You may not relocate your Stand-Up Burgers Restaurant without our prior written approval. Each Franchise Agreement grants you the right to a single restaurant. You commit to open 3 restaurants pursuant to the Area Development Agreement. Except as described below for the Area Development, we are not required to approve your request to relocate your Stand-Up Burgers Restaurant. We do not grant a right of first refusal or similar rights to acquire additional Stand-Up Burgers Restaurants, although you may apply for the right to open additional Stand-Up Burgers Restaurants.

Your Protected Area will be described in Exhibit "A" to your Franchise Agreement. Your Protected Area will be determined by us, in our sole discretion as we consider appropriate under the circumstances, but we typically have a combined residential and commercial population of approximately 90,000 people at the time the Franchise Agreement is signed. Among other factors that we will consider, we will consider population density, demographics, growth patterns and other factors. Your Protected Area may be limited to the location of your Stand-Up Burgers Restaurant (e.g., for metropolitan city-center sites), though in most other cases we expect it will be a specified radius surrounding your Stand-Up Burgers Restaurant, not to exceed a 3-mile straight line radius from your Stand-Up Burgers Restaurant, or a geographic area described in your Franchise Agreement, which contains a combined residential and commercial population of approximately 90,000. The continuation of your rights within the Protected Area does not depend on achievement of a certain sales volume, market penetration, or other conditions, other than your performance under your contracts with us.

During the term of your Franchise Agreement, we will not open or operate, or license others to own or operate, a Stand-Up Burgers Restaurant the physical location of which is in your Protected Area, except for a Stand-Up Burgers Restaurant located at Non-Traditional Venues (defined below) and as otherwise described below. We, our affiliates and our franchisees may solicit and accept orders from within, and deliver to people and addresses within, your Protected Area and we, our affiliates and our franchisees are not required to compensate you for soliciting or accepting such orders.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We reserve all rights not expressly granted in the franchise agreement (the "**Reserved Rights**"), including, for example, the exclusive, unrestricted rights, in our discretion, directly and indirectly, our self and through our employees, affiliates, representatives, franchisees, licensees, assignees, agents and others:

(a) to own or operate, and to license others to own or operate (i) Stand-Up Burgers Restaurants, the physical location of which are located outside of the Protected Area, regardless of proximity to the Protected Area or your Stand-Up Burgers Restaurant; (ii) Stand-Up Burgers Restaurants and other businesses at Non-Traditional Venues; and/or (iv) businesses operating under names other than under the Marks at any location, and of any type whatsoever, even if they use a portion of the System, offer similar products and services, or compete with Stand-Up Burgers Restaurants;

(b) to offer, sell, provide, produce, license, distribute and market products and services identified by the Marks and/or other trademarks or service marks, at or through any location or outlet (other than a Stand-Up Burgers Restaurant at a tradition venue within your Protected Area), and through any distribution channel, at wholesale or retail, including by means of catering, the internet or internet web site, mobile application, food and beverage ordering and/or delivery platform, food trucks or non-fixed locations, direct mail advertising, and other distribution methods, including websites, online retailers and direct sales through affiliates;

(c) to advertise and promote the System through any means.

(d) to develop, acquire, merge with or become associated with other concepts, and award franchises and/or licenses under other concepts for locations anywhere; and

(e) to engage in any other activities not expressly prohibited by the Franchise Agreement.

"**Non-Traditional Venue**" means (i) any location within another primary business, corporate campus complexes, institutional venues, and any location to which the general public does not have unlimited access and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider; and/or (ii) commercial kitchen facilities that provide order and delivery-only services, which may include the associated online or mobile ordering and delivery services to and from locations in or outside of the Protected Area. Examples of Non Traditional Locations include mobile outlets (such as food trucks), "ghost" kitchens, grocery stores and supermarkets, airports, sports stadiums and concert venues, casinos, hotels, ships, ports, piers, convention centers, resorts, amusement parks, expos, college and university buildings, military bases, hospitals and medical centers, and other venues operated by a master concessionaire or contract food service provider.

You may solicit or accept business on premises from customers regardless where they may reside or work, but you may not use alternative distribution channels, including Off-Premises Activity except as authorized in writing by us, and then only within your Protected Territory (or other area designated by us). "Off-Premises Activity" means the sale, provision or delivery of Authorized Products to retail customers to customers' homes, offices and other places other than the location, including at festivals or sporting or other special events, and including catering, mobile vending (including by food truck and cloud kitchens), or delivery whether effected by you directly, or by a third party such as Uber Eats, Postmates, Grub Hub and Door Dash).

As of the date of this Disclosure Document, we allow franchisees to accept and fulfill "to go" or "take away" food orders through telephone orders placed directly with their restaurant, online through our proprietary website, through our proprietary mobile application, and delivery orders for non-catering purposes through such third-party online food ordering platforms we designate in our Brand Standards Manuals, including Uber Eats, Postmates, Grub Hub, and Door Dash). We reserve the right to establish and modify on written notice to you in our sole and absolute discretion Brand Standards relating to Off-Premises Activity, which may include limitations on the geographic areas and Authorized Products served by you. You may not offer or provide delivery services, other than through approved third-party providers, or catering services without our written permission.

Other than VGI's owned and licensed "Veggie Grill" restaurants described in Item 1, presently, neither we nor any of our affiliates have plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those that you will offer, although we reserve the right to do so. VGI's owned and licensed "Veggie Grill" restaurants may solicit orders in our Franchisee's territories, and neither we nor VGI are obligated to resolve any conflicts involving territory, customers or support between or among our or its respective restaurant operators.

ITEM 13
Trademarks

We license you the right to operate a Stand-Up Burgers Restaurant under the name "Stand-Up Burgers" or other name we designate. You must also use our other designated current or future trademarks to operate your Stand-Up Burgers Restaurant. By principal trademark we mean primary trademarks, service marks, names, logos, and commercial symbols used to identify your Stand-Up Burgers Restaurant.

Mark	Registration Number	Registration Date
STAND-UP BURGERS®	6541183	October 26, 2021
EAT LIKE YOU GIVE A SHAKE®	6556784	November 9, 2021

No agreements presently limit our right to use or license the use of these trademarks.

As of the date of this disclosure document, there are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceeding, or any pending material federal or state court litigation involving the trademarks.

Except as described above regarding the Concurrent Use Agreement, we know of no prior rights or infringing uses that could materially affect your use of the principal trademarks. We have filed all required affidavits.

You must follow our rules when you use these principal trademarks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

You must notify us immediately when you learn about an infringement of or challenge to your use of our trademarks. We will take the action we think appropriate. We will have sole discretion to take the action we deem appropriate and will have the right to control exclusively any litigation or U.S. Patent and Trademark Office proceeding arising out of any infringement, challenge or claim relating to any principal trademark. You must sign all documents, render assistance and do all things that our counsel deems necessary to protect our interests in any litigation or U.S. Patent and Trademark Office proceeding or otherwise to protect our interests in the principal trademarks.

While we are not required to defend you against a claim against your use of our trademark, we will reimburse you for your liability and reasonable costs in connection with defending our trademark. To receive reimbursement you must have notified us immediately when you learned about the infringement or challenge.

You must modify or discontinue the use of a principal trademark if we modify or discontinue it. If this happens, except as we may otherwise direct, you must implement any change within 60 days after notice by us at your expense. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

ITEM 14
Patents, Copyrights, and Proprietary Information

There are no patents or pending patent applications material to the franchise.

We will loan you, or make available to you, one copy of our Manual(s) for confidential use in your Stand-Up Burgers Restaurant. Although we have not filed an application for a copyright registration for the Manual(s), we claim common law copyrights in the Manual(s). We also claim common law copyrights in other materials. Federal registration of copyrights is not required to ensure the protection of federal copyright law. The typical duration of a copyright is the life of the author plus 70 years.

The Manual(s), bulletins, electronic communications and/or other directives we provide you are our property and you may not duplicate, copy, disclose or disseminate the contents of the same at any time, without our express written consent. We may modify or supplement the Manual(s), bulletins, electronic communications and/or other directives upon notice or delivery to you. You must keep the Manual(s) current at all times, and upon the termination or non-renewal of your Franchise Agreement return all Manuals to us.

You may not copy, divulge or use any confidential information, which may include our Brand Standards and the contents of our Manuals, marketing concepts, and operating methods and techniques (the "**Confidential Materials and Practices**") during or after the term of your Franchise Agreement, except in connection with the operation of your Stand-Up Burgers Restaurant pursuant to a valid Franchise Agreement. You must follow all reasonable procedures we prescribe to prevent unauthorized use and disclosure of our Confidential Materials and Practices. You must inform your employees to whom the information, or any of it, is made available of this obligation of confidence, and have them sign a written non-disclosure, and submit a copy to us for our files.

There are no infringing uses actually known to us that could materially affect your use of the copyrights, trade secrets, processes, methods, procedures, or other proprietary information described above. There are no agreements currently in effect that limit our rights to use or license the above-mentioned copyrights in any manner.

ITEM 15
Obligation to Participate in the Actual Operation of the Franchise Business

If you are an individual, you must personally supervise your Stand-Up Burgers Restaurant. For purposes of your Franchise Agreement, obligations of or on the "Operating Principal" will be applicable to you if you are an individual. If you are not an individual, you must designate an "Operating Principal" acceptable to us who will be principally responsible for communicating with us about business, operational and other ongoing matters concerning your Stand-Up Burgers Restaurant. The Operating Principal must have the authority and responsibility for the day-to-day operations of your Stand-Up Burgers Restaurant.

You (or your Operating Principal) must be adequately trained and you must have a Stand-Up Burgers Restaurant general manager and adequate staff of employees who have in our judgment, been fully and adequately trained. Your Operating Principal, if applicable, must (a) devote his or her full time and best efforts solely to the operation of your Stand-Up Burgers Restaurant; (b) meet our educational, experience, financial and other reasonable criteria for the position, as contained in the Manuals or otherwise in writing; and (c) have successfully completed the Initial Training Program.

At our request, your Operating Principal and other persons we designate must sign a confidentiality agreement regarding the trade secrets described in Item 14 and to conform with the covenants not to compete described in Item 17.

Each individual or entity (other than us or our affiliates) who owns a 10% or greater interest in the franchisee entity must sign an agreement (Exhibit F to Franchise Agreement) assuming and agreeing to discharge all obligations of the "Franchisee" under the Franchise Agreement.

ITEM 16
Restrictions on What the Franchisee May Sell

You must sell and offer all and only those products that we authorize at or from your Stand-Up Burgers Restaurant. Authorized products may differ among our franchisees and may vary depending on the operating season and geographic location of your Stand-Up Burgers Restaurant or other factors. Upon receipt of written notice from us, you must sell and provide additional authorized products according to the instructions and within the time specified in the notice. You must stop selling and providing any previously approved or discontinued authorized products upon notice from us. There is no limit on our right to change the authorized products that you must sell. You may not stop offering any authorized product without our express written approval. At our request, you must also sell certain test products and/or offer certain test services. If you are asked to do so, you must provide us with reports and other relevant information regarding the test products and services.

You may not offer, sell or provide any authorized products in connection with any trademark, service mark, logo type or commercial symbol of any other person or business entity without our express written consent. You may not engage in any co-branding in or in connection with your Stand-Up Burgers Restaurant, except with our prior written consent. "Co-branding" includes the operation of an independent business, product line or operating system owned or licensed by an entity other than us that is featured or incorporated with your Stand-Up Burgers Restaurant and operated in a manner which is likely to cause the public to perceive it to be related to your Stand-Up Burgers Restaurant.

ITEM 17
Renewal, Terminations, Transfer, and Dispute Resolution

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	§ 3.1	Ten (10) years from the opening date or eleven (11) years from the effective date of the franchise agreement, whichever is earlier.
b. Renewal or extension of the term	§ 3.2	2 successive 5 year periods
c. Requirements for franchisee to renew or extend	§§ 3.2 - 3.5	We use the term "renewal" to refer to extending our franchise relationship at the end of your initial term (and any other renewal or extension of the initial term). You may be asked to sign a contract with materially different terms and conditions than your original contract. You must: (1) pay the renewal fee; (2) have complied with your obligations during the term of your Franchise Agreement; (3) have delivered a notice between 6 and 9 months before the expiration of the Term; (4) execute a new franchise agreement which may contain materially different terms and conditions from your original contract; (5) must have undertaken and completed at your expense the remodeling, renovation and refurbishment of your Stand-Up Burgers Restaurant, unless you have remodeled your business within the preceding 5 years; (6) sign a general release; (7) not have committed three or more material defaults of the Franchise Agreement during any 36 month period during the term of the Franchise Agreement and (8) you or your employees, as applicable, must have complied with our then-current qualification, training and certification requirements, at your expense.
d. Termination by franchisee	§ 14.8	You may terminate if we materially default, and if we do not cure the default within 60 days after our receipt or written notice from you detailing the alleged default; provided, that if the default is such that it cannot be reasonably cured within such 60 day period, we will not be in default so long as we commence to cure such default within 60 days and we diligently continues to prosecute such cure to completion.

Provision	Section in Franchise Agreement	Summary
e. Termination by Franchisor without cause	None	Not applicable.
f. Termination by Franchisor with cause	§§ 14.1 – 14.8	We can terminate only if you default under your Franchise Agreement, lease or other agreement with us or our affiliates.
g. "Cause" defined – curable defaults	§ 14.4	You have 5 days to cure non-payment of fees and 10 days to cure defaults not listed in Section 14.3 of your Franchise Agreement; provided that such cure period will be extended as required by law and the 10 day cure period will be extended for a reasonable period of time (not to exceed 75 days) if in our reasonable determination you are not capable of curing the default within such 10 day period and provided that you commence to cure the default within 10 day period and diligently prosecute the cure to completion.
h. "Cause" defined – non-curable defaults	§14.2 – 14.3	Non curable defaults: (i) bankruptcy or insolvency, admission of its inability to meet its financial obligations, or shall making a disposition for the benefit of its creditors; (ii) an unsatisfied judgment of more than $25,000; (iii) a seizure, foreclosure or take over; (iv) a levy of execution upon the Franchise Agreement; (v) unreleased mechanics lien; (vi) you allow or permit any judgment to be entered against us or our affiliates; (vii) a condemnation or transfer in lieu of condemnation; (viii) abandonment; (ix) Assignments without consent; (x) repeated defaults; (xi) violations of law after notice of noncompliance; (xii) certain criminal offences; (xiii) confidential information misuse, violations of non-competition and non-solicitation covenants; (xiv) failure to complete training; (xv) misuse of trademarks; (xvi) health and safety violations; (xvii) sale of unauthorized products and services; (xviii) under reporting; or (xix) repeated customer complaints.
i. Franchisee's obligations on termination/non-renewal	Article 15	You must: (i) stop using marks and all confidential information; (ii) return the manuals, IS Data, and other materials; (iii) makes cosmetic changes to your Stand-Up Burgers Restaurant so that it no longer resembles our proprietary design; (iv) at our election, sell such equipment and furnishings that we designate to us and assign all leases and other contracts we specify to us; (v) assign to us or our designee (or, at our election, terminate) all voice and data telephone numbers used in connection with your Stand-Up Burgers Restaurant; authorize and instruct the telephone company and all listing agencies of the termination of your right to use any telephone number or listing associated with your Stand-Up Burgers Restaurant and authorize and instruct the telephone companies and listing agencies to transfer and assign the telephone numbers and directory listing to us, sign and deliver to us all documents that must be filed with any governmental agency indicating that you are no longer licensed to use

Provision	Section in Franchise Agreement	Summary
		our Marks; (vi) cancel or assign to us (at our option) all internet web pages, email address, social media listings, domain names and other registrations containing the marks. See also “o” and “r” below.
j. Assignment of contract by Franchisor	§ 13.1	No restriction on our right to assign.
k. “Transfer” by franchisee – defined	§ 13.2.1	Includes transfer of the agreement or change in ownership of a franchisee which is an entity.
l. Franchisor approval of transfer	§ 13.2	Transfers require our express written consent
m. Conditions for franchisor approval of transfer	§ 13.2 - 13.4	You must: (i) provide a detailed description of the price and material terms of the transfer/Assignment; (ii) provide us a list of your owners and others with an interest in the franchise agreement; (iii) have complied with the right of first refusal and we must not have exercised our right of first refusal; (iv) not be in default; (v) be current to your obligations to third parties; (vi) have signed a release and your owners must have signed a release; (vii) not have any suit or action pending or threatened with respect to your Stand-Up Burgers Restaurant; (viii) pay the Transfer Fee; and (ix) agree to a non-competition agreement accepted to us which agreement is substantially similar to the Franchise Agreement terms. New franchisee must: (i) qualify; (ii) have the right to occupy the location by assignment or assumption of the lease or purchase of the location; (iii) assume the Franchise Agreement or sign a new Franchise Agreement; (iv) agree to refurbish your Stand-Up Burgers Restaurant; and (v) complete training. The franchisee’s rights to receive payments in connection with the transfer must be subordinated to our rights to receive payment and the other obligations to us (See also “r” below). If the Franchise Agreement was signed pursuant to an Area Development Agreement, all Franchise Agreements must be assigned to the same assignee. With our written consent, you may transfer a franchise agreement to an entity of which you directly own 100% interest for convenience of ownership. If the new franchisee is a business entity, all holders of a 10% or greater interest in the new franchisee must sign a guaranty. You must reimburse us for all costs and expenses that we incur in connection with such a transfer, including attorneys’ fees.
n. Franchisor’s right of first refusal to acquire franchisee’s business	§ 13.3	We can match any offer for your business.

Provision	Section in Franchise Agreement	Summary
o. Franchisor's option to purchase franchisee's business	§§ 13.5, 13.6, 15.3	Upon termination or expiration of your Franchise Agreement, we have a 60 day option to purchase any or all of your Restaurant's business assets, including equipment, fixtures, inventory, products, materials and supplies. We have the right to purchase the assets free and clear of all liens and encumbrances. The purchase price will be the fair market value (except actual cost for useable, unopened inventory and supplies). As part of our purchase of your Restaurant assets, we may require that you assign your lease or sublease the premises of your Restaurant to us. You must make customary representations and warranties to us.
p. Death or disability of franchisee	§ 14.3.2	Your heirs have 6 months after your death or legal incapacity to enter into a new franchise agreement, if the heirs meet our standards and qualifications. In that case, we will waive the transfer fee. If your heirs do not meet our standards and qualifications, the heirs may sell to a person approved by us. See "m" above.
q. Non-competition covenants during the term of the franchise	§12.1	Cannot engage in "**Competitive Activities**" which means to, own, operate, lend to, advise, be employed by, or have any financial interest in (i) any restaurant or business engaged in the sale or distribution of food products, at wholesale or retail, where 10% or more of total direct and indirect sales consist of products that are vegan, vegetarian and/or hamburgers, unless operated pursuant to a validly subsisting Franchise Agreement with us, or (ii) any business that specializes in developing, operating or franchising restaurants or other businesses engaged in the sale or distribution, at wholesale or retail, of products the same as or substantially similar to the products sold in Restaurants including a competitive restaurant where 10% or more of total direct and indirect sales consist of products that are vegan, vegetarian and/or hamburgers. "**Competitive Activities**" does not include the direct or indirect ownership solely as an investment, of securities of any entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, such entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such entity.
r. Non-competition covenants after the franchise is terminated or expires	§ 12.1	No involvement in any Competitive Activities for two (2) years within the Protected Area and within a radius of 10 miles from any then-existing Stand-Up Burgers Restaurant. These provisions may be subject to applicable state law.
s. Modification of the agreement	§ 18.7	The Franchise Agreement may be modified only by written agreement between the parties.

Provision	Section in Franchise Agreement	Summary
t. Integration/Merger clause	§18.7	Only the terms of the Franchise Agreement and other written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	§17.1 – 17.2	The parties must mediate disputes before filing a lawsuit or demand for arbitration, except that judicial relief is permitted before mediation for claims that are based solely on demands for money owed or judicial relief to seek provisional remedies, including injunctions. Mediation must be completed within 60 days. Mediation is held in Los Angeles. All disputes not settled by mediation, must be arbitrated.
v. Choice of forum	§17.2, 17.3 and 17.4	You and we agree that all arbitrations will be held at a suitable location to be chosen by the arbitrator which is within twenty-five (25) miles of our principal business address at the time that the arbitration action is filed, and you and we both waive the right to a trial by jury to the maximum extent permitted. Any and all claims and actions must be brought or asserted before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or federal statute of limitations; (b) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (c) two (2) years after the first act or omission giving rise to an alleged claim; or its expressly acknowledged and agreed by all parties that such claims or actions shall be irrevocably barred. Claims attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification shall be subject to only the applicable state or federal statute of limitations. These provisions may be subject to applicable state law.
w. Choice of law	§18.7	California law applies, except for the provisions respecting non-competition, which are governed by local law. These provisions may be subject to applicable state law.

Area Development Agreement

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

Provision	Section in Area Development Agreement	Summary
a. Length of the franchise term	§ 4.1	Typically 5 years or until you sign a Franchise Agreement for your last Restaurant necessary to satisfy your Development Obligation, whichever is earlier.
b. Renewal or extension of the term	§§ 2.4 and 4.2	Up to 5 additional years.
c. Requirements for franchisee to renew or extend	§§ 4.3 -4.4	Although we use the term "renewal" to refer to extending our franchise relationship at the end of your initial term (and any other renewal or extension of the initial term) and you must, at our option, sign a new area development agreement that may have materially different terms and conditions than your original contract You must have met your original development schedule, you and us must agree to a new development schedule, and you must be in compliance with all agreements with us and any of our affiliates. You and your affiliates who have a currently existing franchise agreement or area development agreement with us must sign a general release[1].
d. Termination by franchisee	None	Not Applicable
e. Termination by Franchisor without cause	None	Not Applicable
f. Termination by Franchisor with cause	§ 9.1	We can terminate if you or any of your affiliates materially default under the Area Development Agreement, an individual Franchise Agreement, or any other agreement with us or any of our affiliates.
g. "Cause" defined – curable defaults	§ 9.1	You have You have 5 days to cure non-payment of fees and 10 days to cure any other default, provided that in the case of a breach or default in the performance of your obligations under any Franchise Agreement or other agreement, the notice and cure provisions of such agreement will control.
h. "Cause" defined – non-curable defaults	§ 9.1	Non curable defaults include unapproved transfers; failure to meet development obligations, any breach of unfair competition provisions, and failure to meet Financial Covenants.
i. Franchisee's obligations on	§ 4.5	You will have no further right to develop or operate additional Restaurants which are not, at the time of termination, the subject of a then existing Franchise

[1] MD requires an addenda

Provision	Section in Area Development Agreement	Summary
termination/non-renewal		Agreement between you and us. You may continue to own and operate all Restaurants pursuant to then existing Franchise Agreements.
j. Assignment of contract by Franchisor	§ 7.1	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	§ 7.3	Includes transfer of the agreement or change in ownership of a franchisee which is an entity.
l. Franchisor approval of transfer	§ 7.3	Transfers require our express written consent, which consent may be withheld for any reason at all in our sole judgment
m. Conditions for franchisor approval of transfer	§§ 7.2 and 7.3	Except as describe below, you may not transfer your Area Development Agreement or any Franchise Agreement signed pursuant to the Area Development Agreement except with our written consent and a simultaneous assignment of the Area Development Agreement and all Franchise Agreements signed pursuant to the Area Development Agreement to the same assignee. With our written consent, you may transfer a franchise agreement to an entity of which you directly own 100% interest for convenience of ownership. If the new franchisee is a business entity, all holders of a 10% or greater interest in the new franchisee must sign a guaranty. You must reimburse us for all costs and expenses that we incur in connection with such a transfer, including attorneys' fees. At our election, the assignee must sign our then current form of Franchise Agreement for each Restaurant then developed or under development. Before shares of a Franchisee which is a business entity may be offered by private offering, you must provide us with copies of all offering materials; indemnify us, our Affiliates, officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each in connection with the offering; and pay us a non-refundable $5,000 fee to reimburse us for our costs and expenses associated with reviewing the proposed offering.
n. Franchisor's right of first refusal to acquire franchisee's business	§ 7.3	We can match any offer for your business.
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable

Provision	Section in Area Development Agreement	Summary
p. Death or disability of franchisee	§§ 7.3 and 9.1	Your heirs have 60 days after your death or legal incapacity to assign the Area Development Agreement to a person acceptable to us. See also "m" above.
q. Non-competition covenants during the term of the franchise	§ 8.1	Unless we otherwise consent, you cannot engage in "Competitive Activities" defined as owning, operating, lending to, advising, being employed by, or having any financial interest in (i) any restaurant or business engaged in the sale or distribution of food products, at wholesale or retail, where 10% or more of total direct and indirect sales consist of products that are vegan, vegetarian and/or hamburgers, unless operated pursuant to a validly subsisting Franchise Agreement with us, or (ii) any business that specializes in developing, operating or franchising restaurants or other businesses engaged in the sale or distribution, at wholesale or retail, of products the same as or substantially similar to the products sold in Restaurants including a competitive restaurant where 10% or more of total direct and indirect sales consist of products that are vegan, vegetarian and/or hamburgers. "Competitive Activities" does not include the direct or indirect ownership solely as an investment, of securities of any entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, the entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of the entity.
r. Non-competition covenants after the franchise is terminated or expires	§ 8.2	Except with our express written consent, no involvement in any Competitive Activities, as defined above, for 2 years within the Development Area. These provisions may be subject to applicable state law.
s. Modification of the agreement	§ 10.9	The agreement may be modified only by written agreement between the parties.
t. Integration/Merger clause	§ 10.9	Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	§§ 10.17 and 10.18	The parties must mediate disputes before filing a lawsuit or demand for arbitration, except that judicial relief is permitted before mediation for claims that are based solely on demands for money owed or judicial relief to seek provisional remedies, including injunctions. Mediation must be completed within 60 days. Mediation is held in Los Angeles. All disputes not settled by mediation, must be arbitrated.

Provision	Section in Area Development Agreement	Summary
v. Choice of forum	§§ 10.15, 10.17and 10.18	You and we agree that all arbitrations will be held at a suitable location to be chosen by the arbitrator which is within twenty-five (25) miles of our principal business address at the time that the arbitration action is filed, and you and we both waive the right to a trial by jury to the maximum extent permitted. Any and all claims and actions must be brought or asserted before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or federal statute of limitations; (b) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (c) two (2) years after the first act or omission giving rise to an alleged claim; or its expressly acknowledged and agreed by all parties that such claims or actions shall be irrevocably barred. Claims attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification shall be subject to only the applicable state or federal statute of limitations. These provisions may be subject to applicable state law.
w. Choice of law	§ 10.8	California law applies, except for the provisions respecting Non-Competition, which are governed by the law of the state in which you will operate. These provisions may be subject to applicable state law.

ITEM 18
Public Figures

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

ITEM 19
Financial Performance Representations

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting John Billingsley at 5855 Green Valley Circle, Suite 208 Culver City, CA 90230, tel. no. (310) 745-5228 the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20
Table No. 1

Systemwide Outlet Summary
For Years 2019 through 2021

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Company- and Affiliate-Owned	2019	0	0	0
	2020	0	0	0
	2021	0	3	+3
Total Outlets	2019	0	0	0
	2020	0	0	0
	2021	0	3	+3

Table No. 2
Transfers of Outlets from Franchisee to New Owners (other than the Franchisor)
For Years 2019 through 2021

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2019	0
	2020	0
	2021	0

Table No. 3
Status of Franchised Outlets
For Years 2019 through 2021*

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Total	**2019**	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Table No. 4
Status of Company- and Affiliate-Owned Outlets
For Years 2019 through 2021

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
California	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
Illinois	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	2	0	0	0	2
Totals	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	3	0	0	0	3

Table No. 5
Projected Openings During 2022

Column 1 State	Column 2 Franchise Agreements Signed in 2022 But Outlet Not Opened	Column 3 Projected New Franchise Outlets in 2022	Column 4 Projected New Company or Affiliate-Owned Outlets in 2022
California	0	1	3
Massachusetts	0	0	0
New York	0	0	1
Total	0	1	4

There were no franchisees who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during 2021 or who have not communicated with us within 10 weeks of the date of this disclosure document.

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

Since we recently began franchising, there have been no agreements signed with any franchisees sign provisions restricting their ability to speak only about their experience with the “Stand-Up Burgers” franchise system. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

No trademark specific franchisee association has been sponsored by us, or has requested to be included in this Franchise Disclosure Document.

ITEM 21
Financial Statements

Our audited financial statements as of December 31, 2021 are attached as Exhibit F.

ITEM 22
Contracts

Attached as Exhibit A is a copy of our current form of Franchise Agreement, including our form Guaranty.
Attached as Exhibit B is a copy of our current form of Area Development Agreement.
Attached as Exhibit D is a copy of our current form of General Release.
Attached as Exhibit E is a copy of our current form of Franchisee Questionnaire.

ITEM 23
Receipts

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

Exhibit A

Franchise Agreement

STANDUP BURGERS
FRANCHISE AGREEMENT

By and Between

Stand-Up Burgers Franco, LLC

and

____

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STAND-UP BURGERS
FRANCHISE AGREEMENT

THIS **FRANCHISE AGREEMENT** ("**Agreement**") is made this _____ day of ___________, 20___ ("**Effective Date**") by and between Stand-Up Burgers Franco, LLC a Delaware limited liability company ("**Company**"), and _____________________, a(n) ________________________ ("**Franchisee**").

RECITALS

A. Company and/or its Affiliates have developed (and may continue to develop and modify) a system for the operation of fast casual restaurants under the Marks (as defined below) that offer a variety of high-quality uniquely crafted, 100% plant-based, vegan, cheeseburgers, hamburgers, grilled sandwiches, salads, side dishes, milkshakes, and desserts along with cold beverages and other approved products and services (individually, a "**Restaurant**" and collectively, the "**Restaurants**").

B. Company and/or its Affiliates use, promote, and license others to use and promote certain trademarks, service marks, logotypes, and other commercial symbols in operating the Restaurants, including the "STAND-UP BURGERS" mark, and may, from time to time, create, use, and license other trademarks, service marks, and commercial symbols to identify and for use by Franchisee in operating the Restaurant (collectively, the "**Marks**").

C. Restaurants are developed and operated using the Marks and Company's and its Affiliates' specified and distinctive food recipes and ingredients, proprietary dressings, preparation techniques, product specifications, business formats, trade dress, Confidential Information (defined below), training programs, methods, marketing materials and techniques, copyrights, menus, uniforms, signs, designs, layouts, and Brand Standards (defined below), all of which Company may improve, further develop, or otherwise modify from time to time (the "**System**").

D. Company grants persons who satisfactorily meet Company's qualifications and whom confirm their willingness to undertake the investment and effort, a franchise to own and operate a single Restaurant. Franchisee has applied for a franchise to obtain a Restaurant and has provided Company with certain information in support of its application.

AGREEMENT

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1
BASIC TERMS AND CERTAIN DEFINITIONS

1.1 **Basic Terms**.

1.1.1 "**Expiration Date**" means the first to occur of: (i) the tenth (10^{th}) anniversary of the Opening Date; (ii) the eleventh (11^{th}) anniversary of the Effective Date, or (iii) ____________________, 20__ (the "**Expiration Date**").

1.1.2 **Initial Fee**" means $_____________.

1.1.3 "**Franchisee Notice Address**" is:

____
____
____
Attn:_________________

1.1.4 "**Location**" means: ____
____

1.1.5 "**Operating Principal**" means ___________________________, or such other individual hereafter designated by Franchisee, and accepted by Company (and until subsequently disapproved by Company), to serve as the authorized representative of Franchisee, who shall hold 10% or more of the Equity of Franchisee, and who shall have the authority to act on behalf of Franchisee during the Term.

1.2 **Certain Defined Terms**. Unless otherwise defined in this Agreement, capitalized terms shall have the meanings set forth in Appendix 1.

ARTICLE 2
GRANT

2.1 **Grant**. Company hereby awards Franchisee, and Franchisee hereby accepts, the right, license and obligation, during the Term, to use and display the Marks, and to use the System, to operate one (1) Restaurant at, and only at, the Location, upon the terms and subject to the provisions of this Agreement. The license granted under this Agreement does not include the rights to: (1) offer or sell products or services offered or sold by Restaurants at any location other than at the Location, or (2) offer or sell products or services offered or sold by Restaurants through any other channels of distribution, including Off-Premises Activity except as authorized in writing by Company. As of the Effective Date, Company authorizes its franchisees, including Franchisee, to accept and fulfill "to go" or "take away" food orders through telephone orders placed directly with the Licensed Restaurant, online through Company's proprietary website, through Company's proprietary mobile application, and delivery orders for non-catering purposes through such third-party online food ordering platforms (e.g., Uber Eats, Postmates, Grub Hub, and Door Dash) as designated by Company from time-to-time in the Brand Standards Manual. Company reserves the right unilaterally to establish and modify on written notice to Franchisee in Company's sole and absolute discretion Brand Standards relating to Off-Premises Activity, which may include limitations on the geographic areas and Authorized Products served by Franchisee.

2.2 **No Sublicensing Rights**. Franchisee shall not sublicense, sublease, subcontract or enter any management agreement providing for the right to operate the Licensed Restaurant or to use the System.

2.3 **Territorial Rights**. Subject to Section 2.4 and provided that Franchisee is in full compliance w ith this Agreement and all other Agreements between Company and Franchisee (or any of its Affiliates), then during the Term, neither Company nor its Affiliates will operate, or authorize any other individual or Entity to operate, a Restaurant, the physical premises of which are located at a fixed site within the Protected Area, except for Restaurants located at Non-Traditional Venues and as otherwise permitted in Section 2.4. Franchisee understands and agrees that the territorial rights provided in this Section 2.3, do not provide Franchisee exclusive rights with respect to any particular customer or potential customer, nor do they restrict Company or any of its employees, Affiliates, representatives, franchisees, licensees, assigns, agents and others from accepting orders (including online, mobile application or catering orders) from persons within or outside the Protected Area through food ordering platforms and other systems and delivering or fulfilling such orders to customers or others located within the Protected Area.

2.4 **Reservation of Rights**. Franchisee's rights under this Agreement are nonexclusive and Company expressly reserves all other rights, including the exclusive, unrestricted right, in its discretion, directly and indirectly, through its employees, Affiliates (defined below), representatives, licensees, assigns, agents and others,

2.4.1 to own or operate and to franchise or license others to own or operate Restaurants at any location outside the Protected Area,

2.4.2 to own or operate and to franchise or license others to own or operate restaurants and other businesses under names other than "STAND-UP BURGERS" at any location whatsoever,

2.4.3 to own or operate and to franchise or license others to own or operate Restaurants at Non-Traditional Venues at any location, and of any type whatsoever, within or outside the Protected

Area, and regardless of their proximity to any Restaurant developed or under development or consideration by Franchisee;

2.4.4 to produce, license, distribute and market "STAND-UP BURGERS" brand named products, and products bearing other marks, including fresh and frozen packaged, prepped or ready-to-eat foods; pre-packaged and/or branded dressings and similar items, apparel, retail and novelty items; at or through any location or outlet, including grocery stores and convenience stores (including those which may be located within the Protected Area), and through any distribution channel, at wholesale or retail, including by means of catering, the internet or internet web site, mobile application, online food and beverage ordering, third-party food and beverage delivery services, food trucks or other non-fixed locations, direct mail advertising, and other distribution methods, including websites, online retailers, and direct sales through affiliates;

2.4.5 to offer, sell, provide, produce, license, distribute and market products, including frozen food products, and services identified by the Marks and/or other trademarks or service marks to any Person, at or through any location or outlet (other than a Restaurant located at Venues within the Protected Area), regardless of proximity to the Licensed Restaurant or Protected Area, and through any distribution channel, at wholesale or retail, including by means of Off-Premises Activity, the internet or internet web site, mobile application, online food and beverage ordering, third-party food and beverage delivery services, food trucks or other non-fixed locations, direct mail advertising, and other distribution methods, including websites, online retailers, and direct sales through affiliates;

2.4.6 to advertise and promote the System through any means and at any location, including through the internet, mobile applications, temporary or permanent physical displays, television, radio, billboards, email, text message, print media, direct mail, demonstrations, seminars, and other forms of advertising and promotion;

2.4.7 to develop, acquire, merge with or otherwise become associated with other concepts (including dual branding and/or franchise systems) under names other than "STAND-UP BURGERS," whether or not using the System, and award franchises and/or licenses under other concepts for locations anywhere; and

2.4.8 to engage in any other activities not expressly prohibited by this Agreement.

ARTICLE 3
TERM AND RIGHT TO ENTER INTO SUCCESSOR FRANCHISE AGREEMENT

3.1 **Initial Term**. The term of this Agreement ("**Term**") shall commence on the Effective Date and expire on the Expiration Date, unless sooner terminated or extended in accordance with this Agreement.

3.2 **Right to Enter into Successor Franchise Agreement**.

3.2.1 Subject to the conditions contained in Section 3.4 and Franchisee's compliance with Section 3.3, at the expiration of the Term hereof, Franchisee shall have the right (the "**Successor Agreement Right**") to enter into a new franchise agreement on the then-current form generally being offered to prospective franchisees of Company operating under the Marks (the "**Successor Franchise Agreement**") for two (2) successive five (5) year periods (each a "**Successor Term**"). Franchisee acknowledges that the terms of the Successor Franchise Agreement, including fees and royalties, will be substantially similar to new franchise agreements granted at the time and may materially differ from those contained in this Agreement.

3.2.2 The term of the Successor Franchise Agreement shall commence upon the date of expiration of the Term, or Successor Term, as applicable; provided, however, that notwithstanding the terms of Company's then-current form of franchise agreement:

(a) The first Successor Franchise Agreement shall provide that Franchisee must pay, in lieu of an initial fee, a renewal fee in an amount equal to 50% of the then-current initial franchise fee charged by Company in the state where the Licensed Restaurant is located, but not less than $12,500; and

(b) the first Successor Franchise Agreement shall provide the right to enter into a successor franchise agreement as provided in the first Successor Franchise Agreement for one additional five (5) year term and that no further rights shall be granted to renew or enter into further successor franchise agreements.

3.3 **Form and Manner of Exercising Successor Agreement Right**. If available, the Successor Agreement Right shall be exercised only in the following manner:

3.3.1 Between 6 months and 9 months before the expiration of the Term, Franchisee shall notify Company in writing ("**Notice of Election**") that it intends to exercise its Successor Agreement Right. No sooner than immediately after the expiration of any waiting period(s) required by Applicable Law, and no more than 30 days after Franchisee receives Company's franchise disclosure document (if applicable), Franchisee shall execute the copies of the Successor Franchise Agreement and return them to Company.

3.3.2 If Franchisee exercises its Successor Agreement Right in accordance with Section 3.3.1 and satisfies all of the conditions contained in Section 3.4, Company shall execute the Successor Franchise Agreements and promptly deliver one fully executed copy to Franchisee.

3.3.3 If Franchisee fails timely to perform any of the acts, or timely to deliver any of the notices required pursuant to the provisions of Sections 3.3 or 3.4 such failure shall be deemed an election by Franchisee not to exercise its Successor Agreement Right and shall automatically cause Franchisee's Successor Agreement Right to lapse and expire.

3.4 **Conditions Precedent to Entering into a Successor Franchise Agreement**. Franchisee's Successor Agreement Right is conditioned upon Franchisee's fulfillment of each and all of the following conditions precedent:

3.4.1 At the time Franchisee delivers its Notice of Election to Company, and at all times thereafter until the commencement of the Successor Term, Franchisee shall not have been, nor be, in default of its material obligations under this Agreement.

3.4.2 Unless Franchisee has remodeled the Premises and the Licensed Restaurant within the preceding 5 years as required by Section 5.5.2, at Company's request, Franchisee shall, prior to the date of commencement of the Successor Term, have undertaken and completed at its expense, the remodeling, renovation, modernization, or refurbishing of the Premises and the Licensed Restaurant, which may include installation of new or replacement FF&E to comply with the Brand Standards for new Restaurants.

3.4.3 Without limiting the generality of Section 3.4.1, Franchisee shall not have committed 3 or more material defaults of this Agreement during any 36 month period during the Term for which Company shall have delivered notices of default, whether or not such defaults were cured.

3.4.4 Franchisee, and Franchisee's employees, as applicable, shall comply with Company's then-current qualification, training and certification requirements at Franchisee's expense.

3.4.5 Concurrently with the execution of the Successor Franchise Agreement, Franchisee shall, and shall cause each of its Affiliates to, execute and deliver to Company a general release, on a form prescribed by Company of any and all known and unknown claims against Company and its Affiliates and their Owners, officers, directors, agents, and employees.

3.5 **Notice Required by Law**. If Applicable Law requires that Company give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a week-to-week basis until Company has given the required notice and Company may extend the Term for such a period following the Expiration Date so that it may deliver to Franchisee any required notice. If Company is not offering new franchises, is in the process of revising, amending or renewing its form of franchise or license agreement or franchise disclosure document, or is otherwise not able or lawfully permitted to offer Franchisee its then-current form of franchise agreement at the time Franchisee delivers its Notice of Election, Company may, in its discretion, (i) offer to renew this Agreement on the same terms for a Successor Term in accordance with Section 3.2, or (ii) offer to extend the Term on a week-to-week basis following the Expiration Date for as long as it deems necessary or appropriate so that it may lawfully offer its then-current form of franchise agreement.

ARTICLE 4
PAYMENTS

4.1 **Initial Fee**. Franchisee shall pay to Company the Initial Fee upon execution of this Agreement.

4.2 **Continuing Royalty**. Franchisee shall pay to Company, a continuing royalty (the "**Continuing Royalty**") equal to 5% of Franchisee's Gross Sales during the preceding Accounting Period.

4.3 **Brand Fee**. Franchisee shall pay to Company a brand fee (the "**Brand Fee**") established by Company from time to time not to exceed 4% of Franchisee's Gross Sales during the preceding Accounting Period; provided, however, that Company shall waive the Brand Fee until such time as Company establishes the Brand Fund; and provided further that Franchisee shall expend not less than 2% of Franchisees monthly Gross Sales on local advertising in accordance with this Agreement until such time as the Brand Fund is established, at which time Franchisee shall, in addition, expend not less than 1.0% of its monthly Gross Sales on local advertising in accordance with this Agreement.

4.4 **Social Media/Technology Fee**. Franchisee shall pay to Company, or its designee as provided below, a social media and technology fee (the "**Social Media/Technology Fee**") each Accounting Period during the Term totaling $250 per month to offset the expenses Company incurs in implementing and support the System's technological infrastructure; including, without limitation, the Information Systems and other software and application development, point-of-sale and Intranet maintenance and development, as well as Company's website hosting and management of social media efforts for the System. Company reserves the right to direct that any or all of the Social Media/Technology Fee be paid directly to its designee. Company further reserves the right to adjust the amount of the Social Media/Technology Fee as it determines necessary on no less than 30 days advance notice; provided the Social Media/Technology Fee shall not be increased by more than 50% in any 12 month period.

4.5 **Timing of Payments**. The Continuing Royalty, Brand Fee, Social Media/Technology Fee and all other amounts then owed to Company each Accounting Period, together with a statement of Franchisee's Gross Sales for the applicable Accounting Period (certified as complete and accurate by a duly authorized representative of Franchisee) shall be due no later than the 5th business day after each Accounting Period during the Term, without offset or deduction. The Initial Fee, Continuing Royalty, Brand Fee, and Social Media/Technology Fee are non-refundable, in whole or in part, under any circumstances.

4.6 **Grand Opening Promotion**. Franchisee shall, in addition to the advertising and promotion required by ARTICLE 8 and prior to or concurrently with the opening of the Licensed Restaurant, spend a minimum of $10,000 (unless Company agrees to a lower expenditure in its sole discretion) on grand opening promotional activities pursuant to a written grand opening promotional plan that must be submitted to Company and approved in writing by Company prior to the Opening Date. Company shall not unreasonably withhold, condition or delay its approval of such promotional plan.

4.7 **EFT and Pre-Authorized Payments**. At Franchisee's sole cost and expense, Franchisee shall instruct its bank to make all payments due under this Agreement directly to Company from Franchisee's account, by electronic funds transfer, electronic or automatic debit, or such other automatic payment mechanism which Company may designate ("**EFT**"). Promptly upon Company's request, Franchisee shall execute or re-execute and deliver to Company such pre-authorized check forms and other instruments or drafts required by Company's bank to enable Company unilaterally to draw all sums payable under the terms of this Agreement. Company's current form of EFT authorization is attached as Exhibit B. Franchisee shall also maintain a single bank account for such payments and shall maintain the minimum balance in such account as Company may reasonably specify from time to time, but not less than amounts sufficient funds cover all Continuing Royalties, Brand Fees, Social Media/Technology Fees and other payments to Company. Franchisee shall not alter or close such account except with Company's prior written approval. If Franchisee fails to provide required reports of Gross Sales, Company may withdraw funds based on Company's estimate of Franchisee's Gross Sales. Such estimate shall be based on Franchisee's historically reported Gross Sales, or other reasonable basis selected by Company. Company may require Franchisee to pay any amounts due under this Agreement or otherwise by means other than EFT automatic debit (e.g., by check) whenever Company deems appropriate, and Franchisee agrees to comply with Company's payment instructions.

4.8 **Other Payments**.

4.8.1 Franchisee shall also pay to Company, its Affiliates and designees, as applicable, promptly when due:

(a) all amounts advanced by Company or which Company has paid, or which Company has become obligated to pay on behalf of Franchisee for any reason whatsoever;

(b) the amount of all sales taxes, use taxes, service taxes, personal property taxes, value added taxes, and similar taxes, which may be imposed upon Franchisee, but required to be collected or paid by Company (i) on account of Franchisee's Gross Sales, or (ii) on account of fees collected by Company from Franchisee (but excluding Company's ordinary income taxes). Company, in its discretion, may collect the taxes in the same manner as the Continuing Royalty is collected and promptly pay the tax collections to the appropriate Governmental Authority; provided, however, that unless Company so elects, it shall be Franchisee's responsibility to pay all sales, use or other taxes imposed now or in the future by any Governmental Authorities on fees paid by Franchisee to Company; and

(c) all amounts due for any reason, including for the purchase of goods, supplies or services relating to the Licensed Restaurant.

4.8.2 Franchisee shall remain current and fully comply and perform each of its obligations to its landlord, vendors and Suppliers.

4.9 **Application of Funds**. If Franchisee becomes delinquent in the payment of any obligation to Company or any of its Affiliates under this Agreement or any other agreement, Company shall have the absolute right to apply any payments received from Franchisee to any obligation owed Company or such Affiliate, notwithstanding any contrary designation by Franchisee.

4.10 **Interest and Charges for Late Payments**. If Franchisee fails to pay to Company all sums owed to Company or its Affiliates promptly when due, Franchisee shall pay a late fee of 1% per month of the amount due plus interest on the unpaid amounts from the date due, at the rate of 18% per annum, or the highest rate allowable under Applicable Law, whichever is less. If any check, draft or electronic transfer is unpaid because of insufficient funds or otherwise, then Franchisee shall pay Company's expenses arising from such non-payment, including bank fees in the amount of at least $50.00, or the maximum amount allowable under Applicable Law, whichever is less.

ARTICLE 5
SITE SELECTION; CONSTRUCTION AND COMMENCEMENT OF BUSINESS

5.1 **Site Selection**.

5.1.1 If an address has been inserted in the space provided in Section 1.1.4 on the Effective Date, then the Restaurant to be developed and operated under this Agreement shall be located at the Location. Franchisee acknowledges that it has independently investigated and located, and Company (based upon the information provided by Franchisee) accepted the Location.

5.1.2 If no Location has been inserted in the space provided in Section 1.1.4, then promptly following the Effective Date, Franchisee shall promptly locate one or more proposed sites at Venues that meet the Brand Standards. Franchisee shall submit in a form prescribed by Company such demographic and other information regarding the proposed site(s) and neighboring areas as Company shall reasonably require ("**Site Review Request**"). Company may seek such additional information as it deems reasonably necessary, and Franchisee shall respond promptly to each request. Company may accept or reject a proposed site in its sole discretion. If Company accepts a proposed site it shall notify Franchisee in writing and the site shall be deemed to be the "Location." If Company does not deliver written notice of acceptance or rejection to Franchisee within 30 days of receipt of Franchisee's Site Review Request, or within 5 days after receipt of additional requested information, whichever is later, the site shall be deemed rejected. Franchisee shall not enter into a lease or purchase agreement for the Location unless and until the site has been accepted. Company may impose a fee of $1,500 per each Site Review Request if Company reasonably determines that Franchisee has submitted a number of Site Review Requests that exceed the typical necessary for Franchisee to find a site that is acceptable to Company. Unless an extension is granted in writing by Company, Franchisee must obtain Company's acceptance of a proposed site within 180 days following the Effective Date.

5.1.3 Franchisee acknowledges that it is solely responsible for finding the Location for the Restaurant it develops pursuant to this Agreement. Although Company may assist Franchisee in obtaining or evaluating an acceptable location, Company is not required to visit any proposed site. Company's assistance, if any, and its acceptance of a location is solely an indication that the Location meets Company's minimum Brand Standards and such acceptance shall not be construed as an express or implied representation or warranty that the Location will be profitable or successful.

5.2 **Lease or Purchase of Location**.

5.2.1 Promptly following Company's acceptance of the Location, Franchisee shall proceed to negotiate a lease for the Location or purchase agreement for the Location. Franchisee shall submit a copy of the proposed lease or purchase agreement to Company within 30 days following Company's acceptance of the Location. If the Location is leased or subleased, (i) the lease for the Location shall name Franchisee as the sole lessee and it may not be assigned or sublet without Company's prior written consent; (ii) Company shall have the right to review and accept or reject the lease for the Location; (iii) Franchisee shall not create any obligations on behalf of Company, or grant to lessor any rights against Company, nor agree to any other term, condition, or covenant which is inconsistent with any provision of this Agreement; (iv) the lease for the Location shall be for a term (including options) which is not less than the Term (and the Successor Term(s)), unless Company approves a shorter term of the lease in writing; (v) the lease for the Location shall not contain a non-competition covenant which purports to restrict Company, or any franchisee or licensee of Company (or its Affiliates), from operating a Restaurant or any other retail establishment, unless such covenant is approved by Company in writing prior to the execution of the lease for the Location; (vi) Franchisee shall duly and timely perform all of the terms, conditions, covenants and obligations imposed upon Franchisee under the lease; and (vii) a fully executed copy of the lease for the Location shall be delivered to Company promptly following its execution and upon Company's request. The lease for the Location shall include the addendum attached as Exhibit C unless Company otherwise consents in writing.

5.2.2 If the Location is being purchased by Franchisee, the purchase and sale contract shall be subject to Company's review and acceptance. A true and correct copy of the proposed contract shall be delivered to Company at least 10 days prior to execution, and a true and correct copy of the executed contract shall be furnished to Company within 10 days after execution.

5.2.3 Franchisee hereby authorizes Company and lessor to communicate with one another for any purpose, including de-identification of the Location following the termination or expiration (including nonrenewal) of this Agreement or the lease for the Location, Franchisee's sales, Franchisee's defaults under this Agreement or the lease for the Location, and negotiating a lease for the Location following the termination or expiration of the lease for the Location.

5.2.4 Company's review and acceptance of the lease for the Location or purchase agreement is solely for Company's benefit and is solely an indication that the lease for the Location or purchase agreement meets Company's minimum Brand Standards (which may be different than the requirements of this Agreement) and such review and acceptance shall not be construed as any express or implied representation or warranty that the lease for the Location or purchase agreement complies with Applicable Law, represents a transaction that is fair or in Franchisee's best interest, that the terms are favorable to Franchisee, or that the location will be successful.

5.3 **Construction and Development of the Restaurant**.

5.3.1 Franchisee is responsible for developing and constructing the Licensed Restaurant at its expense. Before the renovation and construction of the Licensed Restaurant or the Location, Company shall provide Franchisee with copies of Company's Brand Standards for the design and layout of a typical Restaurant and mandatory items of FF&E and other suggested items of FF&E, decor, trade dress, inventory, Information Systems, telephone systems, and other items. Company or its Affiliate will also provide Franchisee advice and assistance regarding the design and layout of the Licensed Restaurant. Franchisee shall at its sole cost and expense promptly and diligently cause the Premises and Licensed Restaurant to be designed, constructed, equipped and improved in accordance with the Brand Standards, unless Company agrees to modifications in writing.

5.3.2 Franchisee shall only employ licensed and bonded architects, engineers and general contractors, that that have been accepted by Company, to prepare all architectural, engineering and construction drawings and site plans, and to obtain all Permits required to construct, remodel, renovate, and/or equip the Licensed Restaurant and Premises in accordance with the Brand Standards and Applicable Law. Franchisee acknowledges that Brand Standards (including layouts) provided by Company may not comply with Applicable Law and it is Franchisee's responsibility to modify the Brand Standards (including layouts) to comply with Applicable Law, subject to Company's acceptance as provided below. All drawings and plans shall be submitted to Company for its prior review and acceptance before Franchisee's commencement of construction. All drawings and plans shall be submitted to Company with a construction and build-out calendar reflecting that the construction and development of the Licensed Restaurant will be completed within the time periods required by this Agreement. If Company does not deliver written notice that Company accepts or rejects such plans or drawings within 10 days, the plans or drawings shall be deemed rejected.

5.3.3 Franchisee acknowledges that Company's review and acceptance of Franchisee's drawings and plans is limited to ensuring Franchisee's compliance with Company's Brand Standards. Company's criteria for acceptance or rejection do not encompass technical, architectural or engineering considerations. Company will have no liability with respect to construction of the Location, nor shall Company be responsible in any way for delays or losses occurring during the design, construction or other preparation of the Licensed Restaurant, whether caused by the condition of the Location, the design, engineering, construction, equipping, decorating or stocking of the Licensed Restaurant, or any other reason. Franchisee expressly acknowledges and agrees that Company does not warrant or guaranty that the design, décor, appearance, FF&E, inventory requirements, layout, and/or other improvements of the Licensed Restaurant will ensure Franchisee's success.

5.3.4 Unless Company otherwise agrees in its sole discretion, Franchisee must pay to Company a construction supervision fee (the "**Real Estate Site / Construction Supervision Fee**") in the amount of $10,000 plus reasonable out of pocket travel expenses as compensation for Company's time and expenses incurred in connection with its supervision of Franchisee's construction of the Licensed Restaurant. The Real Estate Site / Construction Supervision Fee will cover three (3) site visits (pre-construction, mid-point of construction, turnover) and will be payable to us immediately upon demand.

5.4 **Opening of the Licensed Restaurant**.

5.4.1 Franchisee shall not open the Licensed Restaurant to the public until: (a) Franchisee and Company have fully executed a franchise agreement and Franchisee has properly developed and equipped the Licensed Restaurant in accordance with the Brand Standards and Applicable Law; (b) all pre-opening training for Franchisee's personnel has been completed; (c) Franchisee has obtained all Permits to operate the Licensed Restaurant; and (d) Company has provided Franchisee with its written authorization to open and commence operation of the Licensed Restaurant. Company's authorization to open the Licensed Restaurant is to confirm that Franchisee complies with the Brand Standards, and shall not be construed as an express or implied representation or warranty that the Location complies with Applicable Law or that the construction is sound or free from defects. The date after Company issues its written authorization to open and commence operation of the Licensed Restaurant shall be deemed the "**Opening Date**" for purposes of this Agreement, regardless of the date on which Franchisee actually first open the Licensed Restaurant to the public; provided, however, that if the Company neglects to provide such authorization in writing, then the Opening Date shall be as determined by Company in good faith, whose determination shall bind both parties ("**Opening Date**").

5.4.2 Subject only to Force Majeure, Franchisee shall complete construction or renovation of the Premises and the Licensed Restaurant, obtain all required Permits and Company's written authorization to open, and commence operation of the Licensed Restaurant as soon as possible, but in any event within 12 months following the Effective Date, unless Company consents in writing to a longer period of time. The time periods for the commencement and completion of construction and the commencement of operation of the Licensed Restaurant are of the essence of this Agreement.

5.5 **Maintaining and Remodeling of Licensed Restaurant**.

5.5.1 Franchisee shall maintain the condition and appearance of the Licensed Restaurant in a "like new" level of appearance and operation consistent with the image of Restaurants as attractive, clean, and efficiently operated, offering high quality goods and services, courteous service, and pleasant ambiance. If at any time in Company's reasonable judgment, the state of repair, appearance, cleanliness or functionality of Licensed Restaurant (including the Premises and non-Licensed Restaurant portion of the Premises and parking areas) or its FF&E, décor and trade dress fail to meet the Brand Standards, Company shall provide written notice to Franchisee. Franchisee shall promptly upon receipt of notice correct such deficiencies, that may include replacing worn out or obsolete FF&E, signage, décor and trade dress; repairing and repainting the interior and exterior of the Licensed Restaurant, the Premises and appurtenant parking areas (if any); and modifying the décor and layout of the Licensed Restaurant to implement changes in required Brand Standards; all within the time period(s) prescribed by Company. Without limiting the foregoing, Franchisee shall immediately abate, replace, and remove any graffiti in or about the Premises.

5.5.2 In addition to Franchisee's obligations under Section 5.5.1, but not more frequently than once every five (5) years during the Term, and as a condition to Franchisee's exercising its Successor Agreement Right, Company may require Franchisee, at Franchisee's sole cost and expense, to refurbish, remodel and improve the Licensed Restaurant to conform to the Brand Standards. Such remodeling may include structural changes to the Licensed Restaurant and replacement or modification of FF&E, décor, and trade dress as well as such other changes as Company may direct. Franchisee shall undertake such work upon notice from Company, and shall complete any such remodeling as expeditiously as possible, but in any event within 90 days of commencing same (and no later than the commencement of the Successor Term), unless Company agrees in writing to a longer period of time. Franchisee shall provide Company with a time schedule for the construction and remodeling of the Licensed Restaurant. Company shall not be liable to Franchisee on account of any lost income, profits, opportunities, or otherwise as a result of being required to undergo the remodeling.

5.5.3 If the Licensed Restaurant is damaged or destroyed by fire or any other casualty, Franchisee shall commence such repairs or reconstruction within 60 days, and thereafter diligently pursue such repairs or reconstruction to completion; any such repair and reconstruction shall be completed as soon as reasonably practicable but in any event within six (6) months following the event causing the damage or destruction. If, in Company's reasonable judgment, the damage or destruction is of such a nature or to such extent that it is feasible for Franchisee to repair or reconstruct the Location and the Licensed Restaurant in conformance with the Brand Standards for new Restaurants, Company may require that Franchisee repair or reconstruct the Premises and Licensed Restaurant in conformance with the Brand Standards for new Restaurants.

5.6 **Relocating the Licensed Restaurant**. Franchisee may not relocate the Licensed Restaurant without Company's prior written consent. If Company consents to a relocation (i) Franchisee shall de-identify the former location in the manner described in ARTICLE 15; and (ii) reimburse Company for the costs it incurs in connection with the relocation.

5.7 **Force Majeure**. If Franchisee claims an event of Force Majeure, Franchisee shall provide prompt written notice to Company. The notice must (i) state that Franchisee believes that an event of Force Majeure has occurred and expressly include the words "Force Majeure," (ii) describe the circumstances of the event with particularity, and (iii) describe how the Force Majeure has impacted Franchisee's performance under this Agreement. Franchisee must also provide all other information as may be requested by Company and periodic updates (no less frequently than once each week) on Franchisee's progress and diligence in responding to and overcoming the Force Majeure. Thereafter, Franchisee must notify Company immediately upon cessation of Force Majeure.

ARTICLE 6
TRAINING

6.1 **Initial Training**.

6.1.1 Prior to opening the Licensed Restaurant, Franchisee's Operating Principal, general manager, and up to two crew lead personnel must successfully complete, to Company's reasonable satisfaction, an initial training program in the Brand Standards and the operation of a Restaurant ("**Initial Training Program**"). Company may modify the content and manner of conducting the Initial Training Program in its discretion from time to time. Prior to opening the Licensed Restaurant, Company shall provide the Initial Training Program up to two (2) persons, one of whom must be the Operating Principal and one of whom must be Franchisee's initial general manager. The Initial Training Program will be conducted at Company's training facilities in California or at other approved training facility(ies) specified by Company, and may include classroom training, instruction at Company or franchisee facilities, remote training, and/or a self-study program. The Operating Principal and general manager will attend a 6 week operations program and the crew lead personnel a 4 week training program. Franchisee will pay Company's then-current training fees and reimburse Company for its Travel Expenses if Company provides the Initial Training Program to any person designated by Franchisee in excess of the first four (4) referred to above or if Company requires any of the initial trainees to undergo additional training to complete the Initial Training Program to Company's satisfaction. The Operating Principal and Franchisee's general manager and Crew Leads shall complete the Initial Training Program to Company's reasonable satisfaction not less than 30 days prior to Franchisee opening the Licensed Restaurant to the public. Company shall not be obligated to provide the Initial Training Program if this Agreement is (i) the second or subsequent agreement between Franchisee (or any of its Affiliates) and Company, (ii) a Successor Franchise Agreement, or (iii) is signed in connection with an assignment or transfer of a Restaurant.

6.1.2 Franchisee may not open and operate the Licensed Restaurant until (i) the Operating Principal shall have completed the Initial Training Program to Company's reasonable satisfaction; (ii) Franchisee's initial general manager shall have completed the Initial Training Program to Company's reasonable satisfaction or, if this Agreement relates to Franchisee's or its Affiliates second or subsequent Restaurant, the Operating Principal has trained the general manager in accordance with the Brand Standards Manual(s); and (iii) Franchisee has successfully trained a number of employees reasonably necessary to operate the Licensed Restaurant in accordance with the Brand Standards Manual(s).

6.2 **On-Site Opening Assistance**. Commencing shortly before and ending shortly after the Licensed Restaurant opens to the public, Company shall provide Franchisee with up to 5 days of on-site training and assistance ("**On-Site Training**"). The number and identity of the representative(s) providing On-Site Training will be determined by Company. On-Site Training will be at Company's discretion and its scheduling and capacity requirements. Company reserves the right to extend the duration of On-Site Training if Company finds that Franchisee's personnel have not completed required training to Company's satisfaction. The On-Site Training will be structured to provide additional practical training and assistance in the implementation and operation of a Restaurant. Company may require, but shall not be obligated to provide, On-Site Training if this Agreement is (i) the second or subsequent agreement between Franchisee (or any of its Affiliates) and Company, or (ii) a Successor Franchise Agreement. If Company shall provide in excess of 5 days of On-Site Training to Franchisee and/or Franchisee's Affiliate, Franchisee shall pay Company's then-current per day training fee. In all cases, Franchisee shall reimburse Company for its Travel Expenses in connection with On-Site Training.

6.3 **Staffing and Staff Training**. At all times, Franchisee must actively employ and have working in the Licensed Restaurant at least one (1) person that has successfully completed the Initial Training Program or that has been fully and adequately trained by the Operating Principal in accordance with the Brand Standards. The Operating Principal shall, to Company's reasonable satisfaction, train each of Franchisee's other employees. At all times during the Term, Franchisee shall employ an adequate staff of employees working in the Licensed Restaurant who shall have been fully and adequately trained, in Company's judgment.

6.4 **Additional Training and Other Assistance**.

6.4.1 Periodically during the Term, Company may require the Operating Principal, general manager, and other Licensed Restaurant personnel (whether they are existing or newly-hired employees) to attend and satisfactorily complete various training courses, programs and conventions that Company chooses to provide, and/or that Company requires Franchisee to provide or attend, at the times and locations that Company designates. Such additional training may be conducted live (at the Company's office, business location or a franchised location), through a live or prerecorded conference, webinar, or internet enabled training program, or by means of a self-study program.

6.4.2 At Franchisee's reasonable request, Company may, but shall not be obligated to: (i) cause its field representatives to visit the Licensed Restaurant to advise, consult with or train Franchisee in connection with its performance and operation of the Licensed Restaurant and Franchisee's compliance with the Brand Standards; or (ii) permit Franchisee or certain of its employees to obtain assistance, consultation or additional training at a Restaurant selected by Company. Any additional assistance, consultation or training by Company shall be at its discretion and subject to its scheduling and capacity requirements. Franchisee may contact Company's headquarters staff, its field representatives and training staff by telephone, electronic mail, facsimile, or other means of correspondence, about questions relating to the operation of the Licensed Restaurant and the goods and services offered and sold at the Licensed Restaurant. At no time shall reasonable efforts to provide Ongoing Assistance be interpreted to require Company to pay any money to or on behalf of Franchisee or to defer Franchisee's obligation to pay any sums to Company.

6.4.3 Company may charge reasonable fees and require reimbursement for Travel Expenses for the additional training and other assistance provided for in this Section 6.4.

6.5 **Annual Conference.** Company may periodically schedule an annual conference or convention or other-system wide or regional meeting of franchisees and/or Restaurant operators at a time and location to be chosen by Company. If Company schedules such conference or meeting, Franchisee and such of Franchisee's personnel designated by Company must attend such conference or meeting, unless Company otherwise excuses Franchisee upon a showing of good cause but Company shall not require Franchisee's attendance more than once per calendar year. Franchisee may be required to pay a reasonable fee in connection with its and its personnel's attendance of such conference or meeting and Franchisee shall pay all Travel Expenses incurred by Franchisee and its personnel in connection therewith. Franchisee's failure to attend, and/or failure to cause such personnel designated by Company to attend, such conference or meeting without Company's prior written consent shall constitute a material default of this Agreement.

6.6 **Training Expenses and Company's Judgment**. Franchisee shall bear all expenses incurred by Franchisee and/or its employees in connection with training, including Travel Expenses. Company shall pay no compensation for any services performed by trainee(s) in connection with training or other assistance, including for providing services at a Company or another licensee's or franchisee's Restaurant. If any training requires travel by Company's employees or representatives, Franchisee will reimburse Company for all Travel Expenses incurred by Company unless otherwise expressly provided above. Company shall determine the contents and manner of conducting all training programs referenced in this Article. Franchisee acknowledges that because of Company's superior skill and knowledge with respect to the training and skill required to develop and operate a Restaurant, its judgment as to whether or not a person has satisfactorily completed the Initial Training Program, and/or all additional or other training programs shall be determined by Company.

ARTICLE 7
FRANCHISED BUSINESS OPERATIONS AND STANDARDS

7.1 **Compliance with Brand Standards and Applicable Law**. Franchisee acknowledges and agrees that operating and maintaining the Licensed Restaurant according to the System and Brand Standards are essential to preserve the goodwill of the Marks and all Restaurants. Therefore, Franchisee shall participate in the System and operate the Licensed Restaurant in strict compliance with the Brand Standards and Brand Standards Manual(s). The Brand Standards and the Brand Standards Manuals(s) may regulate any or all aspects of the operation and maintenance of the Licensed Restaurant. Without limiting the foregoing, Franchisee shall operate the Licensed Restaurant as a clean, orderly, lawful and respectable place of business in accordance with the Brand Standards and in accordance with Applicable Law. Specifically, unless Company otherwise specifies, the Licensed Restaurant shall have a completely vegan menu and serve no food products, additives or ingredients in the Restaurant that may be comprised of or originate from animals or any other animal-derived substances or otherwise be processed with any items derived from animals, and the Brand Standards Manual shall contain specific instructions as to the care, sourcing, handling, storage and maintenance of such vegan food items, and Franchisee acknowledges that failure to comply with the terms of this Section 7.1 may result in immediate termination of this Agreement. Franchisee shall not knowingly cause or allow any part of its Licensed Restaurant to be used for any immoral or illegal purpose. Franchisee at all times shall provide high quality and professional, prompt, courteous, and efficient goods and services to customers and at all times at professionally and courteous to members of the public. Franchisee will conform to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee shall not engage in any action which will cause Company to be in violation of any Applicable Law. Franchisee shall refrain from engaging in action (or failing to take any action), which in the reasonable opinion of Company, causes or could cause damage, harm or injury to the Marks, and/or System.

7.2 **Operating Principal and Management Employees**.

7.2.1 The Operating Principal shall be responsible for communicating and coordinating with Company regarding business, operational and other ongoing matters concerning this Agreement and the Licensed Restaurant. Franchisee represents and warrants that the Operating Principal shall have the full authority to act on behalf of Franchisee in regard to performing, administering or amending this Agreement. The Operating Principal shall be vested with the authority and responsibility for the day-to-day operations of the Licensed Restaurant. The Operating Principal shall: (a) devote full time and best efforts solely to operation of Restaurants owned or operated by Franchisee or its Affiliates in the same geographic region and to no other business activities; (b) meet Company's educational, experience, financial and other reasonable criteria for such position, as set forth in the Brand Standards Manual(s) or otherwise in writing by Company; and (c) have successfully completed the Initial Training Program to Company's reasonable satisfaction. If during the Term the Operating Principal is no longer able to serve, or no longer qualifies to act in accordance with this Section, Franchisee shall promptly notify Company. Franchisee shall then promptly, but not later than 30 days after the prior Operating Principal ceases to serve or qualify: (w) designate a replacement Operating Principal who meets the Brand Standards and otherwise complies with this Section, (x) provide Company with such information about the new Operating Principal as Company may reasonably request, and (y) cause the replacement Operating Principal to satisfactorily complete the Initial Training Program to Company's reasonable satisfaction. Company's acceptance of the Operating Principal shall not constitute Company's endorsement of such individual or a guarantee by Company that such individual will perform adequately for Franchisee or its Affiliates, nor shall Company be estopped from subsequently disapproving or otherwise challenging such person's qualifications or performance. Company may, but is not required to, deal exclusively with the Operating Principal in all regards unless and until Company's actual receipt of written notice from Franchisee of the appointment of a successor Operating Principal who is accepted by Company.

7.2.2 Franchisee shall ensure that the operation of the Licensed Restaurant is at all times under the control and supervision of the Operating Principal. Franchisee shall supervise, direct and be responsible for in all respects, the activities and performance of the Operating Principal and employees of Franchisee and shall ensure compliance with the Brand Standards and this Agreement.

7.3 **Computer/Information Systems**.

7.3.1 Franchisee shall purchase, use and maintain the Information Systems specified in the Brand Standards Manual(s) in accordance with the Brand Standards. The Information Systems must at all times be connected to one or more high-speed communications media reasonably acceptable to Company and permit access to the internet 24 hours per day, 7 days per week. At Company's direction, Franchisee must electronically link the Information Systems to Company or its designee. Franchisee shall allow Company and/or its designee to access the Information Systems and stored files and data, including customer information, daily sales information and sales mix information (the "**IS Data**"), and to independently access the Information Systems, including the IS Data, via any means including electronic polling and uploads, with or without notice. Franchisee acknowledges that Company owns the IS Data that is stored on Franchisee's Information Systems and Franchisee assigns to Company any and all rights Franchisee may have in the IS Data. Company may periodically establish policies in the Brand Standards Manual(s) respecting the Franchisee's use of the IS Data. Company cannot estimate the future costs of the Information Systems, required hardware, software, or service or support, and although these costs might not be fully amortizable over the time remaining in the Term, Franchisee agrees to acquire and incur, in addition to the Social Media/Technology Fee, the costs of obtaining and implementing the hardware, software and other components and devices comprising the Information Systems (including additions, upgrades, updates and modifications) and all support services, service and maintenance agreements and subscriptions prescribed by Company from time to time. Information Systems may be provided directly by third parties or may be sold, licensed or sublicensed by or through Company at a reasonable one-time or recurring charge, and pursuant to forms of agreement prescribed by Company.

7.3.2 Franchisee shall not use or permit the use of the Information Systems for any unlawful or non-business related activity. Franchisee shall not install or use, and shall prohibit others from installing and using, unauthorized hardware or other components and devices, software on or with the Information Systems. Franchisee shall take all commercially reasonable measures to insure that the Information Systems are used strictly in accordance with the Brand Standards, including security protocols and protective measures including how passwords are assigned and rotated, prescribed limitations regarding which persons Franchisee may permit to access (via LAN, WAN, internet or otherwise), use, perform support and installation functions and conduct transactions with the Information Systems. Franchisee shall take all commercially reasonable measures to insure that no virus, Trojan horse, malicious code or other unauthorized code or software is installed on, or transmitted by, the Information Systems. Franchisee shall at all times provide Company with all passwords, access keys and other security devices or systems as necessary to permit Company to access the Information Systems and obtain the data Company is permitted to obtain. Company reserves the right to add, control, modify, govern and block any and all network and internet traffic, ports, protocols, and destinations.

7.3.3 If Company shall designate certain computer software or hardware which is owned or licensed by Company ("**Proprietary Systems**"), Franchisee shall at Company's request license or sublicense such hardware or software from Company or its designee and enter into a (sub)license agreement on Company's or such designee's then-current form. From time to time, Franchisee shall purchase any upgrades, enhancements or replacements to the Proprietary Systems. Company and its Affiliates may charge Franchisee reasonable up-front and reasonable ongoing fees, in addition to the Social Media/Technology Fee, for any Proprietary Systems that Company or its Affiliates license to Franchisee. As part of the Social Media/Technology Fee, Company may provide to Franchisee such support services relating to the Proprietary Software as Company deems advisable.

7.3.4 Company may modify the Brand Standards relating to the Information Systems and Proprietary Systems which may require Franchisee, at Franchisee's sole cost and expense, to add, update, upgrade or replace the Information Systems, including hardware and/or software. Franchisee must incorporate any required modifications or additions within a reasonable period of days after receiving written notice from Company.

7.3.5 Within a reasonable time upon Company's request, Franchisee shall apply for and maintain systems for use of debit cards, credit cards, loyalty and Gift Cards and other non-cash payment methods as specified from time to time by Company. Franchisee shall adhere to all PCI (Payment Card Industry), CISP (Cardholder Information Security Program) and SDP (Site Data Protection) compliance specifications, as amended, and similar standards and specifications.

7.3.6 Franchisee shall sell, or otherwise issue, as Company may designate, stored-value, loyalty and gift cards, certificates and other non-cash payment methods (collectively "**Gift Cards**") that Company designate and only in the manner specified in the Manual. Franchisee shall fully honor all Gift Cards that are in the form approved or required by Company, regardless of whether the Gift Card was issued by Franchisee or another franchisee or operator in the "STAND-UP BURGERS" system, or purchased at any other location, such as a retail or grocery store, via the internet or via other means of distribution. Franchisee shall sell, issue and redeem (without any offset) Gift Cards in accordance with the procedures and policies Company may specify in the Manual or otherwise in writing (the "**Gift Card Program**"). Franchisee acknowledge that in connection with this Gift Card Program, Franchisee may be required to (a) enter into a separate agreement with a third party provider of Gift Card processing services under the terms and conditions as may be required by the third party for participation in the Gift Card Program; (b) purchase or upgrade, as necessary, hardware, software or other equipment, required for participation in the Gift Card Program; (c) purchase and maintain sufficient inventory of Gift Cards for sale at the License Restaurant; (d) promote the sale of Gift Cards using only marketing methods and materials Company approve; (e) comply in all material respects with all applicable laws, statutes and regulations in performing Franchisee's obligations under this Agreement and otherwise in connection with the Gift Card Program; and (f) execute such other agreements or documents as may be reasonably required by Company in connection with the Gift Card Program. Franchisee further acknowledges that Company may discontinue or modify the Gift Card Program at any time, in its sole discretion.

7.4 **Brand Standards Manual(s); Modification of System**.

7.4.1 As soon as practicable following the execution of this Agreement and Company's completion of its Brand Standards Manual(s), Company shall lend to Franchisee one copy of the Brand Standards Manual(s), unless Franchisee has entered into this Agreement as a Successor Franchise Agreement. The Brand Standards Manual(s) may be delivered to Franchisee in any media utilized by Company for delivery of the Brand Standards Manual(s). The Brand Standards Manual(s) and all amendments to the Brand Standards Manual(s) (and copies) are copyrighted and remain Company's exclusive property. They are loaned to Franchisee for the Term, and must be returned to Company immediately upon the termination or expiration (including nonrenewal) of this Agreement. The Brand Standards Manual(s) are highly confidential documents which contain certain Confidential Information of Company. Franchisee shall not make, or cause or allow to be made, any copies, reproductions or excerpts of all or any portion of the Brand Standards Manual(s) except as reasonably necessary to perform Franchisee's obligations under this Agreement. Franchisee must immediately notify Company if all or any portion of the Brand Standards Manual(s) loaned to Franchisee is lost, or destroyed, or any electronic security measures are violated or breached.

7.4.2 The subject matter of the Brand Standards Manual(s) may include, without limitation: forms, information relating to product specifications, recipes, purchase orders, hours of operation, Brand Standards, general operations, labor management, Gross Sales reports, reporting requirements, training and accounting; sanitation; staff certification, design specifications and uniforms; display of signs and notices; authorized and required Information Systems, inventory requirements; equipment requirements; FF&E; Mark usage; insurance requirements; lease requirements; ownership requirements; decor; standards for management, personnel and hours of operation; local advertising formats; maintenance and appearance requirements; procedures upon the occurrence of a Crisis Management Event; procedures regarding and notices to customers about complaints and feedback submission; participation in surveys and mystery shopper programs; and such other matters and policies as Company may elect to include.

7.4.3 Company has the right to develop, operate and change the System in any manner, and Company shall have the right to modify the Brand Standards and Brand Standards Manual(s) at any time (by the addition, deletion or other modification to the provisions thereof), but no such modifications shall alter Franchisee's fundamental status under this Agreement. Modifications to the Brand Standards and/or Brand Standards Manual(s) shall become effective upon delivery of written or electronic notice to Franchisee unless a longer period is specified or set forth in the notice. Electronic notice may be given through e-mail, postings to the Intranet, or other electronic means. Franchisee agrees that Company reserves the right and privilege, in its discretion, to vary the Brand Standards Manual(s) and Brand Standards for any franchisee or group of franchisees based on the peculiarities of any condition or factors that Company considers important. Franchisee has no right to require Company to grant Franchisee a similar variation or accommodation. The Brand Standards Manual(s) are an integral part of this Agreement.

7.5 **Best Efforts**. Franchisee shall diligently operate the Licensed Restaurant in a manner calculated to achieve the maximum Gross Sales possible from the Licensed Restaurant. Without limiting the foregoing, the Licensed Restaurant must be open and operating and actively accept telephone calls and be capable of accepting messages during the days and hours set forth in the Brand Standards Manual(s). Unless otherwise provided in the Brand Standards Manuals, the Licensed Restaurant shall be closed on Sundays.

7.6 **Notification of Legal Proceedings; Crisis Management Events**.

7.6.1 Franchisee shall notify Company in writing promptly (but in any event within 1 business day) after Franchisee receives notice of (i) any violation, report, fine, test result or the like from a Governmental Authority, (ii) the commencement of any incident that Franchisee reasonably believes may adversely affect the operation or financial condition of Franchisee, the Licensed Restaurant or the System; (iii) the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other Governmental Authority that pertains to the Licensed Restaurant, the Marks or the System, or (iv) any other event or circumstance that may adversely affect Franchisee's operation of the Licensed Restaurant or ability to meet its obligations. Franchisee shall promptly send a copy of all relevant communications and documents to Company. Franchisee shall correct any deficiencies within 5 days or such fewer number of days as required by Applicable Law or the Governmental Authority.

7.6.2 Upon the occurrence of a Crisis Management Event, Franchisee shall immediately inform Company by telephone and email (or other electronic messaging medium authorized by Company for this purpose). Franchisee shall cooperate fully with Company with respect to Company's response to the Crisis Management Event. In the event of the occurrence of a Crisis Management Event, Company may require Franchisee to temporarily cease operating the Licensed Restaurant and/or establish emergency processes and procedures pursuant to which Company may require Franchisee to take other actions or refrain from taking certain actions. Company shall not be liable to Franchisee for any losses or costs, including consequential damages or loss profits occasioned thereby by any closure or processes or procedures instituted as a result of a Crisis Management Event.

7.7 **Signs**. Franchisee shall maintain approved signs and/or awnings identifying the Licensed Restaurant, which shall conform in all respects to the Brand Standards and the layout and design plan approved for the Licensed Restaurant, subject only to restrictions imposed by Applicable Law. On receipt of notice by Company to alter any existing sign and in connection with any required remodeling of the Premises, Franchisee will complete the required changes within a reasonable time period, at its cost. Company shall reimburse Franchisee for the cost of any required changes in Franchisee's signs and/or awnings if Company requires Franchisee to implement a change to the same (other than as a result of the Franchisee's failure to comply the Brand Standards) more than 2 times in any 6 consecutive month period.

7.8 **Uniforms and Employee Appearance**. Franchisee shall cause all of its personnel while working for Licensed Restaurant to: (i) wear uniforms in accordance with the Brand Standards, and (ii) present a neat and clean appearance. Franchisee shall not permit personnel to wear the required uniform except while working in the Licensed Restaurant, or while commuting to and from work in the Licensed Restaurant. Company may alter the style or type of uniform from time to time.

7.9 **Co-Branding**. Franchisee may not engage in any co-branding in or in connection with the Licensed Restaurant except with Company's prior written consent. "Co-branding" includes the operation of an independent business, product line or operating system owned or licensed by an entity other than Company that is featured or incorporated with the Licensed Restaurant and operated in a manner which is likely to cause the public to perceive it to be related to the Licensed Restaurant.

7.10 **Intranet**. Company may, at its option, establish and maintain an Intranet through which licensees or franchisees may communicate with each other, and Company may disseminate the Brand Standards Manual(s), updates and other confidential information. Company shall have discretion and sole control over all aspects of the Intranet, including its content and functionality. If Company establishes such an Intranet, Franchisee shall acquire, maintain, and update, as reasonably necessary, all computer hardware and software necessary to enable Franchisee to participate on the Intranet. Company will have no obligation to maintain the Intranet, and may discontinue it at any time without liability. If established and if Franchisee is in compliance with its obligations under this Agreement, Franchisee will be given the privilege to use the Intranet subject to Franchisee's compliance with Company's then-current standards of use and usage agreement. Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Company's property, free of any claims of privacy or privilege that Franchisee or any other person may assert. At Company's request, Franchisee shall contribute a reasonable amount toward the cost of the Intranet's maintenance, as imposed from time to time by Company. Such contribution shall be established by Company annually and shall be payable within 30 days of demand.

7.11 **Insurance**. Franchisee shall obtain and maintain at all times during the Term insurance coverage in the types and the minimum amounts of coverage set forth on Exhibit D, which amounts are subject to increase as set forth in the Brand Standards Manual(s). Each policy of insurance shall designate Company and its designated Affiliates as additional named insureds. All policies shall include a waiver of any rights of subrogation that Franchisee and its insurer(s) might otherwise have against Company and its Affiliates. Any deductibles or self-insured retentions in excess of $5,000 must be approved by Company, such approval not to be unreasonably withheld. In the event of damage to the Licensed Restaurant, the proceeds of insurance shall be used to restore the Licensed Restaurant to its original condition as soon as possible, unless Company has otherwise consented in writing to another use of the insurance proceeds. All insurance policies will be issued by a company or companies with a minimum A.M. Best's rating of A- or higher at policy inception, and authorized to do business in the state in which the Licensed Restaurant is located. Prior to opening the Licensed Restaurant, and thereafter at Company's request, Franchisee shall provide Company certificates of insurance naming Company and its designated Affiliates as additional named insureds (or the sole beneficiary in the case of life insurance). In addition, the certificates shall contain a provision requiring 30 days prior written notice to Company of any proposed cancellation, modification, or termination of insurance. If Franchisee fails to obtain or maintain the required insurance, Company may, at its option, in addition to any other rights it may have, procure such insurance for Franchisee without notice and Franchisee shall pay, upon demand, the premiums and Company's costs in taking such action.

7.12 **Utensils, Fixtures and Other Goods**. All tableware, flatware, utensils, glasses, menus and other like articles used in connection with the Licensed Restaurant shall conform to the Brand Standards, shall be imprinted with Company's Marks, if and as specified by Company, and shall be purchased by Franchisee from a Supplier approved in writing by Company. No item of merchandise, furnishings, interior and exterior decor items, supplies, fixtures, equipment or utensils shall be used in or upon any Restaurant unless expressly approved by Company.

7.13 **Menus**.

7.13.1 Authorized Products shall be marketed by approved menu formats in and available from the Licensed Restaurant. The approved and authorized menu and menu format(s) may include, in Company's discretion, requirements concerning organization, graphics, product descriptions, illustrations, and any other matters related to the menu, whether or not similar to those listed. In Company's discretion, the menu and/or menu format(s) may vary depending upon region, market size, store size, and other factors. Company may change the menu and/or menu format(s) from time to time upon reasonable prior notice, except in the case of exigent circumstances, in which case, no prior notice need be given. Company may also authorize tests for various Restaurants.

7.13.2 Franchisee shall add, delete, or update any Authorized Products to its menu or change the format of the menu according to the instructions contained in a notice from Company. Franchisee shall have 10 days after receipt of written notice or electronic notice to fully implement any such change. Franchisee shall not remove any Authorized Product from Franchisee's menu without Company's written consent, nor may Franchisee take any action which is intended to diminish the maximum sales potential of any of the Authorized Products. Franchisee shall cease selling any product within 10 days after receipt of notice that the product is no longer approved. Company may instruct Franchisee to remove any item from the menu on an emergency basis and Franchisee must comply with such instruction immediately. Company shall not be liable to Franchisee for any losses sustained by Franchisee in connection with such instruction (or Franchisee's failure to comply with such instruction).

7.13.3 All food products sold by Franchisee shall be of the highest quality, and the ingredients, composition, specifications, and preparation of such food products shall comply with the recipes, instructions and other requirements communicated by Company, or contained in Company's Brand Standards Manual(s), and as required by Applicable Law.

ARTICLE 8
ADVERTISING AND MARKETING

8.1 **General Advertising Requirements**. Franchisee shall only use, display, transmit, and broadcast advertising, promotion and marketing materials provided or approved by Company from time to time and only shall use and display all material in accordance with the Brand Standards. Franchisee must obtain Company's prior written approval, not to be unreasonably withheld, to use and/or display any advertising, promotion or marketing materials regarding the Licensed Restaurant or the System, including, all print and electronic advertising, networking or social media postings or listings (including on sites such as Facebook, Instagram, Twitter, Pinterest, LinkedIn, Yelp, and YouTube), website postings or listings, mobile and content streaming advertisements, newspaper and magazine advertisements, direct mailers and mail coupons, not provided by Company. The materials shall be deemed disapproved if Company has not approved such materials within 10 days of submission by Franchisee. Any advertising materials or concepts created by Franchisee and approved by Company are the sole and exclusive property of Company and are hereby assigned to Company. Company may, in its reasonable discretion, require Franchisee to cease using any advertising materials which it has previously approved, and Franchisee shall cease using such materials upon written notice. All of Franchisee's advertising, promotion and marketing materials shall be completely clear, factual and not misleading and conform to the highest ethical standards and Brand Standards. Franchisee shall not in any medium: (a) use abusive, slanderous or otherwise offensive language; (b) endorse or encourage default of any licensee's or franchisee's franchise or license agreement, or other agreement with Company or its Affiliates; or (c) take any action or make any statement which would disparage Company, or impair, damage or harm the name, reputation, or goodwill of the Marks and/or the System.

8.2 **Local Advertising and Promotion**. Each month Franchisee shall expend no less than: (a) 2% of its Gross Sales for the preceding month for local advertising of the Licensed Restaurant until such time that Franchisee is required to pay the Brand Fee; or (b) 1% of its Gross Sales for the preceding month for local advertising of the Licensed Restaurant when and if Franchisee is required to pay the Brand Fee (in either case, the "**Local Advertising Expenditure**"). Franchisee shall deliver evidence of local advertising expenditures in the form and manner prescribed by Company. All contributions to a Co-op Advertising Region and all expenditures for other promotional campaigns shall be in addition to Franchisee's required Local Advertising Expenditure. Franchisee's local advertising shall be targeted primarily to reach consumers within the Protected Area. Company may not approve requests to advertise in a way that aims at a significantly larger market than the Protected Area without a showing of necessity or good cause from Franchisee. Company may, but shall not be obligated to, require that all such advertising that reaches customers outside the Protected Area conspicuously include the contact information of other Restaurants located in the geographic area covered by the selected advertising media or format, together with one or more legends prescribed by Company, including legends disclosing that the offer is valid only from Franchisee, and may not be valid at non-participating Restaurants.

8.3 **Brand Fund**.

8.3.1 At such time as Company establishes the Brand Fund, Franchisee shall commence payment of the Brand Fee. When established, a fund equal to all Brand Fees paid by Franchisee and other franchisee's in the United States will be expended for national, regional, or local advertising, public relations or promotional campaigns or programs designed to promote and enhance the image, identity or patronage of franchised and Company/Affiliate-owned Restaurants (the "**Brand Fund**"). These expenditures may include: (a) creative development, production and placement of print and electronic media advertisements, commercials, musical jingles, radio spots, audio and streaming advertising, point of purchase materials, direct mail pieces, literature, outdoor advertising, door hangers, and other advertising and promotional materials; (b) creative development, preparation, production and placement of video, audio and written materials and electronic media, including social media campaigns, (c) purchasing artwork and other components for advertising; (d) media placement and buying, including search engine marketing, search engine optimization, and all associated expenses and fees; (e) administering national, regional and multi-regional marketing and advertising programs; (f) market research, marketing studies and customer satisfaction surveys, including the use of secret shoppers; (g) development, production and acquisition of premium items, giveaways, promotions, contests, public relations events, and charitable or nonprofit events; (h) creative development of visual advertisements, including signage and graphics; (i) recognition and awards events and programs; (j) system recognition events, including periodic national and regional conventions and meetings; (k) extranet and/or Intranet development, implementation and maintenance; (l) development, implementation and maintenance of websites and/or mobile applications that permit electronic commerce, bookings/reservations, and/or related strategies; (m) retention and payment of advertising and promotional agencies and other outside advisors, including retainers and management fees; (n) public relations and community involvement activities and programs; (o) expenditures for activities conducted for the benefit of co-branding, or other arrangements where products and/or services are offered in conjunction with other marks or through alternative channels of distribution; and (p) expenditures with others joint marketing campaigns, jointly developed advertising and other joint programs.

8.3.2 Company shall determine, in its discretion, the cost, media, content, format, style, timing, allocation and all other matters relating to such advertising, public relations and promotional campaigns. Franchisee acknowledges that some franchisees or licensees of Company may not be required to contribute, or contribute the same percentage of Gross Sales, to the Brand Fund. Nothing in this Agreement shall be construed to require Company or any of its Affiliates to allocate or expend Brand Fund contributions or allocations so as to benefit any particular franchisee, licensee or group of franchisees/licensees on a pro rata or proportional basis or otherwise. Except as directed in writing by Company, Franchisee must participate in all advertising, marketing, promotions, research and public relations programs instituted by Company through the Brand Fund. The Brand Fund shall, as available, provide to Franchisee marketing, advertising and promotional formats and sample materials at the Brand Fund's actual cost of producing such items, plus shipping and handling. Any additional advertising shall be at the sole cost and expense of Franchisee. The materials and/or media created utilizing the Brand Fund may include information regarding acquiring a franchise.

8.3.3 Without limiting the foregoing, Company may do any of the following:

(a) employ individuals, consultants or advertising or other agencies, including consultants or agencies owned by, operated by Company or its Affiliates, to provide services for the Brand Fund;

(b) compensate Company and/or its Affiliates for internal expenses, including salaries, overhead and administrative expenses incurred in connection with the operation of its marketing/advertising department(s), and the administration of the Brand Fund, and to otherwise compensate Company and/or its Affiliates for expenses related to the operation of the Brand Fund;

(c) pay for or charge the Brand Fund for attorneys' fees and other costs related in any way to claims against Company, any of its Affiliates, and/or the Brand Fund regarding or in connection with the Brand Fund; provided, however, Company will reimburse the Brand Fund for any attorneys' fees and/or costs paid by the Brand Fund in connection with any action in which Company is finally found to have acted unlawfully or to be guilty of wrongdoing with respect to the Brand Fund;

(d) defer, waive and/or compromise claims with respect to the Brand Fund;

(e) take legal or other action against any licensee(s) in default of their obligations to the Brand Fund and settle or compromise claims (and to pay related attorneys' fees and costs);

(f) merge or combine the Brand Fund with any other marketing or advertising fund otherwise established for Restaurants; and

(g) return or rebate Brand Fees to a franchisee, which funds the applicable franchisee must spend on local advertising and promotion for such franchisee's Restaurant.

8.3.4 Company may (i) transfer the Brand Fees to a separate Entity to whom Company has assigned or delegated the responsibility to operate and maintain the Brand Fund, (ii) deposit the Brand Fees into a separate account maintained by Company, or (iii) administratively segregate on its books and records all Brand Fees received from Franchisee and all other licensees of Company. Nothing in this Agreement shall be deemed to create a trust fund, a fiduciary relationship or similar relationship, and Company may commingle Brand Fees with its general operating funds and expend such sums in the manner provided. . For each Restaurant that Company or any of its Affiliates operates, Franchisor or such Affiliate will similarly allocate to the Brand Fund the amount that would be required to be contributed to the Advertising Fund if it were a licensed Restaurant.

8.3.5 If less than the total of all contributions and allocations to the Brand Fund are expended during any fiscal year, such excess may be accumulated for use during subsequent years. Company may spend in any fiscal year an amount greater or less than the aggregate contributions to the Brand Fund in that year and may cause the Brand Fund to borrow funds to cover deficits or invest surplus funds. If Company (or an Affiliate) advances money to the Brand Fund, it will be entitled to be reimbursed for such advances. Any interest earned on monies held in the Brand Fund will be contributed or allocated to the Brand Fund. Company may suspend or terminate the Brand Fund, however, prior to termination, all funds must be expended.

8.3.6 The Brand Fund will be accounted for separately; provided, however, this separate accounting will not limit Company's right to commingle Brand Fees with general operating funds. The Brand Fund may be used to pay all administrative and other costs of the Brand Fund related to its activities and purposes and/or as authorized by the relevant franchise or license agreements. All taxes of any kind incurred in connection with or related to the Brand Fund, its activities, contributions and/or any other aspect of the Brand Fund, whether imposed on Company, the Brand Fund or any other related party, will be the sole responsibility of the Brand Fund. Company is not required to prepare audited or other financial statements for the Brand Fund, or to provide Franchisee with an accounting of how funds were spent; however, (i) if Company prepares financial statements for the Brand Fund, Company will make the last year's financial statements available to Franchisee within a reasonable period of time after Franchisee's written request; and (ii) an annual unaudited summary of the contributions to, and expenditures of, the Brand Fund for the last year's activity will be made available to Franchisee within a reasonable period of time after Franchisee's written request.

8.4 **Telephone Numbers and Directory Advertising**. Franchisee will use, for the Licensed Restaurant, telephone numbers of telephone exchanges (or similar designations) in the Protected Area. All advertisements in any online or physical telephone directories shall be subject to Company's prior written consent in accordance with Section 8.1.

8.5 **Promotional Campaigns**. From time to time during the Term, Company shall have the right to establish and conduct promotional campaigns on a national or regional basis, which may by way of illustration and not limitation promote particular products or marketing themes. Franchisee agrees to participate in such promotional campaigns upon such reasonable terms and conditions as Company may establish. Franchisee acknowledges and agrees that such participation may require Franchisee to purchase point of sale advertising material, posters, flyers, product displays and other promotional material (unless provided at no charge through the Brand Fund).

8.6 **Internet**.

8.6.1 Franchisee shall not develop, create, generate, own, license, lease, participate in, or use in any manner any computer medium or electronic medium (including any internet web-page, e-mail address, website, domain name, social media site or publication, mobile application, bulletin board, newsgroup or other internet-related medium or activity) which medium, or any sponsor or promoter of such medium uses or displays the Marks, or any confusingly similar words, symbols or terms without Company's prior written consent, and then only in such manner and in accordance with the Brand Standards. The term "uses or displays" includes any activity by the medium or any person acting in furtherance of, or on behalf of the medium, pursuant to which existing or prospective customers, Suppliers, licensees or franchisees or others are solicited or directed to the medium through the use of the Marks or by other direct or indirect reference to Company. Franchisee acknowledges that Company has the right to manufacture, produce, license, sell, distribute and/or market products and services (whether or not under the Marks) by means of the internet, internet website or mobile application and such right is exclusive and unrestricted as to Franchisee except to extent provided, if at all, in Article 2.

8.6.2 Company shall have discretion over the design, content and functionality of all websites that use or display the Marks. Company may include one or more interior pages that identify Restaurants, by among other things, geographic region, address, telephone number(s), and service items.

8.7 **Co-op Advertising**. Company may, but is not obligated to, establish regions for co-operative advertising ("**Co-op Advertising Regions**"), to coordinate advertising, marketing efforts and programs and maximize the use of local and/or regional advertising media.

8.7.1 If Company creates a Co-op Advertising Region for the region in which the Licensed Restaurant is located, Franchisee shall become a subscriber and member of the Co-op Advertising Region. Franchisee will execute and participate in accordance with the organizational and formation documents prescribed by Company for the Co-op Advertising Region. The size and membership of such regions shall be binding upon Franchisee, and all other similarly situated franchisees of the System and Company or such Affiliate of Company, if it operates Restaurant(s) in the region; provided, however, that Company reserves the right to exempt itself, its Affiliates and/or certain franchisees from participation, including in connection with Restaurants at Non-Traditional Venues in the region. At all meetings of Co-op Advertising Region each participating member shall be entitled to one vote for each Restaurant located within the Co-op Advertising Region or such other vote as may reasonably be determined by Company.

8.7.2 Franchisee and other members of the Co-op Advertising Region, whose agreements require their participation, will contribute to the Co-op Advertising Region such minimum amount as may be determined by Company, but such minimum amount designated by Company will not exceed 2% of Gross Sales (the "**Co-op Minimum**"); provided however, the rate of contribution may be changed from time to time upon the affirmative vote or consent of at least a majority of the voting power of the Co-op Advertising Region, but the Co-op Advertising Region may not reduce the contribution rate below any minimum established by Company.

8.7.3 Each Co-op Advertising Region will decide the use of funds available to it for advertising or marketing. The Co-op Advertising Region shall then in writing request approval from Company. Company shall not withhold its approval unreasonably, but no placement of advertising or commitment of funds on behalf of a Co-op Advertising Region will be made without Company's prior written approval. Company reserves the right to establish standards concerning the operation of the Co-op Advertising Region, advertising agencies retained by Co-op Advertising Region, and advertising programs conducted by Co-op Advertising Region. Any disputes (other than pricing) arising among or between Franchisee, other franchisees, and/or the Co-op Advertising Region may be resolved by Company whose decision shall be final and binding on all parties. No Co-op Advertising Region may appoint or pay from the funds collected by the Co-op Advertising Region fees or costs of any advertising agency or buying group without the prior written consent of Company.

ARTICLE 9
PRODUCTS, SERVICES AND SUPPLIERS

9.1 **Products and Services the Licensed Restaurant Offers**. The Licensed Restaurant must advertise, use and offer for sale all and only Authorized Products that Company periodically specifies or approves to be advertised, used, offered or sold from the Licensed Restaurant. Franchisee may not use, offer, sell or otherwise distribute from the Licensed Restaurant any products or services that Company has not specified or approved to be offered or sold from the Licensed Restaurant. All Authorized Products must be offered, sold and distributed under the specific name(s) designated by Company and shall be prepared, served, purchased, inventoried, performed, displayed, and stored in accordance with the recipes and Brand Standards. At all times, Franchisee shall (i) purchase and maintain in inventory such types and quantities of Authorized Products (and ingredients for such products) as are needed to meet reasonably anticipated consumer demand; and (ii) have working in the Licensed Restaurant a sufficient number of fully trained employees to meet reasonably anticipated consumer demand for goods and services. All sales by Franchisee shall be for retail consumption only.

9.2 **Product Lines and Service; Purchases of Goods and Services**.

Company reserves the right periodically to designate and approve Brand Standards and/or suppliers of FF&E and other ingredients, products and services that Company periodically authorizes to be prepared, served or provided from the Licensed Restaurant or provided for use at or sale from the Licensed Restaurant, including services, ingredients, merchandise, displays, fixtures, equipment, uniforms, supplies, packaging, forms, Information Systems and other products, goods and services. Franchisee shall purchase or lease all FF&E, Authorized Products, Information Systems, ingredients, and other products and services for the Licensed Restaurant only according to the Brand Standards and, if Company requires, only from Suppliers designated or approved by Company, as applicable, from time to time. Franchisee will establish the prices charged for goods and services sold by Franchisee, and will provide information regarding its prices to Company as requested. Franchisee shall have final approval over the prices charged subject to the below, personnel, method of operation and the manner of accounting. Franchisee shall have final approval over the prices charged subject to the below, personnel, method of operation and the manner of accounting. Notwithstanding the forgoing, to the greatest extent not prohibited by Applicable Law, Company shall have the right to conduct promotional campaigns for certain items and seasonal menu items on a regional or national basis and Franchisee shall price such items according to Company's suggested retail prices.

9.2.1 As designated or specified by Company from time to time, Franchisee shall purchase authorized ingredients, products and services from: (i) Company or its Affiliates (if they sell or provide the same); (ii) suppliers designated by Company; (iii) suppliers approved by Company; or (iv) suppliers selected by Franchisee and with Company's prior written approval, which, subject to the other terms in his Section 9.2, such approval shall not be unreasonably withheld ("**Suppliers**"). Franchisee acknowledges that Company and its Affiliates may be the sole designated supplier of certain goods and services. If Franchisee desires to purchase or use any ingredients, products or services for or at the Licensed Restaurant that Company has not yet evaluated, or purchase any product or service from a person or Entity (a "**Proposed Supplier**") that Company has not yet approved (for ingredients, products and services that Company requires Franchisee to purchase only from designated or approved suppliers), Franchisee first agrees to submit sufficient information, specifications and samples for Company to determine whether the ingredient, product or service complies with the Brand Standards and specifications and the proposed supplier meets Company's criteria. For each Proposed Supplier, Franchisee shall first deliver written notice seeking approval, which notice shall: (a) identify the name and address of the Proposed Supplier, (b) contain such information as may be requested by Company or required in the Brand Standards Manual(s) (which may include financial, operational and economic information regarding its business and product), and (c) identify the products and/or services desired to be purchased or obtained through the Proposed Supplier. Franchisee or the Proposed Supplier must pay Company in advance (or upon Company's request, reimburse) Company's reasonably anticipated costs to review the Proposed Supplier's application and all current and future reasonable costs and expenses, to inspect and audit the Proposed Suppliers' facilities, equipment, and all product testing costs paid by us to third parties. Upon request, Company will furnish to Franchisee the general, but not manufacturing specifications for non-proprietary products and services if specifications are not contained in the Brand Standards Manual(s). Company may request that the Proposed Supplier furnish Company, at no cost to Company, product samples, specifications and such other information as Company may require. As a further condition of its approval, Company may require a Proposed Supplier to agree in writing: (i) to faithfully comply with Company's specifications and requirements relating to product quality, prices, consistency, warranty, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), and/or other criteria, (ii) to offer and sell goods or services bearing or using the Marks only to licensees and franchisees of Company and only pursuant to a trademark license agreement in form prescribed by Company, (iii) to provide to Company duplicate purchase invoices for Company's records and inspection purposes and (iv) to otherwise comply with Company's reasonable requests. Each Proposed Supplier must agree to comply with Company's usual and customary requirements, including those relating to insurance, indemnification and non-disclosure, and shall demonstrate to the reasonable satisfaction of Company: (a) its ability to provide goods or services, applicable, meeting the Brand Standards; (b) its reliability with respect to delivery and the consistent quality of its products or services; and (c) its ability to meet such other requirements as determined by Company to be in the best interest of the franchise system. Company has the right to inspect the Proposed Supplier's facilities and to require the Proposed Supplier to deliver product samples or items, at Company's option, either directly to Company or to any third party it designates for testing. Company reserves the right periodically to inspect and re-inspect the facilities and products of any Suppliers with whom Franchisee may deal, designate sources that Franchisee must use, and/or refuse any of Franchisee's requests for any reason, including that Company has already designated an exclusive source (which might be Company or its affiliate) for a particular item or service or if Company believes that doing so is in the best interests of the Company's franchise network.

9.2.2 Company will use its good faith efforts to notify Franchisee of its decision within 30 days after Company's receipt of Franchisee's request for approval of a Proposed Supplier and other requested information. Should Company not deliver a written approval of the Supplier within such 30 day period, the Supplier shall be deemed disapproved. Nothing in this article shall require Company to approve any Proposed Supplier and Company may disapprove any Proposed Supplier for any reason. Without limiting the foregoing, Company may disapprove a Proposed Supplier, if in Company's opinion the approval of the Proposed Supplier would disrupt or adversely impact Company's national or regional distribution arrangements. Company may revoke its approval of a Supplier at any time. Franchisee agrees that at such times that Company establishes a national or regional purchasing program, or exclusive vendor supply contract(s) for any products or services, which Company believes in good faith may benefit Franchisee or Company and its franchisees as a whole, by reduced prices, lower labor costs, production of improved products, reliability in supply, improved distribution or raw material cost control, Franchisee will participate in such purchasing program or vendor contract(s) in accordance with its terms.

9.2.3 Company and/or its Affiliates may derive revenue and profit based on Franchisee's purchases and leases, including from charging Franchisee for products and services that Company or its Affiliates provide to Franchisee. Company and/or its Affiliates may derive revenue and other material consideration, from promotional allowances, volume discounts and other payments by suppliers that Company designates, approves or recommends for some or all of Company's franchises. Company and its Affiliates may collect or receive rebates, allowances, credits or other consideration in the form of cash or services or otherwise from Suppliers based on purchases or sales by Franchisee. Company and its Affiliates may retain for itself or themselves, or use as it or they deem appropriate, any or all such cash or non-cash rebates, allowances, credits or other consideration.

9.2.4 On the expiration or termination (including nonrenewal) of this Agreement, or in the event of any default by Franchisee of this Agreement, Company or its Affiliates shall not be obliged to fill or ship any orders then pending or, in the case of termination or non-renewal, made any time thereafter by Franchisee. Company may, and Company may notify Suppliers to, limit the quantities of products and services sold or provided to Franchisee to only those quantities as may be reasonably necessary to fulfill the customary needs of a typical Restaurant. Company may notify Suppliers of any impending termination or expiration (including nonrenewal) of this Agreement and may, among other things, instruct such Suppliers to provide only such quantity of products and services as is reasonably necessary to supply Franchisee's needs prior to expiration or termination (including nonrenewal) of this Agreement.

9.3 **Purchases from Company or its Affiliates**.

9.3.1 All ingredients, products and services purchased from Company or its Affiliates shall be purchased in accordance with the purchase order format and policies of Company or its Affiliate, the current form of which may be set forth in the Brand Standards Manual(s). Purchases shall be on Company's or its Affiliate's then-current price, delivery and other terms and conditions which Company or its Affiliate may change on at least 15 days prior written notice. Franchisee further acknowledges that prices Company or its Affiliate charges to Franchisee may include a profit to Company or its Affiliate. No purchase order submitted by Franchisee shall contain any terms except as approved in writing by Company (or its Affiliate), nor be deemed complete unless all of the information required by the prescribed purchase order form is provided by Franchisee. No new or additional term or condition contained in any order placed by Franchisee shall be deemed valid, effective or accepted by Company unless such term or condition is expressly accepted by Company or its Affiliate in writing.

9.3.2 Company or its Affiliate may discontinue the sale of any Authorized Products or any other products and services at any time if in Company's or its Affiliate's judgment its continued sale becomes unfeasible, unprofitable, or otherwise undesirable. If any products or services sold by Company or its Affiliate are not in sufficient supply to fulfill all orders, Company or its Affiliate may allocate the available supply among itself, its Affiliates and others, including Franchisee and other franchisees, in any way Company or its Affiliate deems appropriate, which may result in Franchisee not receiving any allocation of certain products or services as a result of a shortage. All orders by Franchisee shall be subject to acceptance by Company or its Affiliate at Company's or its Affiliate designated offices, and Company or its Affiliate reserves the right to accept or reject, in whole or in part, any order placed by Franchisee. Company or its Affiliate may establish the credit terms, if any, upon which it will accept Franchisee's orders, and may require Franchisee to pay for orders on a cash-in-advance or cash-on-delivery basis.

9.3.3 Company or its Affiliate shall not be liable to Franchisee on account of any delay or failure in the manufacture, delivery or shipment of goods or products caused by Force Majeure or other events or circumstances beyond Company's or its Affiliate's reasonable control including such events as labor or material shortages, product shortages, conditions of supply and demand, import/export restrictions, or disruptions in supply sources. In such event, Company may suggest alternative products to fulfill an order.

9.3.4 From time to time upon Company's or its Affiliate's request, Franchisee shall promptly estimate the level of purchases that Franchisee expects to make over the two weeks following the date of the request.

9.3.5 **WITH RESPECT TO ANY EQUIPMENT, INGREDIENTS, PRODUCTS, SERVICES, GOODS OR SUPPLIES PROVIDED BY COMPANY OR ITS AFFILIATES, OTHER THAN SPECIFIC WRITTEN WARRANTIES EXPRESSLY PROVIDED IN CONNECTION WITH SUCH ITEMS, IF ANY, SUCH ITEMS ARE PROVIDED WITHOUT ANY WARRANTIES BY COMPANY OR ITS AFFILIATES, EXPRESS OR IMPLIED, THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE AND NON-INFRINGEMENT, BEING EXPRESSLY DISCLAIMED, NOR DO THERE EXIST ANY EXPRESS OR IMPLIED WARRANTIES AS TO THE DESIGN, CONDITION, CAPACITY, PERFORMANCE OR ANY OTHER ASPECT OF SUCH ITEMS OR THEIR MATERIAL OR WORKMANSHIP.**

9.4 **Customer Reporting; Comment Cards**. At Company's request, Franchisee shall use reasonable efforts to secure the names, addresses and other information reasonably required by Company, of Franchisee's customers and, subject to Applicable Law to the contrary, shall allow such information to be used by Company. Franchisee may not divulge such customer names, addresses or other information, with or without remuneration, to any third party, except as required for the operation of the Licensed Restaurant and then only as permitted by Applicable Law. Franchisee shall respond promptly to each customer inquiry or complaint and resolve all reasonable complaints to the customer's satisfaction. Company may require Franchisee to use or display customer comment and other cards (or similar customer comment information), and signs displaying email addresses and telephone numbers in the manner specified in the Brand Standards Manual(s). Franchisee must subscribe to the secret shopping service Company designates from time to time. Upon request, Franchisee shall pay Company or its designee fees to compensate Company or such designee for providing secret shopper services.

ARTICLE 10
REPORTS, BOOKS AND RECORDS, INSPECTIONS

10.1 **General Reporting**. Franchisee shall, in the form and manner specified by Company, submit to Company statistical control forms and such other financial, operational and statistical information as Company may require from time to time (collectively, the "**Information**") including to: (i) assist Franchisee in the operation of the Licensed Restaurant in accordance with the System; (ii) allow Company to monitor Franchisee's Gross Sales, purchases, costs and expenses; (iii) enable Company to develop chain-wide statistics which may improve bulk purchasing; (iv) assist Company in the development of new Authorized Products or the retirement or removal of existing required or recommended products and/or services offered at the Licensed Restaurant; and (v) generally improve chain-wide understanding of the System. Without limiting the generality of the foregoing:

10.1.1 Within 10 days of Company request, Franchisee shall submit: (i) a Gross Sales report prescribed by Company, which shall be certified by an officer of Franchisee to be accurate and complete, reporting all Gross Sales for the fiscal period designated by Company, together with such additional financial information as Company may request; and (ii) financial statements for the fiscal period designated by Company, including a balance sheet and profit and loss statement, prepared in the form and manner prescribed by Company and in accordance with generally accepted accounting principles, which shall be certified by an officer of Franchisee to be accurate and complete.

10.1.2 By March 15th of each calendar year during the Term and/or other fiscal period designated by Company, Franchisee shall submit to Company an unaudited annual financial statement prepared in accordance with generally accepted accounting principles. Such statement shall be in the form reasonably required by Company, which shall be certified by an officer of Franchisee to be accurate and complete. By April 15th of each calendar year during the Term, Franchisee shall submit to Company a copy of its signed federal, state and local income tax forms for the year(s) requested by Company. Upon Company's request, Franchisee shall also provide Company with copies of signed original sales and use tax forms filed with the applicable Governmental Authority. Company reserves the right to require further information concerning the Licensed Restaurant as Company may from time to time reasonably request.

10.2 **Inspections**. Company, its representatives and/or licensor(s)' (each an "**Inspector**"), if any, shall have the right to inspect all aspects of the Licensed Restaurant, observe operations, and/or inspect or observe all other aspects of the Licensed Restaurant wherever located, before, during or after business hours and without notice, to examine same, confer with Franchisee's employees, inspect the same, and to determine whether the business is being conducted in accordance with this Agreement, the System and the Brand Standards. Inspectors will have the right to interview present and former customers. The Inspectors shall use reasonable efforts to avoid materially disrupting the operation of the Licensed Restaurant. Without limiting Company's rights under other sections of this Agreement, if any inspection reveals a deficiency or unsatisfactory condition under this Agreement, the Brand Standards, System or the Brand Standards Manual(s), including quality, cleanliness, service, health and safety, and Authorized Products, Company will notify Franchisee in writing of Franchisee's non-compliance and Franchisee shall promptly correct or repair such deficiency or unsatisfactory condition, which corrective action may include temporarily closing the Licensed Restaurant.

10.3 **Audits**. Franchisee shall prepare, and keep for not less than 5 years following the end of each of its fiscal years, or such longer period required under Applicable Law, adequate books and records showing daily receipts, applicable sales tax returns, all pertinent sales slips and transaction records, and Information System and point of sale records, and such other sales records as may be reasonably required by Company in a form suitable for an audit of its records by an authorized auditor or agent of Company. Company, its agents or representatives may, at any reasonable time before, during or after normal working hours (but without the obligation to provide advance notice), and for a period of 3 years following the termination or expiration of this Agreement, audit or review Franchisee's books and records. Company may also conduct the audit using electronic means and/or at a site other than the Location and Franchisee shall provide all information promptly upon demand (but not later than 5 days following the date of the request). If any audit or other investigation reveals an under-reporting or under-recording error, then upon demand Franchisee shall pay the amount determined to be owed, plus interest at the highest rate permitted by Applicable Law, but not to exceed 12% percent per annum. In addition, if an audit or other investigation reveals an under-reporting or under-recording error of 3% or more, then in addition to any other sums due and in addition to any other rights and remedies, the expenses of the audit/inspection shall be borne and paid by Franchisee upon billing by Company, which shall include Company's Travel Expenses and reasonable accounting and legal expense. If such an audit or other investigation reveals an overpayment to Company, Company shall promptly pay Franchisee the amount of the overpayment or, at Company's option, apply such overpayment to any then outstanding amounts due to Company by Franchisee.

10.4 **Books and Records**. Without limiting the foregoing, Franchisee shall maintain an accounting and record keeping system, in accordance with generally accepted accounting principles and sound business practices, which shall provide for accounting information necessary to prepare financial statements, a general ledger and reports required by this Agreement and the Brand Standards Manual(s). Franchisee shall maintain accurate, adequate and verifiable books and supporting documentation relating to such accounting information.

ARTICLE 11
TRADEMARKS

11.1 **Use of Marks**. Subject to Section 11.5, the Licensed Restaurant shall be named "STAND-UP BURGERS". Franchisee shall use and display Company's trade dress, Marks, and such signs, advertising and slogans only as Company may prescribe or approve. Franchisee will: (i) maintain the highest standard of quality in the provision, operation, promotion, marketing and advertising of all products and services; (ii) provide high quality services to the public similar, and at least equal to, the type, quality, and distinguishing characteristics of the services being offered by Company and its Affiliates; and (iii) display the Marks in accordance with the Brand Standards. Upon expiration or sooner termination (including nonrenewal) of this Agreement, Company may execute in Franchisee's name and on Franchisee's behalf, any and all documents necessary or appropriate to end and cause the discontinuance of Franchisee's use of the trade dress and Marks, and Company is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact to do so. Franchisee shall not imprint or authorize any person to imprint any of the Marks on any product without the prior written approval of Company. Franchisee shall not use the Marks in connection with any assignment or offering of securities or any request for credit without the prior written approval of Company. Company may withhold or condition any approval related to the Marks. Franchisee shall identify the Licensed Restaurant as independently owned and operated under a license from Company, in the form and manner specified by Company, including on all invoices, order forms, receipts, checks, business cards, on posted notices at the Licensed Restaurant and in other media and advertisements. Company may withhold or condition any approval related to the Marks in its sole and absolute discretion.

11.2 **Non-Use of Trade Name**. If Franchisee is an Entity, it shall not use Company's Marks, or Company's trade name, or any words or symbols which are confusingly similar, phonetically or visually, to the Marks, as all or part of Franchisee's name.

11.3 **Non-ownership of Marks**. Nothing in this Agreement shall give Franchisee, and Franchisee shall not assert, any right, title or interest in Company's trade dress, or to any of the Marks or the goodwill attributable to the Marks. Franchisee is granted only a license during the Term to display and use the Marks according to the terms and conditions of this Agreement. All goodwill accrued by, and due to, Franchisee's use of the Marks anywhere shall be the sole and exclusive property of Company.

11.4 **Defense of Marks; Prosecution of Infringers**.

11.4.1 If Franchisee receives notice, or is otherwise informed, of any claim, suit or demand against Franchisee of any alleged infringement, unfair competition or similar matter on account of its use of the Marks or trade dress, Franchisee shall promptly notify Company of the same. Company shall take such action as it may deem necessary and appropriate to protect and defend Franchisee against any such claim, but Company shall not be obligated to take any such action, however. Franchisee shall not settle or compromise any claim by a third party without the prior written consent of Company. Company shall have the sole right to defend, compromise or settle any claim, in its discretion, at Company's sole cost and expense, using attorneys of its own choosing.

11.4.2 If Franchisee receives notice or learns that any unauthorized third party is using Company's trade dress or Marks or something similar, Franchisee shall promptly notify Company. Company shall then determine whether or not it wishes to take any action against such third person. Franchisee shall have no right to make any demand against any alleged infringer or to prosecute any claim of any kind or nature whatsoever against any alleged infringer for or on account of such infringement.

11.4.3 Franchisee agrees to sign any documents and take any other reasonable actions that, in the opinion of Company's or its licensor's attorneys, are necessary or advisable to protect and maintain Company's (and its licensor's) interests in any litigation or Patent and Trademark office or other proceeding or otherwise to protect and maintain Company's (and its licensor's) interest in the Marks. Franchisee may participate at its own expense in such defense or settlement, but Company's decisions with regard to the disposition of a claim shall be final. Franchisee agrees not to communicate with any person or Entity other than Company and its licensor, their respective attorneys, and Franchisee's attorneys regarding any infringement, challenge or claim.

11.5 **Modification of Marks**. From time to time Company may add to, delete or modify any or all of the Marks and trade dress. Franchisee shall, use, or cease using, the Marks and/or trade dress at its expense including any modified or additional trade names, trademarks, service marks, logotypes, commercial symbols, and trade dress in accordance with the Brand Standards Manual(s) and Brand Standards. Except as Company may otherwise direct, Franchisee shall implement any change within 60 days after notice by Company at Franchisee's expense.

11.6 **Acts in Derogation of the Marks**. Franchisee agrees that Company's trade dress and the Marks are the exclusive property of Company and/or its Affiliates and Franchisee now, and will hereafter, assert no claim to any goodwill, reputation or ownership thereof by virtue of Franchisee's licensed and/or franchised use thereof, or otherwise. Franchisee further agrees that it is familiar with the standards and high quality of the use of the trade dress and Marks, and Franchisee agrees that it will maintain this standard in its use of the Marks and trade dress. All use of the Marks and trade dress by Franchisee inures to the benefit of Company. Franchisee shall not contest or assist anyone in contesting at any time, in any manner, the validity of any Mark or its registration, and shall maintain the integrity of the Marks and prevent their dilution. Franchisee shall not do or permit any act or thing to be done in derogation of any of the rights of Company or its Affiliates in connection with the same, either during the Term or thereafter, and that it will use the Marks and Company's trade dress only for the uses and in the manner permitted under this Agreement. Without limiting the foregoing, Franchisee shall not (i) interfere in any manner with, or attempt to prohibit, the use of Company's trade dress and/or the Marks by any other franchisee or licensee of Company; or (ii) divert or attempt to divert any business or any customers of the Licensed Restaurant to any other person or Entity, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks.

11.7 **Assumed Name Registration**. If required by Applicable Law, Franchisee shall promptly upon the execution of this Agreement file with Governmental Authorities a notice of its intent to conduct its business under the Mark(s) designated by the Company with only such additional prefix or suffix, if any, as may be required by Company. Promptly upon the expiration or termination (including nonrenewal) of this Agreement Franchisee shall execute and file such documents as may be necessary to revoke or terminate such assumed name registration, or any other registrations or filings, and if Franchisee fails to promptly execute and file such documents, Franchisee hereby irrevocably appoints Company as its attorney-in-fact to do so for and on behalf of Franchisee.

11.8 **Use of Other Trademarks**. Franchisee shall not display the trademark, service mark, trade name, insignia or logotype of any other person or Entity in connection with the operation of the Licensed Restaurant without the prior written consent of Company.

ARTICLE 12
COVENANTS REGARDING OTHER BUSINESS INTERESTS

12.1 **Non-Competition**. Franchisee acknowledges that the System is distinctive and has been developed by Company and/or its Affiliates at great effort, time, and expense, and that Franchisee has regular and continuing access to valuable and confidential information, training, and Confidential Information regarding the System. Franchisee recognizes its obligations to keep confidential such information as set forth in this Agreement. Franchisee therefore agrees as follows:

12.1.1 During the Term, no Restricted Person nor any Immediate Family Member shall in any capacity, either directly or indirectly, through one or more affiliated Entities, (i) engage in any Competitive Activities, (ii) divert or attempt to divert any business or customers of the Licensed Restaurant to any other person or Entity, or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks.

12.1.2 To the extent permitted by Applicable Law, upon (i) the expiration or termination (including nonrenewal) of this Agreement, (ii) the occurrence of any Assignment, or (iii) the cession of any Restricted Person's relationship with Franchisee, each person who was a Restricted Person or Immediate Family Member before such event shall not for a period of two (2) years thereafter, either directly or indirectly, through one or more affiliated Entities engage in Competitive Activities within the Protected Area and within a radius of 10 miles from any then-existing Restaurant.

12.2 **Confidential Information**.

12.2.1 Restricted Persons may have access to proprietary and trade secret information, including the Confidential Information, Brand Standards, recipes, secret ingredients, procedures, concepts and methods and techniques of developing and operating a Restaurant and producing Authorized Products. Company may disclose certain of its Confidential Information to Restricted Persons in the Brand Standards Manual(s), bulletins, supplements, confidential correspondence, or other communications, and through Company's training program and other guidance and management assistance. No Restricted Person shall acquire any interest in the Confidential Information other than the right to use them in developing and operating the Licensed Restaurant during the Term. A Restricted Person's duplication or use of the Confidential Information in any other endeavor or business shall constitute an unfair method of competition.

Each Restricted Person shall: (i) not use the Confidential Information in any business or other endeavor other than in connection with the Licensed Restaurant; (ii) refrain from disclosing the Confidential Information and maintain the absolute confidentiality of the Confidential Information during and after the Term; and (iii) make no unauthorized copy of any portion of the Confidential Information, including the Brand Standards Manual(s), bulletins, supplements, confidential correspondence, or other confidential communications, whether written or oral. In addition to any procedures prescribed by Company, Franchisee shall implement reasonable procedures prevent unauthorized use and disclosure of the Confidential Information. If Franchisee has any reason to believe that any employee or Restricted Person has improperly used or disclosed the Confidential Information, Franchisee shall promptly notify Company and shall cooperate with Company to protect Company against infringement or other unlawful use, including, the prosecution of any lawsuits if, in the judgment of Company, such action is necessary or advisable.

12.2.2 "Confidential Information" shall not include information which: (a) has entered the public domain or was known to Franchisee prior to Company's disclosure of such information to Franchisee, other than by the breach of an obligation of confidentiality owed (by anyone) to Company or its Affiliates; (b) becomes known to the Restricted Persons from a source other than Company or its Affiliates and other than by the breach of an obligation of confidentiality owed (by anyone) to Company or its Affiliates; or (c) was independently developed by Franchisee without the use or benefit of any of Company's Confidential Information. The burden of proving the applicability of the foregoing will reside with Franchisee.

12.2.3 In view of the importance of the Marks and the Confidential Information and the incalculable and irreparable harm that would result to the parties in the event of a default of the covenants and agreements set forth in this Agreement, the parties agree that each party shall have the right to obtain specific performance, temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction to enforce the covenants and agreements in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity. Each party submits to the jurisdiction of the courts of the state and Federal courts of the state where Company's headquarters is located. Franchisee agrees that Company may have temporary or preliminary injunctive relief without bond, but upon due notice, and Franchisee's sole remedy in the event of the entry of such injunctive relief will be the dissolution of the injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any the injunction being expressly waived).

12.2.4 Franchisee shall obtain covenants similar to those in Sections 12.1 and 12.2 from Restricted Persons, and such other management personnel that have access to the Confidential Information, as Company may specify. Company may regulate the form of agreements Franchisee uses and may require that Company be an express third party beneficiary with the right to enforce such agreements. Promptly upon Company's request, Franchisee shall deliver executed copies of such agreements to Company.

12.3 **Certain Developments**. All ideas, concepts, techniques or materials relating to a Restaurant ("**Developments**"), whether or not protectable intellectual property and whether created by or for Franchisee or its Owners, employees or contractors, must be promptly disclosed to Company and will be deemed to be Company's sole and exclusive property and works made-for-hire for Company. To the extent any Development does not qualify as a "work made-for-hire" for Company, by this section, Franchisee hereby assigns and shall assign ownership of that item, and all related rights to that item, to Company and agrees to sign (and cause its Owners, employees and contractors to sign) whatever assignment or other documents Company requests to evidence Company's ownership and to help Company obtain intellectual property rights in the item. Franchisee may not use any Development in operating the Licensed Restaurant or otherwise without Company's prior written approval.

12.4 **Press Releases**. Unless required by Applicable Law, no public communication, press release or announcement regarding this Agreement, the transactions contemplated hereby or the operation of the Licensed Restaurant or any Crisis Management Event shall be made by Franchisee without the prior written consent of Company.

12.5 **Effect of Applicable Law**. In the event any portion of the covenants in this Article violates laws affecting Franchisee, or is held invalid or unenforceable in a final judgment to which Company and

Franchisee are parties, then the maximum legally allowable restriction permitted by law shall control and bind Franchisee. Company may at any time unilaterally reduce the scope of any part of the above covenants, and Franchisee shall comply with any such reduced covenant upon receipt of written notice. The provisions of this Article shall be in addition to and not in lieu of any other confidentiality obligation of Franchisee, or any other person, whether pursuant to another agreement or pursuant to Applicable Law.

ARTICLE 13
NATURE OF INTEREST, ASSIGNMENT

13.1 **Assignment by Company**. This Agreement is fully transferable by Company without the consent of Franchisee, and shall inure to the benefit of any transferee or the legal successor to Company's interests in this Agreement. Company may, in whole or in part, (i) assign or delegate any or all of its rights and obligations under this Agreement; (ii) sell its assets, its marks, or its System outright to a third party; (iii) engage in a public offering of its securities; (iv) engage in a private placement of some or all of its securities; (v) merge, acquire other Entities, or be acquired by other persons or Entities; or (vi) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring. Company shall be permitted to perform such actions without liability or obligation to Franchisee who expressly and specifically waives any claims, demands or damages arising from or related to any or all of the above or similar actions. Company shall have no liability for the performance of any obligations contained in this Agreement after the effective date of a transfer or assignment. In connection with any of the foregoing, at Company's request, Franchisee shall deliver to Company a statement in writing certifying (a) that this Agreement is unmodified and in full force and effect (or if there have been modifications that the Agreement as modified is in full force and effect and identifying the modifications); (b) that Franchisee is not in default under any provision of this Agreement, or if in default, describing the nature thereof in detail; and (c) as to such other matters as Company may reasonably request; and Franchisee agrees that any such statements may be relied upon by Company and any prospective purchaser, assignee or lender of Company.

13.2 **Assignment by Franchisee**.

13.2.1 The rights and duties created by this Agreement are personal to Franchisee. This Agreement has been entered into by Company in reliance upon and in consideration of the singular individual or collective character, reputation, skill attitude, business ability, and financial capacity of Franchisee, or if applicable, its Owners who will actively and substantially participate in the development ownership and operation of the Licensed Restaurant. Accordingly, neither Franchisee nor any Owner (other than Company, if applicable) shall cause or permit any Assignment without Company's prior written consent, which consent shall not be unreasonably withheld. If Company grants its consent, Company may impose any condition, including some or all of the following (any of which may be waived by Company), each of which the parties deem to be reasonable:

(a) that Franchisee provide a detailed description of the price and all material terms and conditions of the proposed Assignment and the identity of the proposed assignee and such other information as Company may reasonably request. Company shall have the right, without limitation, to consider whether the price and terms of payment are so burdensome as to adversely affect the Licensed Restaurant;

(b) that Franchisee's rights and obligations to occupy such location shall have been assigned to, and assumed by, the transferee, and that any applicable consent to such transfer has been obtained, and all pertinent documentation been delivered to Company for Company's review and acceptance;

(c) that Franchisee's right to receive payments in connection with the Assignment shall be subordinated to Company's rights to receive any outstanding monetary obligations or other outstanding obligations due from Franchisee or transferee under any agreement with Company or any Affiliate, whether arising before or after the Assignment;

(d) that Franchisee provides Company a true and correct list of all Owners having an interest in this Agreement or in Franchisee, the percentage interest of Owner, and a list of all officers and directors, in such form as Company may require;

(e) that Franchisee shall have complied with Section 13.3 and Company shall not have exercised the ROFR;

(f) that Franchisee shall not be in default under the terms of this Agreement (or any other related agreement), all agreements with Company's Affiliates, the Brand Standards Manual(s) or any other obligations owed Company;

(g) that all obligations to third parties in connection with the Licensed Restaurant shall have been satisfied or assumed by the transferee;

(h) that Franchisee, and its Owners, if Franchisee is an Entity, shall execute a general release, in a form prescribed by Company, of any and all known and unknown claims against Company and its Affiliates and their Owners, officers, directors, agents, and employees;

(i) that the transferee/assignee shall have demonstrated to Company's satisfaction that it meets all of Company's then-current Brand Standards for new Restaurant operators or for holders of an interest in a franchise or license, including possession of good moral character and reputation, satisfactory credit ratings, acceptable business qualifications, the ability to obtain or acquire the license(s) and permit(s) necessary for the operation of the Restaurant, and the ability to fully comply with the terms of this Agreement;

(j) that the transferee/assignee shall have agreed, under a written assumption agreement approved by Company, that at closing, the transferee/assignee shall, at Company's option, either (a) assume this Agreement; provided however, that such assumption shall not relieve Franchisee (as transferor/assignor) of any continuing obligations; or (b) execute a replacement franchise or license agreement on the then-current form of franchise agreement used by Company in the State in which the Licensed Restaurant is being operated, provided, however, that the term of the replacement franchise or license agreement shall be, at Company's option, the remaining term of this Agreement, unless Company otherwise agrees; and, at Company's request, the transferor/assignor shall have executed a continuing guaranty in favor of Company of the performance and payment by the transferee/assignee of all obligations and debts to Company and its Affiliates under the replacement franchise or license agreement;

(k) that the transferee/assignee agrees to refurbish the Licensed Restaurant as needed (in Company's discretion) to match the then-current Brand Standards;

(l) that there shall not be any suit, action, or proceeding pending, or to the knowledge of Franchisee any suit, action, or proceeding threatened, against Franchisee with respect to the Licensed Restaurant;

(m) that Franchisee shall have paid to Company a non-refundable administrative/transfer fee equal to $10,000 plus Company's then-current training fees and reimbursement of its employee's Travel Expenses if Company determines that the transferee/assignee must successfully complete the Initial Training Program;

(n) that Franchisee and its Owners agree with the assignee/transferee not to compete after the Assignment in accordance with restrictions acceptable to Company and substantially similar to those provided in this Agreement to the maximum extent permitted by Applicable Law, and Company will be named as a third party beneficiary of such agreement; and

(o) that the transferee/assignee, or its anticipated Operating Principal shall have satisfactorily completed the Initial Training Program.

13.2.2 Any purported Assignment occurring by operation of law or otherwise without Company's prior written consent shall constitute a material default of this Agreement by Franchisee, and shall be null and void. Except in the instance of Franchisee advertising to sell the Licensed Restaurant and assign this Agreement in accordance with the terms of this Agreement, Franchisee shall not, without Company's prior written consent, offer for sale or transfer at public or private auction or advertise publicly for sale or transfer, the furnishings, interior and exterior decor items, supplies, FF&E, the Assets, the lease any real property used in connection with the Licensed Restaurant. To the extent that any prohibition on the pledge, hypothecation, encumbrance or granting of a security interest in this Agreement or the Assets may be ineffective under Applicable Law, Franchisee shall provide not less than 10 days prior written notice containing the name and address of the secured party and the terms of such pledge, hypothecation, encumbrance or security interest in this Agreement or the Assets.

13.2.3 If Franchisee is an Entity, Franchisee shall promptly provide Company with written notice of each and every issuance of Equity by Franchisee and every transfer, assignment and encumbrance by any Owner of any direct or indirect Equity or voting rights in Franchisee, notwithstanding that the same may not constitute an "Assignment".

13.2.4 Company's consent to an Assignment shall not (a) constitute a waiver of any claims it may have against the transferring party arising out of this Agreement or otherwise, including (i) any payment or other duty owed by Franchisee to Company under this Agreement before such Assignment; or (ii) Franchisee's duty of indemnification and defense, whether before or after such Assignment, or (iii) the obligation to obtain Company's consent to any subsequent transfer; or (b) be an indication as to the likelihood of success or economic viability of the assignee/transferee.

13.3 **Right of First Refusal**. If Franchisee or any Owner (other than Company, if applicable) desire to cause or permit any Assignment, then Franchisee and/or such Owner shall notify Company in writing, provide such information and documentation describing or relating to the proposed Assignment as Company may require, and grant Company (and its designee) a right of first refusal (the "**ROFR**") for 60 days following Company's receipt of Franchisee's written notice of the proposed Assignment and copies of all required documentation (the "**ROFR Period**") to purchase the interest which Franchisee or such Owner proposes to transfer, on the same terms and conditions offered by the third party; provided that Company (and its designee) may substitute cash for any non-cash consideration in an amount determined by Company (or designee as applicable), reasonably and in good faith, as the approximate equivalent value of the non-cash consideration. Franchisee shall comply with each of its obligations under this Agreement during the ROFR Period, and Company (and its designee) shall have the right, but not the obligation, to offset any payment due to Franchisee on account of any default hereunder by Franchisee. Notwithstanding the terms and conditions offered by the third party, Franchisee shall make representations and warranties to Company (and its designee) that are customary for transactions of the type proposed, including (1) its power, authority and legal capacity to sell, transfer and assign the property or interests, (2) valid right, title and interest in the property or interests, (3) the absence of all liens, encumbrances and liabilities on the property or interests, and (4) the absence of any violation, in any material respect, or default under, or acceleration of any material agreement or instrument pursuant to which the property or interests to be transferred are encumbered or bound as the result of the sale. If Company (or its designee) elects to exercise the ROFR, Company (or its designee) shall notify Franchisee in writing, and the closing of the transaction shall occur within 60 days after delivery of Company's (and its designee's) notice, subject to the satisfaction of all conditions to closing. If Company (or its designee) does not exercise the ROFR, any material change in the terms of an offer prior to closing, or the failure to close the transaction within 60 days following the ROFR Period, shall cause it to be deemed a new offer, subject to the same ROFR as in the case of the initial offer. Company's (or its designee's) failure to exercise the ROFR shall not constitute consent to the transfer or a waiver of any other provision of this Agreement.

13.4 **Entity Franchisee**. If a Franchisee is an Entity, the following provisions will apply:

13.4.1 Franchisee represents, warrants and covenants that: (a) Franchisee has the authority to execute, deliver and perform its obligations under this Agreement and all related agreements and is duly organized or formed and validly existing in good standing under the laws of the state of its incorporation or formation; (b) the execution of this Agreement by Franchisee will not constitute or violate any other agreement or commitment to which Franchisee is a party; (c) any individual executing this Agreement on behalf of Franchisee is duly authorized to do so and the Agreement will constitute a valid and binding obligation of the Franchisee; and (d) the information set forth in Exhibit E, is accurate and complete in all material respects. Franchisee shall notify Company in writing within 10 days of any change in the information set forth in Exhibit E, and shall submit to Company a revised Exhibit E, certified by an officer of Franchisee as true, correct and complete. Franchisee promptly shall provide such additional information as Company may request concerning all persons who may have any direct or indirect financial interest in Franchisee. Franchisee shall upon demand reimburse Company for its direct and indirect costs, including reasonable attorneys' fees, to review any revised or supplemental Exhibit E.

13.4.2 All of Franchisee's organizational documents (including articles of partnership, partnership agreements, articles of incorporation, articles of organization, bylaws, shareholders agreements, trust instruments, or their equivalent) will provide that the issuance and transfer of any interest in Franchisee is restricted by the terms of this Agreement, and that sole purpose for which Franchisee is formed (and the sole activity in which Franchisee is or will be engaged) is the development and operation of Restaurants. All certificates and other documents representing Equity in Franchisee must bear a legend in a form prescribed by Company referring to this Agreement's restrictions.

13.4.3 All present and future Owners of a 10% or more (directly or indirectly), in the aggregate, of the Equity or voting rights in Franchisee, will execute a written guaranty in the form attached as Exhibit F hereto or as otherwise prescribed by Company, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of Franchisee's obligations to Company and to Company's Affiliates. For purposes of determining whether said 10% threshold is satisfied, holdings of spouses (and family members who live in the same household) and Affiliates shall be aggregated. Upon each transfer or assignment of an interest in Franchisee, or other change in ownership interests in Franchisee, and at any other time upon Company's request, said holders shall re-execute a written guaranty in a form prescribed by Company.

13.5 **Business Practices**. Franchisee represents, warrants and covenants to Company that:

13.5.1 As of the Effective Date, Franchisee and each of its Owners (if Franchisee is an Entity) shall be and shall remain in full compliance with all Applicable Law in each jurisdiction in which Franchisee or any of its Owners, conducts business that prohibits unfair, fraudulent or corrupt business practices in the performance of its obligations under this Agreement and related activities, including the following prohibitions:

(a) No government official, official of an international organization, political party or official, or candidate is an owner or has any investment interest in the revenues or profit of Franchisee;

(b) None of the Assets or interests of Franchisee or any of its Owners is subject to being "blocked" under any Anti-Terrorism Laws. Neither Franchisee, nor any of its respective funding sources (including any legal or beneficial owner of any equity in Franchisee) or any of its Affiliates is or has ever been a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Laws or identified by name or address on any Terrorist List. Each of Franchisee and its Owners are in compliance with Applicable Law, including all such Anti-Terrorism Laws;

(c) Neither Franchisee nor any of its Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act, as amended.

(d) Franchisee is neither directly nor indirectly owned nor controlled by the government of any country that is subject to a United States embargo; nor does Franchisee or its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo.

13.5.2 Franchisee has taken all necessary and proper action required by Applicable Law and has the right to execute this Agreement and perform under all of its terms. Franchisee shall implement and comply with anti-money laundering policies and procedures that incorporate "know-your-customer" verification programs and such other provisions as may be required by Applicable Law.

13.5.3 Franchisee shall implement procedures to confirm, and shall confirm, that (a) none of Franchisee, its Affiliates, its Owners, any person or Entity that is at any time a legal or beneficial Owner of any interest in Franchisee or that provides funding to Franchisee is identified by name or address on any Terrorist List or is an Affiliate of any person so identified; and (b) none of the Assets or interests of Franchisee is subject to being "blocked" under any Anti-Terrorism Laws.

13.5.4 Franchisee shall promptly notify Company upon becoming aware of any violation of this Section or of information to the effect that any person or Entity whose status is subject to confirmation pursuant to Section 13.5.3 is identified on any Terrorist List, any list maintained by OFAC or to being "blocked" under any Anti-Terrorism Laws, in which event Franchisee shall cooperate with Company in an appropriate resolution of such matter.

13.5.5 In accordance with Applicable Law, none of Franchisee nor any of its Affiliates, principals, partners, officers, directors, managers, employees, agents or any other persons working on their behalf, shall offer, pay, give, promise to pay or give, or authorize the payment or gift of money or anything of value to any officer or employee of, or any person or Entity acting in an official capacity on behalf of, the Governmental Authority, or any political party or party official or while knowing that any portion of that money or thing of value will be offered, given or promised, directly or indirectly, to any official to (a) influence any action or decision of the official in any official capacity; (b) induce the official to do or omit to do any act in violation of any lawful duty; or (c) induce the official to influence any act or decision of such Governmental Authority in order to obtain certain business for or with, or direct business to, any person or Entity.

ARTICLE 14
DEFAULT AND TERMINATION

14.1 **General**. Company shall have the right to terminate this Agreement only for "cause". "**Cause**" is hereby defined as a default of this Agreement. Company shall exercise its right to terminate this Agreement in the following circumstances and manners.

14.2 **Automatic Termination Without Notice**. Subject to Applicable Lawto the contrary, Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall at Company's election automatically terminate without notice to Franchisee if: (i) Franchisee shall be adjudicated bankrupt or judicially determined to be insolvent (subject to any contrary provisions of Applicable Law), shall admit to its inability to meet its financial obligations as they become due, or shall make a disposition for the benefit of its creditors; (ii) Franchisee shall allow a judgment against it in the amount of more than $25,000 to remain unsatisfied for a period of more than 30 days (unless a supersedeas or other appeal bond has been filed); (iii) the Licensed Restaurant, the Premises, or any of the Assets are seized, taken over or foreclosed by a government official in the exercise of its duties, or seized, taken over, or foreclosed by a creditor or lienholder provided that a final judgment against the Franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); (iv) a levy of execution or attachment has been made upon the license granted by this Agreement or upon any of the Assets, and it is not discharged within 5 days of such levy or attachment; (v) Franchisee permits any recordation of a notice of mechanics lien against the Licensed Restaurant or any equipment at the Licensed Restaurant which is not released within 60 days, or if any person commences any action to foreclose on the Licensed Restaurant or said equipment; (vi) Franchisee allows or permits any judgment to be entered against Company or any of its Affiliates, arising out of or relating to the operation of the Licensed Restaurant; or (vii) a condemnation or transfer in lieu of condemnation has occurred.

14.3 **Option to Terminate Without Opportunity to Cure**. Franchisee shall be deemed to be in default and Company may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice by Company upon the occurrence of any of the following events:

14.3.1 Abandonment. If Franchisee shall abandon the Licensed Restaurant. For purposes of this Agreement, "abandon" shall refer to (i) Franchisee's failure, at any time during the Term, to operate the Licensed Restaurant for business for a period of 5 consecutive days, (ii) Franchisee's failure to operate the Licensed Restaurant operating for any period after which it is not unreasonable under the facts and circumstances for Company to conclude that Franchisee does not intend to continue to operate the Licensed Restaurant, unless such failure to operate is due to Force Majeure (subject to Franchisee's continuing compliance with this Agreement), or (iii) failure to actively and continuously maintain and answer the telephones used by Franchisee for the Licensed Restaurant solely with name designated by the Company in accordance with this Agreement (as the same may be modified in accordance with this Agreement).

14.3.2 Assignment, Death or Incapacity. If Franchisee shall purport to make any Assignment without the prior written consent of Company; provided, however, on condition that the Licensed Restaurant continues to be operated in conformity with this Agreement (a) upon prompt written request and upon the death or legal incapacity of a Franchisee who is an individual, Company shall allow up to 6 months after such death or legal incapacity for the heirs, personal representatives, or conservators (the "**Heirs**") of Franchisee either (i) assume this Agreement or at Company's discretion, execution Company's then current form of franchise agreement, if Company is subjectively satisfied that the Heirs meet the Brand Standards, or (ii) if not so satisfied, to allow the Heirs to sell the Licensed Restaurant to a person approved by Company, or (b) upon prompt written request and upon the death or legal incapacity of an Owner owning 20% or more of the Equity or voting power of a corporate or limited liability company Franchisee, or a general or limited partner owning 20% or more of any of the Partnership Rights of a Franchisee which is a Partnership, Company shall allow a period of up to 6 months after such death or legal incapacity for the Heirs to seek and obtain Company's consent to the transfer or Assignment of such stock, membership interests or Partnership Rights to the Heirs or to another person acceptable by Company. If, within said 6 month period, the Heirs fail either to enter into a new franchise agreement or to sell the Licensed Restaurant to a person approved by Company pursuant to this Agreement, or fail either to receive Company's consent to the Assignment of such Equity to the Heirs or to another person acceptable by Company, as provided in this Agreement, this Agreement shall thereupon automatically terminate;

14.3.3 Repeated Defaults. If Franchisee shall default in any one or more obligation(s) and Franchisee has previously received 2 or more written notices of default from Company within the preceding 12 months, such repeated course of conduct shall itself be grounds for termination of this Agreement without further notice or opportunity to cure;

14.3.4 Violation of Law. If Franchisee fails, for a period of 10 days after having received notification of noncompliance from Company or Governmental Authority, to comply with any Applicable Law;

14.3.5 Criminal Offences. If Franchisee or any of its Owners, officers, directors, Operating Principal(s), or key employees is convicted of or pleads guilty or *nolo contendere* to a felony or any other crime or offense that is reasonably likely, in the sole opinion of Company, to adversely affect the Company's reputation, System, Marks or the goodwill associated therewith, or Company's interest therein;

14.3.6 Unfair Competition. If there is any breach of ARTICLE 12;

14.3.7 Sale of Unauthorized Products and Services. If Franchisee sells unauthorized products or services to the public after notice of default and thereafter sells such products or services, whether or not Franchisee has cured the default after one or more notices;

14.3.8 Under Reporting. If an audit or investigation conducted by Company hereof discloses that Franchisee has knowingly maintained false books or records, or submitted false reports to Company;

14.3.9 Repeated Customer Complaints. Company and/or Franchisee receives repeated customer complaints regarding the Licensed Restaurant that has, or Company reasonably believes may impair the Marks, goodwill associated with the Marks or Company's rights therein;

14.3.10 Failure to Complete Training. If the initial Operating Principal or general manager selected by Franchisee to complete the Initial Training Program fails to successfully complete such program;

14.3.11 Intellectual Property Misuse. If Franchisee materially misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Company's rights therein, or takes any action which reflects materially and unfavorably upon the operation and reputation of the Licensed Restaurant, the System, or the Marks generally. Franchisee's unauthorized use, disclosure, or duplication of the "Confidential Information", excluding independent acts of employees or others if Franchisee shall have exercised its best efforts to prevent such disclosures or use; and

14.3.12 Health or Safety Violations. Franchisee's conduct of the Licensed Restaurant is so contrary to this Agreement, the System and the Brand Standards Manual(s) as to constitute an imminent danger to the public health (for example, selling spoiled food knowing that the food products are spoiled or allowing a dangerous condition arising from a failure to strictly comply with any health code or ordinance or other Applicable Law to continue despite Franchisee's knowledge of such condition), or selling expired or other unauthorized products to the public after notice of default and continuing to sell such products whether or not Franchisee has cured the default after one or more notices.

14.4 **Termination With Notice and Opportunity To Cure**. Except for any default by Franchisee under Sections 14.2 or 14.3, Franchisee shall have 10 days (5 days in the case of any default in the timely payment of sums due to Company or its Affiliates) after Company's written notice of default within which to remedy any default under this Agreement, and to provide evidence of such remedy to Company; provided, however, that such 10 day period shall be extended by Company for a reasonable time (not to exceed 75 days) if in Company's reasonable determination Franchisee is not capable of curing the applicable default within such 10 day period and provided that Franchisee commences to cure such default within such 10 day period and thereafter diligently continues to prosecute such cure to completion. If any such default is not cured within that time period, or such longer time period as Applicable Law may require or as Company may specify in the notice of default, this Agreement and all rights granted by it shall thereupon automatically terminate without further notice or opportunity to cure. The description of any default in any notice served under this Agreement by Company upon Franchisee shall in no way preclude Company from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination hereof.

14.5 **Reimbursement of Company Costs**. In the event of default by Franchisee, all of Company's costs and expenses arising from such default, including reasonable legal fees and reasonable hourly charges of Company's administrative employees shall be paid to Company by Franchisee within 5 days after cure or upon demand by Company if such default is not cured.

14.6 **Notice Required By Law**. Notwithstanding anything to the contrary contained in this Article, in the event Applicable Law limits Company's rights of termination or shall require longer notice or cure periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice and/or cure periods or restrictions upon termination required by Applicable Law. Company shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof.

14.7 **Cross-Default**. Any default by Franchisee under the terms and conditions of this Agreement, any lease for the Location, or any other agreement between Company (or its Affiliate), and Franchisee (or any Affiliate of Franchisee), other than a default by Franchisee (or its Affiliate) of the development obligation under an Area Development Agreement with Company (or its Affiliate), or any default by Franchisee (or any Affiliate of Franchisee) of its obligations to any Co-Op Advertising Region of which it is a member, shall be deemed to be a default of each and every said agreement. Furthermore, in the event of termination, for any cause, of this Agreement or any other agreement between the parties hereto (other than the termination of an Area Development Agreement by reason of Franchisee's failure to meet its development obligation thereunder), Company may, at its option, terminate any or all said agreements.

14.8 **Termination by Franchisee**. Franchisee may terminate this Agreement due to a material default by Company of its obligations hereunder, which default is not cured by Company within 60 days after Company's receipt of prompt written notice by Franchisee to Company detailing the alleged default with specificity; provided, that if the default is such that it cannot be reasonably cured within such 60 day period, Company shall not be deemed in default for so long as it commences to cure such default within 60 days and diligently continues to prosecute such cure to completion. This is a material term of this Agreement and an arbitrator, judge or referee shall not, and shall not have the power or authority to excuse, waive, modify or change this requirement in any proceeding. If Franchisee terminates this Agreement pursuant to this Section, Franchisee shall comply with all of the terms and conditions of ARTICLE 15.

ARTICLE 15
RIGHTS AND OBLIGATIONS UPON TERMINATION, EXPIRATION, NON-RENEWAL, ETC.

15.1 **General**. In the event of rescission of this Agreement, and/or upon the expiration or termination (including nonrenewal) of Franchisee's rights granted under this Agreement:

15.1.1 Franchisee shall immediately cease to use all Confidential Information, the Marks, and any confusingly similar trademark, service mark, trade name, logotype, or other commercial symbol or insignia. Franchisee shall immediately return the Brand Standards Manual(s), all training materials, CD ROMs, DVDs, records, customer lists, IS Data, files, advertising and promotional materials and all other written materials incorporating or containing Confidential Information. Franchisee shall at its own cost make cosmetic changes to the Licensed Restaurant so that it no longer contains or resembles Company's proprietary designs and trade dress. Franchisee shall remove all materials that would identify the Licensed Restaurant as a Restaurant and otherwise as a business operated under the Marks, System and Brand Standards, and remove distinctive cosmetic features and finishes, lighting, FF&E, décor, logos, signs, menus, decals, floor and wall coverings and colors, and exterior finishes and colors, as Company may direct. Franchisee shall, at Company's request, immediately grant Company access to the Licensed Restaurant to make cosmetic changes to the Licensed Restaurant so that it no longer resembles a Restaurant. Company is permitted to identify in the Brand Standards Manual(s) additional actions Franchisee must take following termination or expiration (including nonrenewal) to de-identify the Licensed Restaurant, and Franchisee will timely perform all such additional actions.

15.1.2 Company may retain all fees paid pursuant to this Agreement, and Franchisee shall immediately pay any and all amounts owing to Company, its Affiliates, and/or Suppliers.

15.1.3 Any and all obligations of Company to Franchisee under this Agreement shall immediately cease and terminate.

15.1.4 Franchisee shall immediately cease and thereafter refrain from representing itself as then or formerly a franchisee or other affiliate of Company.

15.1.5 Franchisee shall transfer and assign to Company or its designee all telephone numbers, white and yellow page listings, on-line telephone listings and all other associated listings for the Licensed Restaurant, and Franchisee shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and any classified or other telephone directory listings associated with the Licensed Restaurant, and authorize and instruct their transfer to Company.

15.1.6 If Company had authorized Franchisee to use the Marks in connection with the internet, any website or e-mail address, or social media Franchisee shall cancel or assign to Company or its designate, as Company directs, all of Franchisee's right, title and interest in any internet websites or web pages, e-mail addresses, social media listings, domain name listings and registrations which contain the

Marks, or any of them, and Franchisee shall notify all registrars, hosts, and other appropriate persons of the termination of Franchisee's right to use any domain name, web page, social media listing, and other internet device associated with Company or the Licensed Restaurant, and authorize and instruct their cancellation or transfer to Company, as directed by Company. Franchisee is not entitled to any compensation from Company if Company exercises its said rights or options. For the avoidance of doubt, nothing in this Section shall be deemed to permit Franchisee to use the Marks, or any of them in connection with the internet, except with the prior consent of Company.

15.1.7 Franchisee shall immediately return and cease using all Proprietary Systems and following Franchisee's return of such software and data, certify Franchisee's permanent deletion of all electronic copies of the same in Franchisee's possession or control.

15.1.8 In the event Franchisee has registered any of Company's Marks as part of Franchisee's assumed, fictitious or corporate name, Franchisee shall promptly amend such registration to delete Company's Marks and any confusingly similar marks or names therefrom.

15.2 **Termination Without Prejudice**. The expiration or termination (including nonrenewal) of this Agreement shall be without prejudice to the rights of Company against Franchisee and such expiration or termination (including nonrenewal) shall not relieve Franchisee of any of its debts, obligations or liabilities to Company existing at the time of expiration or termination (including nonrenewal) or terminate those obligations of Franchisee which, by their nature, survive the expiration or termination (including nonrenewal) of this Agreement, including without limitation, any such debt, obligation or liability which was the cause of termination or arose out of such cause. It is expressly understood and agreed that the promises and agreements of Franchisee contained in this Agreement are also for the benefit of Company's Affiliates and designees, and any of them may, in their own names, exercise all rights and remedies necessary or desirable to protect or enforce their respective interests, including, without limitation, obtaining injunctive relief to enforce the obligations of Franchisee set forth in this Agreement.

15.3 **Company's Purchase Option Following Termination or Expiration**.

15.3.1 Following termination or expiration of this Agreement other than due to Company's uncured breach, Company (or Company's assignee, if applicable) shall have the option, exercisable by delivering written notice to Franchisee within sixty (60) calendar days from the date of the termination or expiration, to acquire from Franchisee, any or all of the Licensed Restaurant's Assets (including equipment, fixtures, inventory, products, materials, and supplies) as selected by Company;

15.3.2 Company shall be entitled to receive from Franchisee such representations and warranties satisfactory to Company concerning Franchisee's ownership of the Assets, condition of and title to the Assets, and absence of any liens and encumbrances on the Assets, except as Company in good faith deems acceptable in its judgment;

15.3.3 The purchase price for the Assets shall be fair market value of the Assets (except actual cost for useable, unopened inventory and supplies); Company shall have the right to set off from the purchase price all amounts due from Franchisee to Company under this Agreement as well as any other amounts due to Company's Affiliates; in the event Company and Franchisee do not agree on the fair market value of the Assets within three (3) business days of Company's written offer to Franchisee, they shall each appoint (within ten (10) business days of Company's initial offer) an appraiser experienced in used foodservice equipment transactions to appraise the Assets within one week of appointment, both appraisals shall be provided to Company and to Franchisee to further attempt to agree on the fair market value; if Company and Franchisee are unable to agree on fair market value of the Assets within two (2) business days of such discussion, then Company shall have the option of either: (i) paying the average of the two appraisals and proceeding with the purchase (leaving Franchisee the option to bring a claim in arbitration for any difference between fair market value as determined by the arbitrator and what Company has then paid for the Assets, which might result in the arbitrator determining that Company paid more than fair market value and would be entitled to a partial refund); or (ii) canceling the exercise of Company's purchase of the Assets;

15.3.4 Company shall pay Franchisee the purchase price (by corporate check, or offset, or a combination, as applicable) at closing of the purchase; the closing shall take place at a time and place designated by Company within ninety (90) calendar days after Franchisee receives Company's notice of exercise of the purchase option; at closing, Franchisee shall deliver to Company an assignment (and other documentation as Company deems appropriate) transferring good and marketable title to the assets selected by Company, free of liens and encumbrances, with all sales and other transfer taxes paid by Franchisee;

15.3.5 If Company elects, then the parties shall comply with applicable bulk sales provisions of the commercial code in the state where the Licensed Restaurant is located, and Company shall have the right to delay the closing until such compliance is completed; and

15.3.6 At Company's election, as part of the purchase Franchisee shall deliver to Company an assignment of the lease for the Location (or, if assignment is prohibited, a sublease for the full remaining term and on the same terms as Franchisee's lease); if Franchisee owns the Location, Franchisee shall lease the Location to Company pursuant to the terms of a form lease reasonably designated by Company, for a term selected by Company up to 5 years with two successive 5-year renewal options at fair market rental during the initial and renewal terms.

15.3.7 Company shall have the unrestricted right to assign its purchase option in this Section 15.3.

15.4 **Interim Management**

15.4.1 If either (i) Company exercises the option to purchase the Licensed Restaurant' Assets, then pending closing of Company's purchase, or (ii) at any other time when Company is concerned that continued operation by Franchisee may cause harm to the Marks or System or may endanger public health or safety, whether due to Franchisee's illness, death, or otherwise, then Company shall have the right, but not the obligation, to elect to appoint a manager to maintain operation of the Licensed Restaurant, or, at Company's option, require Franchisee to close the Licensed Restaurant without removing any assets.

15.4.2 Company may assume operation of the Licensed Restaurant under this Section 15.4 for 90 calendar days (the "**Management Period**") upon written notice to Franchisee. Franchisee shall cooperate fully with the transition of operations management to Company or Company's designated representative. The Management Period may be extended by Company, in its reasonable discretion, for a period of up to 12 consecutive months.

15.4.3 If Company appoints a manager to manage the Licensed Restaurant as provided herein, then all funds from operation of the Licensed Restaurant during the Management Period will be paid into a separate fund (the "**Interim Management Fund**"), and all expenses of the Licensed Restaurant, including compensation, travel and living expenses of the manager, will be charged to and paid from that fund. In addition, as compensation for the management services, Company shall be paid each month from the Interim Management Fund the greater of $5,000 or 10% of Gross Sales during such month, in each case prorated for partial months.

15.4.4 Operation of the Licensed Restaurant during the Management Period shall be on Franchisee's behalf, with Company having a duty only to use Company's good faith effort to manage the Restaurant and without liability to Franchisee for debts or obligations incurred by, at or through operation of the Restaurant or to any of Franchisee's creditors for any goods or services purchased by or for the Restaurant during the Management Period. During the Management Period, Franchisee shall cooperate with Company to ensure smooth operations of the Restaurant and shall maintain in force all insurance policies required by this Agreement.

ARTICLE 16
RELATIONSHIP OF PARTIES, INDEMNITY

16.1 **Relationship of Franchisee to Company**. It is expressly agreed that the parties intend by this Agreement to establish between Company and Franchisee the relationship of franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Company's name or on behalf of Company, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Company for any purpose whatsoever. Neither Company nor Franchisee is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Franchisee will not hold itself out as the agent, representative, employee, partner or co-venturer of Company. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Company or subject to Company's control. Franchisee shall file its own tax, regulatory and payroll reports and be responsible for all employee benefits and workers compensation payments with respect to its employees and operations, saving and indemnifying the Company from any liability of any nature whatsoever. Franchisee shall not have the power to bind or obligate Company. Company and Franchisee agree that the relationship created by this Agreement is one of independent contractor and is not a fiduciary relationship.

16.2 **Indemnity**. Franchisee shall protect, defend and indemnify Company, and all of its past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person or Entity or to any property (including data loss or damage) arising out of or in connection with (i) any breach of this Agreement by Franchisee, any Restricted Person or any Immediate Family Member; (ii) Franchisee's development, construction (including latent or patent defects), operation, maintenance of the Licensed Restaurant, the Premises, any real property occupied by the Licensed Restaurant, or the conduct to Franchisee's business; (iii) Franchisee's operation, marketing, advertising, promotion, offer for sale, sale, or provision of any products or services; (iv) any and all alleged torts, negligent acts, breaches of contract, fraud, omissions by Franchisee or its agents, representatives, contractors, or employees; and (v) the alleged failure of Franchisee to comply with Applicable Law. Company shall give Franchisee written notice of any claim for which Company demands indemnity; provided that such obligation shall not constitute a condition to Franchisee's indemnification obligation. Company shall retain the right and power to direct, manage, control and settle the litigation of any claim. Any payments made to an indemnified party shall be net of benefits received by any indemnified party on account of insurance in respect of such claims.

ARTICLE 17
MEDIATION; ARBITRATION; TIME FOR BRINGING CLAIMS

17.1 **Mediation**. Except to the extent precluded by Applicable law, the parties hereby pledge and agree that prior to filing any lawsuit or demand for arbitration (other than seeking judicial relief for claims that are based solely on demands for money owed or judicial relief to seek provisional remedies, including injunctions), they shall first attempt to resolve any dispute between the parties pursuant to mediation conducted in accordance with the then-current Commercial Mediation Rules of the American Arbitration Association. The mediation provided for hereunder shall be commenced by the party requesting mediation providing written notice to of the request for mediation (the "request") to the party with whom mediation is sought. The request shall specify with reasonable particularity the matter or matters on which mediation is sought. Such mediation shall be conducted in Los Angeles, California and shall be conducted and completed within 60 days following the date of the request, or such longer period as may be agreed upon by the parties in writing. If the parties fail to complete the mediation within such 60 day period (or agreed longer period, as applicable), either party may initiate arbitration as provided below. The fees and expenses of the mediator shall be shared equally by the parties. The mediator shall be disqualified as a witness, expert or counsel for any party with respect to any suit and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under California and other Applicable Law. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation. Failure to comply with this provision prior to commencement of litigation shall constitute a waiver of the right to recovery attorneys' fees in any action, irrespective of whether such recovery of attorneys' fees and costs is permitted by statute, agreement or otherwise.

17.2 **Arbitration**.

17.2.1 All controversies, disputes or claims between Company (and/or its Affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) and Franchisee (and Franchisee's Affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) arising out of or related to:

(a) this Agreement or any other agreement between Company and Franchisee or any provision of any of such agreements (including this Section 17.2);

(b) Company's relationship with Franchisee;

(c) the arbitrability of any controversies, disputes or claims;

(d) the scope and validity of this Agreement or any other agreement between Franchisee and Company or any provision of any of such agreements (including the scope and validity of the arbitration obligations under this Section 17.2, which Franchisee and Company acknowledge is to be determined by an arbitrator and not a court); or

(e) any Standard;

will be submitted for arbitration to the American Arbitration Association ("**AAA**"). Except as otherwise provided in this Agreement, such arbitration proceedings shall be heard by one (1) arbitrator, who must be a former judge or licensed attorney in good-standing and experienced in franchise legal matters, and in accordance with the then existing AAA Commercial Arbitration Rules and Procedures. Arbitration proceedings shall be held at a suitable location to be chosen by the arbitrator which is within twenty-five (25) miles of Company's principal business address at the time that the arbitration action is filed. The arbitrator has no authority to establish a different hearing locale. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) will be governed by it and not by any state arbitration law.

17.2.2 The arbitrator shall have the right to award or include in his or her award any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that: (1) the arbitrator shall not have authority to declare any Mark generic or otherwise invalid; and (2) except for punitive, exemplary and other forms of multiple damages available to any party under federal law or owed to third parties which are subject to indemnification under this Agreement, Company and Franchisee waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary or other forms of multiple damages against the other and agree that, in the event of a dispute between Company and Franchisee, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction.

17.2.3 Company and Franchisee agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or Applicable Law, whichever expires first. Company and Franchisee further agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Company or Franchisee. Company reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with this Section 17.

17.2.4 Company and Franchisee agree that arbitration shall be conducted on an individual, not a class-wide, basis, that only Company (and its Affiliates and Company and its respective owners, officers, directors, managers, agents and employees, as applicable) and Franchisee (and its Affiliates and Franchisee and its respective owners, officers, directors, managers, agents and employees, as applicable) may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving us and/or any other person or Entity. Notwithstanding the foregoing or anything to the contrary in this Section, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section, then Company and Franchisee agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 17.

17.2.5 The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

17.2.6 Notwithstanding anything to the contrary contained in this Section, Company and Franchisee have the right to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction.

17.3 **Waiver of Punitive Damages and Jury Trial**. EXCEPT FOR PUNITIVE, EXEMPLARY AND OTHER FORMS OF MULTIPLE DAMAGES AVAILABLE TO ANY PARTY UNDER FEDERAL LAW OR OWED TO THIRD PARTIES WHICH ARE SUBJECT TO INDEMNIFICATION UNDER SECTION THIS AGREEMENT, COMPANY AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY OR OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS. EXCEPT AS SET FORTH IN SECTION 17.2, TO THE EXTENT PERMITTED BY APPLICABLE LAW THE PARTIES: (1) HEREBY WAIVE THEIR RIGHT TO JURY TRIAL WITH RESPECT TO ALL CLAIMS AND ISSUES ARISING UNDER, IN CONNECTION WITH, TOUCHING UPON OR RELATING TO THIS AGREEMENT, INCLUDING ANY BREACH AND/OR THE SCOPE OF THE PROVISIONS OF THIS SECTION 17.3, WHETHER SOUNDING IN CONTRACT OR TORT, AND INCLUDING ANY CLAIM FOR FRAUDULENT INDUCEMENT, AND (2) AGREE THAT LOS ANGELES, CALIFORNIA SHALL BE THE VENUE FOR ANY LITIGATION ARISING UNDER THIS AGREEMENT. THE PARTIES ACKNOWLEDGE THAT THEY HAVE REVIEWED THIS SECTION AND HAVE HAD THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVICE AS TO ITS MEANING AND EFFECT.

____________ FRANCHISEE INITIALS	____________ COMPANY INITIALS

17.4 **Time for Bringing Claims**. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Company and Franchisee, or Franchisee's operation of the Licensed Restaurant, must be brought or asserted before the expiration of the *earlier* of (a) the time period for bringing an action under any applicable state or federal statute of limitations; (b) one year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (c) two years after the first act or omission giving rise to an alleged claim. If such a claim or action is not brought or asserted before the expiration of the earliest time period set forth in the foregoing sentence, it is expressly acknowledged and agreed by all parties that such claim or action shall be irrevocably barred; provided, however, that claims of Company attributable to Franchisee's underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification shall be subject to only the applicable state or federal statute of limitations.

ARTICLE 18
MISCELLANEOUS PROVISIONS

18.1 **Notices**. Except as otherwise expressly provided in this Agreement, all written notices and reports permitted or required to be delivered by the parties shall be deemed so delivered at the time delivered by hand; one business day after deposit with a reputable overnight courier, one business day after transmission by electronic system expressly approved in the Brand Standards Manuals(s) as appropriate for delivery of notices under this Agreement (with confirmation copy sent by U.S. mail or by reputable overnight courier, postage prepaid) and addressed as follows:

If to Company: Stand-Up Burgers Franco LLC
5855 Green Valley Circle Suite 208
Culver City, Ca 90230
Attn.: John P. Billingsley

With copy to (which will not constitute notice):

Bryan Cave Leighton Paisner LLP
120 Broadway, Suite 300
Santa Monica, California 90401
Attn: Kenneth R. Costello, Esq.

If to Franchisee: ________________________
____
____
Attn:______________________

Any party may change his or its address by giving 10 days prior written notice of such change to all other parties.

18.2 **Company's Right To Cure Defaults**. In addition to all other remedies, if Franchisee shall default in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement, Company may, at its election, immediately or at any time thereafter, without waiving any claim for default or breach and without notice to Franchisee, cure such default or breach for the account and on behalf of Franchisee, and the cost to Company shall be due and payable on demand and shall be deemed to be additional compensation due to Company and shall be added to the amount of compensation next accruing, at the election of Company.

18.3 **Waiver and Delay**. No waiver by Company of any default or series of defaults in performance by Franchisee, and no failure, refusal or neglect of Company to exercise any right, power or option given to it under this or any other agreement between Company and Franchisee, whether entered into before, after or contemporaneously with the execution of this Agreement (and whether or not related to the Licensed Restaurant) or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement, any other franchise or license agreement between Company and Franchisee, whether entered into before, after or contemporaneously with the Effective Date (and whether or not related to the Licensed Restaurant), shall constitute a waiver of the provisions of this Agreement or the Brand Standards with respect to any subsequent default, or a waiver by Company of its right at any time thereafter to require exact and strict compliance. Company will consider written requests by Franchisee for Company's consent to a waiver of any obligation imposed by this Agreement. Franchisee agrees, however, that Company is not required to act uniformly with respect to waivers, requests and consents as each request will be considered on a case-by-case basis, and nothing shall be construed to require Company to grant any such request. Any waiver granted by Company shall be without prejudice to any other rights Company may have, will be subject to continuing review by Company, and may be revoked, in Company's discretion, at any time and for any reason, effective upon 10 days prior written notice to Franchisee. Company makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee by providing any waiver, approval, acceptance, consent, assistance, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request.

18.4 **Survival of Obligations**. Termination or expiration (including nonrenewal) shall be without prejudice to any other rights or remedies that Company or Franchisee, shall have in law or in equity. In no event shall a termination or expiration (including nonrenewal) of this Agreement affect Franchisee's obligations to take or abstain from taking any action in accordance with this Agreement. The provisions of this Agreement which by their nature or expressly constitute post-termination (or post-expiration or post-nonrenewal) covenants and agreements shall survive the termination or expiration (including nonrenewal) of this Agreement.

18.5 **Successors and Assigns; Benefit**. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Company and Franchisee and its or their respective heirs, executors, administrators, successors and assigns, subject to the restrictions on Assignment contained in this Agreement. This Agreement is for the benefit of the parties only, and, except as expressly provided in this Agreement, is not intended to and shall not confer any rights or benefits upon any person who is not a party to this Agreement.

18.6 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to any conflict of laws principles, except that (a) the provisions in Section 12.1 and, to the extent applicable, Section 12.5 shall be governed by the laws of the state in which the Licensed Restaurant is located, and (b) state law relating to (i) the offer and sale of franchises, (ii) franchise relationships, or (iii) business opportunities, will not apply unless the applicable jurisdictional requirements are met independently without reference to this paragraph.

18.7 **Entire Agreement; Amendments**. This Agreement and the Brand Standards Manual(s) contain all of the terms and conditions agreed upon by the parties with reference to the subject matter of this Agreement. No other agreements concerning the subject matter of this Agreement, oral or otherwise, shall be deemed to exist or to bind any of the parties. All prior or contemporaneous agreements, understandings and representations relating to the subject matter of this Agreement, are merged and are expressly superseded by this Agreement, except such representations as are made in any franchise disclosure document required to be received by Franchisee under Applicable Law and any representations made by Franchisee in acquisition of this Agreement. No officer or employee or agent of Company has any authority to make any representation or promise not contained in this Agreement or in any franchise disclosure document required to be received by Franchisee under Applicable Law, and Franchisee agrees that it has executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be amended, modified or changed except by written instrument signed by all of the parties hereto. Franchisee acknowledges that no oral or written statements, promises regarding this Agreement or the parties relationship, whether consistent or inconsistent with the terms of this Agreement, have been made to Franchisee, and that Franchisee is not relying on any statement or representation other than those in this Agreement and any franchise disclosure document required to be received by Franchisee under Applicable Law. Franchisee agrees that it will not attempt to introduce any evidence of such statements in court or any other proceeding to challenge the terms of this Agreement or the validity of the Agreement as a whole, whether such challenge is based on fraud, tort, breach of contract or otherwise. Nothing in this Agreement, including all attachments hereto, and all agreements or documents which by the provisions of this Agreement are expressly incorporated herein or made a part hereof is intended to disclaim the representations Company made in any required franchise disclosure document received by Franchisee.

Franchisee has read all of the terms of this Agreement, including the preceding paragraph

_________ [Franchisee initials]

18.8 **Titles For Convenience**. Article and Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

18.9 **Gender and Construction**. The terms of the Recitals and all Exhibits and attachments to this Agreement are incorporated into and made a part of this Agreement as if set forth in full. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any Article or Section may require. As used in this Agreement, the words “include,” “includes” or “including” are used in a non-exclusive sense. When a reference is made in this Agreement to an Article, a Section or Exhibit, such reference shall be to an Article or a Section of, or an Exhibit to, this Agreement unless otherwise indicated. Unless otherwise expressly provided in this Agreement to the contrary, any consent, acceptance, approval or authorization of Company which Franchisee may be required to obtain may be given or withheld by Company in its sole discretion, and on any occasion where Company is required or permitted to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Brand Standards or satisfaction, Company may do so in its sole subjective judgment and discretion. No provision in this Agreement expressly identifying any particular breach of this Agreement as material shall be construed to imply that any other breach which is not so identified is not material. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter, 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 so as to fairly accomplish the purposes and intentions of all parties. Company and Franchisee 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, then the provision shall be given the meaning that renders it enforceable.

18.10 **Severability**. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement or the Brand Standards Manual(s) and any Applicable Law contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement or the Brand Standards Manual(s) thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of Applicable Law. If any part, article, section, sentence or clause of this Agreement or the Brand Standards Manual(s) shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement or the Brand Standards Manual(s) shall continue in full force and effect.

18.11 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

18.12 **Fees and Expenses**. If any party to this Agreement shall bring any arbitration, action or proceeding for any relief against the other, declaratory or otherwise, arising out of this Agreement, the losing party shall pay to the prevailing party a reasonable sum for attorney fees and costs incurred in bringing or defending such arbitration, action or proceeding and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of such arbitration, action or proceeding and shall be paid whether or not such action or proceeding is prosecuted to final judgment. Any judgment or order entered in such action or proceeding shall contain a specific provision providing for the recovery of attorney fees and costs, separate from the judgment, incurred in enforcing such judgment. The prevailing party shall be determined by the trier of fact based upon an assessment of which party’s major arguments or positions taken in the proceedings could fairly be said to have prevailed over the other party’s major arguments or positions on major disputed issues. For the purposes of this Section, attorney fees shall include fees incurred in the following: (1) post-judgment motions; (2) contempt proceedings; (3) garnishment, levy, and debtor and third party examinations; (4) discovery; and (5) bankruptcy litigation. This Section is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

ARTICLE 19
REPRESENTATIONS AND WARRANTIES BY FRANCHISEE

19.1 **Representations and Warranties**. Franchisee represents and warrants to Company that:

19.1.1 It has independently investigated this opportunity and recognizes that, like any other business, the nature of a Restaurant will evolve and change over time.

19.1.2 An investment in a Restaurant involves business risks that could result in the loss of a significant portion or all of Franchisee's investment.

19.1.3 Franchisee's business abilities and efforts are vital to the Licensed Restaurant's success.

19.1.4 Retaining customers to a Restaurant will require a high level of customer service and strict adherence to the System and Brand Standards.

19.1.5 Franchisee has not received from Company, and is not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a Restaurant.

19.1.6 Company has not made any representation, warranty or other claim regarding this opportunity, other than those made in this Agreement and any franchise disclosure document delivered to Franchisee, and that Franchisee has independently evaluated this opportunity, including by using its own business professionals and advisors, and has relied solely upon those evaluations in deciding to enter into this Agreement.

19.1.7 Franchisee has represented to Company, to induce its entry into this Agreement, that all statements Franchisee has made and all information it has given Company is accurate and complete and Franchisee has made no misrepresentations or material omissions in obtaining the franchise.

19.1.8 Franchisee has read this Agreement and any franchise disclosure document delivered to Franchisee and understands and accepts that this Agreement's terms and covenants are reasonably necessary for Company to maintain high standards of quality and service, as well as the uniformity of those standards at each Restaurant, and to protect and preserve the goodwill of its Marks.

19.1.9 Franchisee has been afforded an opportunity to ask any questions it has and to review any appropriate materials of interest to it concerning this opportunity.

19.1.10 Franchisee has been afforded an opportunity, and has been encouraged by Company, to have this Agreement and all other agreements and materials it has been given or made available to it by Company, reviewed by an attorney and has either done so or chosen not to do so.

19.1.11 Franchisee has capital and net worth that is sufficient to invest in this opportunity, and it will have sufficient funds to meet all of its obligations under this Agreement.

19.1.12 FRANCHISEE ACKNOWLEDGES THAT COMPANY'S DECISIONS TO ENFORCE OR NOT TO ENFORCE COMPLIANCE BY OTHER FRANCHISEES WITH THEIR OBLIGATIONS AND STANDARDS SHALL NOT AFFECT COMPANY'S RIGHT TO ENFORCE SUCH OBLIGATIONS AND STANDARDS AGAINST FRANCHISEE, EVEN UNDER SIMILAR CIRCUMSTANCES. FRANCHISEE IS ALSO AWARE THAT SOME PRESENT OR FUTURE FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND THAT, CONSEQUENTLY, COMPANY'S AND SUCH FRANCHISEE'S RESPECTIVE OBLIGATIONS AND RIGHTS MAY DIFFER MATERIALLY FROM THE PARTIES' RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT.

[SIGNATURE PAGE FOLLOWS]

ARTICLE 20
SUBMISSION

20.1 **Submission of this Agreement**. The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution by both Company and Franchisee. This Agreement shall not be binding on Company unless and until it shall have been accepted and signed on its behalf by an authorized officer of Company.

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

"**Company**"

STAND-UP BURGERS FRANCO LLC,
a Delaware limited liability company

By:______________________________
Name:____________________________
Its:______________________________

Date of Execution:_________________

"**Franchisee**"

_____________________________,
a(n) ___________________________

By:______________________________
Name:____________________________
Its:______________________________

Date of Execution:_________________

APPENDIX 1

DEFINED TERMS

In this Agreement in addition to those terms defined elsewhere, the following capitalized terms shall have the meanings set forth below:

"**Accounting Period**" means the period(s) designated by Company from time to time in writing (upon no less than 30 days prior written notice) as "Accounting Period(s)". As of the Effective Date each Accounting Period is one calendar month.

"**Additional Training**" shall have the meaning set forth in Section 6.4.1.

"**Affiliate**" when used in connection with Company or Franchisee, includes each person or Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Company or Franchisee, as applicable. Without limiting the foregoing, the term "Affiliate" when used in connection with Franchisee includes any Entity 10% or more of whose Equity or voting control, is held by person(s) or Entities who, jointly or severally, hold 10% or more of the Equity or voting control of Franchisee. For purposes of this definition, control of a person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise. Notwithstanding the above definition, if Company or its Affiliate has any ownership interest in Franchisee, the term "Affiliate" shall not include or refer to Company or that Affiliate (the "**Company Affiliate**"), and no obligation or restriction upon an "Affiliate" of Franchisee, shall bind Company, or Company's Affiliate or their respective parents or subsidiaries, officers, directors, or managers.

"**Agreement**" means this Franchise Agreement, together with all exhibits and addenda to this Franchise Agreement.

"**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future national, provincial, federal, state and local laws, ordinances, regulations, policies, lists, Orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

"**Applicable Law**" means applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, including, those governing the development, construction and operation of the Licensed Restaurant, including all health and safety, labor, immigration, food and drug laws and regulations, the Americans with Disabilities Act, zoning laws, construction codes, and permit variance, conditional use permit or similar requirements and conditions, all as may be amended, supplemented or enacted from time to time.

"**Assets**" means all of the following personal property and assets owned by Franchisee or in which Franchisee otherwise has any rights, and located at, or used in connection with the Licensed Restaurant: (a) all accounts, licenses, permits, and contract rights, including this Agreement, leasehold interests, all telephone and telecopier numbers, telephone and other directory listings, websites, email addresses, social media and other electronic accounts, profiles and listings associated with the Licensed Restaurant, intellectual property derived from and created in connection with the Licensed Restaurant, general intangibles, receivables, claims of Franchisee, all guaranties and security therefor and all of Franchisee's right, title and interest in the goods purchased and represented by any of the foregoing; (b) all chattel paper including electronic chattel paper and tangible chattel paper; (c) all documents and instruments; (d) all letters of credit and letter-of-credit rights and all supporting obligations; (e) all deposit accounts; (f) all investment property and financial assets; (g) all inventory and products thereof and documents therefor; (h) all furniture, fixtures, equipment, leasehold improvements and machinery, wherever located and all documents and general intangibles covering or relating thereto; (i) all books and records pertaining to the foregoing, including computer programs, data, certificates, records, circulation lists, subscriber lists, advertiser lists, supplier lists, customer lists, customer and supplier contracts, sales orders, and purchasing records; (j) all software including computer programs and supporting information; (k) all commercial tort claims; (l) all other personal property of Franchisee of any kind used in connection with the Licensed Restaurant; and (m) all proceeds of the foregoing, including proceeds of insurance policies. The terms used in this definition shall have the meanings given them in the California Uniform Commercial Code if defined in such code.

"**Assignment**" means any assignment, transfer, gift, lien, pledge, mortgage, hypothecation, encumbrance, or grant of a security interest, in whole or in part, voluntarily or involuntarily, by operation of Applicable Law or otherwise, of any interest in this Agreement or any of Franchisee's rights or privileges under this Agreement, or all or a substantial portion of the Assets, excluding only an equipment lease arrangement or financing arrangement for equipment on an arm's-length basis. If Franchisee is an Entity, each of the following shall be deemed to be an Assignment: (i) the sale, assignment, transfer, conveyance, gift, lien, pledge, mortgage, hypothecation or other encumbrance of more than 49% in the aggregate, whether in one or more transactions, of the Equity or voting power of Franchisee, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Franchisee; (ii) the issuance or change of any securities by, or Equity of, Franchisee which itself or in combination with any other transaction(s) results in the Owners, as constituted on the Effective Date or the date of the last Assignment for which Company granted its consent, whichever is later, owning less than 51% of the outstanding Equity or voting power of Franchisee; (iii) if Franchisee is a Partnership, the resignation, removal, withdrawal, death or legal incapacity of a general partner or of any limited partner owning more than 49% of the Partnership Rights of the Partnership, or the admission of any additional general partner, or the transfer by any general partner of any of its Partnership Rights in the Partnership, or any change in the ownership or control of any general partner; (iv) the death or legal incapacity of any Owner owning more than 49% of the Equity or voting power of Franchisee; (v) any merger, stock redemption, conversion, consolidation, reorganization, recapitalization involving, directly or indirectly, Franchisee or any Owner; and/or (vi) transfer of control of Franchisee, however effected.

"**Authorized Products**" means the proteins, vegetables, sides, dressings, sauces, and beverages and other food items (including ingredients) and other products, which may include specialty foods, packaged, prepped or ready-to-eat foods, pre-packaged and/or branded dressings and similar items, digital media, electronic media, and other media, apparel, retail and novelty items, and gift or loyalty cards, as specified by Company from time to time in the Brand Standards Manual(s), or as otherwise directed by Company in writing, for sale at or from a Restaurant (or the Licensed Restaurant), all which are purchased, prepared, sold and/or manufactured in strict accordance with Company's recipes, and Brand Standards, including specifications as to ingredients, brand names, preparation and presentation.

"**Brand Fee**" shall have the meaning set forth in Section 4.3.

"**Brand Fund**" shall have the meaning set forth in Section 8.3.

"**Brand Standards**" means the then-current specifications, standards, policies, procedures, methods of operation, and rules Company prescribes for the development, ownership and operation of Restaurants and the offer and sale of products and services from a Restaurant, as modified by Company from time to time in writing. Brand Standards may be designated by Company as mandatory or suggested. Compliance with "suggested" Brand Standards is not required.

"**Competitive Activities**" means to, own, operate, lend to, advise, be employed by, or have any financial interest in (i) any restaurant or business engaged in the sale or distribution, at wholesale or retail, of food products where 10% or more of total direct and indirect sales consist of products that are vegan, vegetarian and/or hamburgers, other than a Restaurant operated pursuant to a validly subsisting Franchise Agreement with Company, or (ii) any business that specializes in developing, operating or franchising restaurants or other businesses engaged in the sale or distribution, at wholesale or retail, of products the same as or substantially similar to the products sold in Restaurants including a competitive restaurant where 10% or more of total direct and indirect sales consist of products that are vegan, vegetarian and/or hamburgers. Notwithstanding the foregoing, "**Competitive Activities**" shall not include the direct or indirect ownership solely as an investment, of securities of any Entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, such Entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Entity.

"**Confidential Information**" means proprietary and confidential information, recipes, ingredients, specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies, and methods and techniques of operating the Franchised Restaurant and producing and preparing Authorized Products.

"**Continuing Royalty**" shall have the meaning set forth in Section 4.2.

"**Crisis Management Event**" means any event that occurs at or about the Licensed Restaurant that has or may cause harm or injury to customers or employees, such as criminal conduct, allegations of criminal conduct, food or product tampering /sabotage, natural disasters, terrorist acts, shootings, or any other circumstance which may injure or impair the System, Marks, or image or reputation of Restaurants or Company or its Affiliates.

"**Default**" or "**default**" means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

"**Effective Date**" means the date indicated in the first paragraph of this Agreement.

"**EFT**" shall have the meaning set forth in Section 4.7.

"**Entity**" means any limited liability company, Partnership, trust, association, corporation or other entity which is not an individual.

"**Equity**" means capital stock, membership interests, Partnership Rights, other equity ownership interests of an Entity, or right to receive profits or losses of an Entity.

"**FF&E**" means all required and suggested furniture, fixtures, equipment, Information Systems, accessories, menu boards, décor items, signs and other items Company designates as FF&E in the Brand Standards Manual(s) that Company requires from time to time for the Licensed Restaurant and the business Franchisee operates under this Agreement.

"**Force Majeure**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor general economic conditions; nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, contractor, or other person shall be an event of Force Majeure, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. For the avoidance of doubt, Franchisee's financial inability to perform or Franchisee's insolvency shall not be an event of Force Majeure.

"**Gift Card Program**" shall have the meaning set forth in Section 7.3.6 of this Agreement.

"**Gift Cards**" shall have the meaning set forth in Section 7.3.6 of this Agreement.

"**Licensed Restaurant**" means, as context requires, the Restaurant to be developed, or already developed, at the Location by Franchisee pursuant to this Agreement.

"**Governmental Authority**" means and includes all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

"**Gross Sales**" means the total of all revenues received or receivable by Franchisee as payment, whether in cash, for credit or barter or received as donation, or other means of exchange (and, if for credit or barter, whether or not payment is received therefor), on account of any and all goods, merchandise, services or products sold or provided in or from the Licensed Restaurant, or which are promoted or sold under any of the Marks, whether or not Company has authorized such goods or services to be offered and sold, including; (a) revenues from sales of any nature or kind whatsoever, derived by Franchisee or by any other person or Entity (including Franchisee's Affiliate(s)) from the Licensed Restaurant; (b) revenues from sales of all products or services at the Location, whether in compliance or in contravention of this Agreement; and (c) the proceeds of any business interruption insurance, after the satisfaction of any applicable deductible (but assuming the full gross revenues achievable by Franchisee). Notwithstanding the foregoing, "Gross Sales" shall exclude the following: (i) sums representing sales taxes collected directly from customers by Franchisee in the operation of the Licensed Restaurant, and any sales, value added or other tax, excise or duty charged to customers which is levied or assessed against Franchisee by any Federal, state, municipal or local authority, based on sales of specific goods, products, merchandise or services sold or provided at or from the Licensed Restaurant, provided that such taxes are actually transmitted to the appropriate Governmental Authority; (ii) tips or gratuities paid to employees; and (iii) proceeds from isolated sales of FF&E (other than inventory) not constituting any part of the products offered for resale at the Licensed Restaurant nor having any material effect upon the ongoing operation of the Licensed Restaurant required under this Agreement.

"**Heirs**" shall have the meaning set forth in Section 14.3.2.

"**Immediate Family Member**" means with respect to each Restricted Person the spouse and each family member who lives in the same household as that Restricted Person.

"**Information**" shall have the meaning set forth in Section 10.1.

"**Information Systems**" means all electronic based hardware, software, middleware, web-based solutions, wireless, mobile, electronic interfaces, cabling, and other electronic devices, including, computer systems, point of sale and cash collection systems, order systems, email systems, data systems, network systems, printer systems, internet systems, mobile applications, telecommunication systems, telephone systems, security systems, digital media systems, video and still digital cameras, power systems, required service and support systems and programs, and other related accessories and peripheral equipment.

"**Initial Training Program**" shall have the meaning set forth in Section 6.1.1.

"**Interim Management Fund**" shall have the meaning set forth in Section 15.4.

"**Intranet**" shall mean, as designated by Company, any access network, software application or website portal intended to directly interface with Franchisee in connection with the System and for the operation of the Licensed Restaurant.

"**Local Advertising Expenditure**" shall have the meaning set forth in Section 8.2.

"**Management Period**" shall have the meaning set forth in Section 15.4.

"**Brand Standards Manual(s)**" means Company's operations manual, training manual(s), and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manual(s) and written directives established by Company.

"**Marks**" shall have the meaning set forth in Recital B above.

"**Non-Traditional Venue**" means (i) any location within another primary business, corporate campus complexes, institutional venues, and any location to which the general public does not have unlimited access and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider; (ii) mobile outlets, temporary or seasonal food service facilities; and/or (iii) "cloud kitchens" or commercial kitchen facilities that provide order and delivery-only services, which may include the associated online or mobile ordering and delivery services to and from locations in or outside of the Protected Area. Examples of Non Traditional Venues include mobile outlets (such as food trucks), "cloud" kitchens, grocery stores and supermarkets, airports, sports stadiums and concert venues, casinos, hotels, ships, ports, piers, convention centers, resorts, amusement parks, expos, college and university buildings, military bases, hospitals and medical centers, and other venues operated by a master concessionaire or contract food service provider.

"**Notice of Election**" shall have the meaning set forth in Section 3.3.1.

"**Off-Premises Activity**" means Franchisee's sale, provision or delivery of Authorized Products to its retail customers to customers' homes, offices and other places other than the Location, including at festivals or sporting or other special events, and including catering, mobile vending (including by food truck and cloud kitchens), or delivery effected by Franchisee directly, or by a third party such as Uber Eats, Postmates, Grub Hub and Door Dash.

"**On-Site Training**" shall have the meaning set forth in Section 6.2.

"**Owner**" means any direct or indirect shareholder, member, general or limited partner, trustee, or other equity owner of an Entity, except, that if Company or any Affiliate of Company has any ownership interest in Franchisee, the term "Owner" shall not include or refer to Company or that Company Affiliate or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon the "Franchisee", or its Owners shall bind Company, or said Affiliate or their respective direct and indirect parents and subsidiaries, or their respective officers, directors, or managers.

"**Partnership**" means any general partnership, limited partnership, or limited liability partnership.

"**Partnership Rights**" means voting power, property, profits or losses, or partnership interests of a Partnership.

"**Permits**" means and includes all applicable franchises, licenses, permits, registrations, certificates and other operating authority required by Applicable Law.

"**Premises**" means the premises owned, leased or subleased by Franchisee at the Location, including any ancillary common area(s), parking lot(s), campus(es), building(s) and/or other structures associated with the Premises.

"**Protected Area**" means the geographic area described on Exhibit A.

"**Restricted Persons**" means Franchisee, and each of its Owners and Affiliates, and their respective officers, directors, managers, and Affiliates, and the Operating Principal; except, that if Company or any Affiliate of Company has any ownership interest in Franchisee, (i) the term "Restricted Person" shall not include or refer to the Company or that Affiliate or their respective direct and indirect parents and subsidiaries, (ii) the term "Restricted Person" shall not include or refer to any manager, officer or director of Franchisee that is designated to be manager, officer or director of Franchisee by the Company or its Affiliates; and (iii) no obligation or restriction upon the "Franchisee", or its Owners shall bind Company, said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers..

"**ROFR**" shall have the meaning set forth in Section 13.3.

"**ROFR Period**" shall have the meaning set forth in Section 13.3.

"**Site Review Request**" shall have the meaning set forth in Section 5.1.2.

"**Social Media/Technology Fee**" shall have the meaning set forth in Section 4.4.

"**Successor Agreement Right**" shall have the meaning set forth in Section 3.2.1.

"**Successor Franchise Agreement**" shall have the meaning set forth in Section 3.2.1.

"**Successor Term**" shall have the meaning set forth in Section 3.2.1.

"**Supplier**" shall have the meaning set forth in Section 9.2.

"**System**" shall have the meaning set forth in Recital C above.

"**Term**" shall have the meaning set forth in Section 3.1.

"**Terrorist Lists**" means all lists of known or suspected terrorists or terrorist organizations published by any U.S. Government Authority, including U.S. Treasury Department's Office of Foreign Asset Control ("**OFAC**"), that administers and enforces economic and trade sanctions, including against targeted non-U.S. countries, terrorism sponsoring organizations and international narcotics traffickers.

"**Travel Expenses**" means costs and expenses incurred by or assessed in connection with travel, including airfare, hotel/lodging, local transportation, meals, and, with regard to Company's employees', agents' and/or representatives' expenses, a per diem charge determined by Company in advance, with respect to other incidental expenses incurred, including laundry and/or telephone expenses.

"**Venue**" means any site or location other than a Non-Traditional Venue.

EXHIBIT A

PROTECTED AREA*

Check Applicable Box:

[ ] The area outlined on the attached map and generally described as follows (map shall control):

____

[ ] The area described as follows:

____

* If the Protected Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Protected Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.

EXHIBIT B

ELECTRONIC FUNDS TRANSFER

Authorization To Honor Charges Drawn By and Payable To

Stand-Up Burgers Franco LLC

Bank Name	Account No.	ABA#	FEIN
______________	______________	_____________	____________

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as it if were a check drawn and signed by the Depositor. It is further agreed that is any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization.

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the request and authorization, or in any manner arising by reason of the Depository's or Payee's participation.

Name of Depository:____

Name of Depositor:____

Designated Bank Account:____
(Please attach one voided check for the above account)

Business Number:____

For information call:____

Address:____

Phone #:______________________________ Fax #:_________________________________

Name of Franchisee/Depositor (please print)

By:____
Signature and Title of Authorized Representative

Date:____

EXHIBIT C

LEASE ADDENDUM

THIS ADDENDUM TO LEASE ("**Addendum**") is made this __ day of ______, 20___ by and between ______________________ ("**Landlord**") and ________________________ ("**Tenant**") and Stand-Up Burgers Franco LLC, a Delaware limited liability company ("**Company**"), with reference to the following facts:

A. Company and Tenant are parties to that certain Franchise Agreement dated ____________________, 20____ (the "**Franchise Agreement**").

B. Landlord and Tenant desire to enter into a lease (the "**Lease**") pursuant to which Tenant will occupy the premises located at _____________________________________ (the "**Premises**") for a "STAND-UP BURGERS" restaurant (the "**Restaurant**") licensed under the Franchise Agreement.

C. Tenant is required to execute and to cause Landlord to execute this Addendum.

NOW, THEREFORE, the parties agree as follows:

1. Notwithstanding anything to the contrary contained in the Lease:

(a) The Premises shall only be used as a "STAND-UP BURGERS" Restaurant and be constructed and improved pursuant to the Franchise Agreement including exterior signs displaying Company's service marks, in accordance with Company's standards and specifications.

(b) Company or its designee shall have an option, without cost or expense to Company or such designee, to assume the Lease, or execute a substitute lease on the same terms, in the event of termination or expiration (including nonrenewal) of the Franchise Agreement for any reason;

(c) Company or its designee shall have the right (but not the obligation) to succeed to Tenant's rights under the Lease if Tenant fails to exercise any option to renew, and or extend the term of the Lease,

(d) Upon Tenant's actual or alleged default under the Lease, the Landlord shall notify Company in writing at least 15 days prior to the date of termination or non-renewal of the Lease and, in the case of a default, Company or its designee shall have the right, but not the obligation, without liability to Tenant, to cure the default and to succeed to Tenant's rights under said Lease or request that the Landlord terminate the Lease and enter into a substitute Lease with Company on the same terms by giving written notice of such election to Tenant and such Landlord;

(e) Tenant shall have the unrestricted right, without Landlord consent, payment to Landlord or modification of any term of the Lease, during the entire term of the Lease (including any renewal terms) to assign or sublet the Premises to Company, its designee, or any franchisee or licensee approved by Company and who meets Landlord's reasonable financial suitability requirements;

(f) Except as permitted above, the Lease may not be assigned, subleased, modified or amended without Company's prior written consent and that Company shall be provided with copies of all such assignments, subleases, modifications and amendments;

(g) Landlord must disclose to Company, upon Company's request, all sales and other information furnished to the Landlord by Tenant; and

(h) Upon expiration or termination of the Lease for any reason, Tenant shall, upon Company's demand, remove all of the Marks from the Location and Premises and modify the decor of the Location so that it no longer resembles, in whole or in part, a "STAND-UP BURGERS" Restaurant, and otherwise comply with the Franchise Agreement. If Tenant shall fail do so, Company will be given written notice and the right to enter the Location and Premises to make such alterations, in which event Tenant shall reimburse Company for all direct and indirect costs and expense it may incur in connection therewith, including attorneys' fees.

2. If Company or its designee elects to succeed to Tenant's rights under the Lease, Tenant shall assign to Company or such designee all of its right, title and interest in and to the Lease. Upon such assignment, Landlord shall attorn to Company or such designee as the tenant under the Lease. Tenant shall execute and deliver to Company or such designee such assignment and take such further action as Company or such designee, may deem necessary or advisable to effect such assignment, upon demand, Company or such designee shall be, and hereby is, appointed Tenant's attorney in fact to execute such assignment and/or take further action in Tenant's name and on its behalf. This power of attorney granted by Tenant to Company and such designee is a special power of attorney coupled with an interest and is irrevocable and shall survive the death or disability of Tenant. Any sum expended by Company or such designee to cure Tenant's default of the Lease shall be deemed additional sums due Company and Tenant shall pay such amount to Company upon demand.

3. Nothing in the Lease or this Addendum shall neither create or purport to create any obligations on behalf of Company to Landlord or Tenant. Nothing in the Lease or this Addendum shall grant or purport to grant to Landlord any right to pursue any claim against Company arising out of Tenant's breach or default under the Lease.

4. In the event of any conflict or inconsistency between the Lease and this Addendum, this Addendum shall control.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date first set forth above.

"**Landlord**"	"**Tenant**"
________________________	________________________
By:________________________	By:________________________
Name:______________________	Name:______________________
Its:________________________	Its:________________________

"**Company**"

Stand-Up Burgers LLC,
a Delaware limited liability company

By:________________________
Name:______________________
Its:________________________

EXHIBIT D

INSURANCE REQUIREMENTS

Set forth below are the types and minimum coverage amounts that we currently require for each Licensed Restaurant, in addition to all coverage required by Applicable Law:

COMMERCIAL GENERAL LIABILITY:

Bodily Injured and Property Damage:	$1,000,000 per occurrence combined general; $5,000,000 combined aggregate.
Personal Injury and Advertising Injury:	$1,000,000 any one person or organization, w/ $10,000 per person in medical benefits.
Products/Completed Operations:	$2,000,000 annual aggregate.
Fire Legal Liability:	$1,000,000 any one fire.
Water and Liquid Damage Legal Liability:	$1,000,000 any one occurrence.

PROPERTY:

Goods, fixtures, furniture, equipment, and other personal property used in the Licensed Restaurant	100% of their full replacement cost. Insurance to include coverage for loss of income and extra expenses, for the actual loss incurred, and include coverage for Franchisee's obligations to Company and its Affiliates
Vehicle:	$1,000,000 (including hired and non-owned vehicles used in operation of the Licensed Business)

OTHER:

Workers Compensation:	STATUTORY
Employer's Liability:	$1,000,000 per employee, bodily injury by disease; $1,000,000 policy limit, bodily injury by disease; $1,000,000 per employee, bodily injury by accident.
Umbrella Liability:	$5,000,000 any one occurrence; $5,000,000 annual aggregate.
Business Interruption	As required under the Brand Standards Manual(s)

Franchisee acknowledges that these are minimum requirements; Company does not represent that these coverages will be sufficient to cover all losses. Franchisee is advised to seek counsel and use its own judgment as to coverages appropriate to Franchisee's situation.

EXHIBIT E

ENTITY INFORMATION

If Franchisee is an Entity, Franchisee represents and warrants that the following information is accurate and complete in all material respects:

(1) Franchisee is a (check as applicable):

[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify): ____________________________

(2) Franchisee shall provide to Company concurrently with the execution of this Agreement true and accurate copies of its Entity Documents.

(3) Franchisee promptly shall provide such additional information as Company may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

(4) The name and address of each of Franchisee's Owners, members, or general and limited partner:

NAME	ADDRESS	NUMBER OF SHARES / PERCENTAGE INTEREST

(5) There are set forth below the names, and addresses and titles of Franchisee's principal officers or partners who will be devoting their full time to the Business:

NAME ADDRESS
____
____
____
____

(6) The address where Franchisee's Financial Records, and Entity Documents are maintained is:

____
____
____

GUARANTY

The undersigned, in order to induce **STAND-UP BURGERS LLC** ("**Company**") to enter into a Franchise Agreement ("**FA**") dated the ______ day of ______________ 20____, with __________________________________ ("**Franchisee**"), unconditionally, jointly and severally, guarantees to Company, its successors or assigns, the prompt full payment and performance of all obligations of the Franchisee which are or may become due and owing to Company, including, all obligations arising out of said FA or any other agreement (whether or not in effect on the date hereof) between Franchisee and Company, and all extensions or renewals thereof, and the payment of all attorneys' fees, costs and other expenses incurred by Company to enforce this Guaranty (collectively, the "**Agreements**") in the same manner as if Agreements were executed between Company and the undersigned directly, as Franchisee.

The undersigned expressly waive(s): (a) notice of the acceptance by Company of this Guaranty, (b) demands of payment, presentation and protest, (c) all rights to assert or plead any statute of limitations as to or relating to this Guaranty, (d) any right to require Company to proceed against any other Guarantor or any other person or entity liable to Company, (e) any right to require Company to proceed under any other remedy Company may have before proceeding against Guarantor, or any other Guarantor, and (f) any right of subrogation. This Guaranty shall not be affected by the modification, amendment, extension, release or renewal of any agreement between Company and Franchisee, the taking of a note or other obligation from Franchisee or others, the taking of security for payment, the granting of extension of time for payment, the filing by or against Franchisee of bankruptcy, insolvency, reorganization of other debtor's relief afforded by the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing; and this Guaranty shall cover the terms and obligations of any such modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned shall be unconditional notwithstanding any defect in the genuineness, validity, regularity, or enforceability of the Franchisee's obligations or liability to Company, or any other circumstances whether or not referred to herein which might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This is an irrevocable, unconditional and absolute guaranty of payment and performance and the undersigned agree(s) that his, hers or their liability of this Guaranty shall be immediate and shall not be contingent upon the exercise or enforcement by Company of whatever remedies it may have against the Franchisee or others, or the enforcement of any lien or realization upon any security Company may at any time possess.

The undersigned covenant(s) and agree(s) that any indebtedness by the Franchisee to the undersigned, for any reason, currently existing, or which might hereafter arise, shall at all times be inferior and subordinate to any indebtedness owed by the Franchisee to Company.

The undersigned further covenant(s) and agree(s) that as long as the Franchisee owes any monies to Company (other than royalty and advertising and payments that are not past due) the Franchisee will not pay and the undersigned will not accept payment of any part of any indebtedness owed by the Developer to any one of the undersigned, either directly or indirectly, without the consent of Company.

If this Guaranty is executed by more than one individual or entity, each person or entity executing this Guaranty shall be jointly and severally liable for the obligations created herein.

This Guaranty shall remain in full force and effect until all obligations arising out of and pursuant to the Agreements including all renewals, modifications, amendments and extensions thereof, are fully paid and satisfied, provided that this Guaranty shall automatically terminate on the second anniversary of the effective date of any Assignment (as defined in the FA) and provided further that neither the franchise agreement nor any other agreement between Company and the assignee of such Assignment shall be in default on such effective date nor has been in default (whether or not cured) during such two year period.

This Guaranty shall be governed by and interpreted in accordance with the laws of the state of California, without giving effect to principles of conflicts of law. Any dispute arising out of or under this Guaranty shall be resolved in accordance with the dispute resolution process set forth in the FA.

IN WITNESS THEREOF, the undersigned has/have constituted this Agreement on the date set forth below.

Dated: ____________________ ________________________________

___________________________, an individual

Dated: ____________________ ________________________________

___________________________, an individual

Exhibit B

Area Development Agreement

STAND-UP BURGERS
AREA DEVELOPMENT AGREEMENT

By and Between

Stand-Up Burgers Franco, LLC

and

____

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STAND-UP BURGERS
AREA DEVELOPMENT AGREEMENT

THIS **AREA DEVELOPMENT AGREEMENT** (the "**Agreement**") is made and entered into this ___ day of _________, 20____, (the "**Effective Date**") by and between Stand-Up Burgers Franco, LLC, a Delaware limited liability company (the "**Company**") and _________________, a(n) _________________ ("**Franchisee**") with reference to the following facts:

A. Company has the right to license the "STAND-UP BURGERS" name and service mark, and such other trademarks, trade names, service marks, logotypes, insignias, trade dress and designs used in connection with the development, operation and maintenance of "STAND-UP BURGERS" restaurants each operated at a fixed physical location in accordance with Company's prescribed methods and business practices (each a "**Restaurant**").

B. Company desires to expand and develop the Restaurants in the Development Area, and Franchisee wishes to develop Restaurants in the Development Area, upon the terms and conditions as set forth in this Agreement.

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1
GRANT OF DEVELOPMENT RIGHTS

1.1 Certain Fundamental Definitions and Applicable Information. In this Agreement, in addition to those terms defined in Appendix 1 and elsewhere in this Agreement, the following terms, shall have the meanings set forth below, unless the context otherwise requires:

"Franchisee Notice Address" is: ____________________________
____
____

"**Initial Development Fee**" means $_________________. (See Section 5.1)

"**Initial Franchise Fee**" means $_________________. (See Section 5.2)

"**Operating Principal**" means **[**_______________**]**, or such other individual hereafter designated by Franchisee, and accepted by Company (and until subsequently disapproved by Company), to serve as the authorized representative of Franchisee, who Franchisee acknowledges and agrees shall act as Franchisee's representative, who shall hold ten percent (10%) or more of the Equity of Franchisee, and who shall have the authority to act on behalf of Franchisee during the Term.

1.2 Grant of Development Rights.

1.2.1 Upon the terms and subject to the conditions of this Agreement, Company hereby grants to Franchisee, and Franchisee hereby accepts, the right and obligation, during the Term (defined below), to develop Traditional Restaurants (defined below) in the geographic area defined in Exhibit A, which is attached hereto and by this reference made a part hereof (the "**Development Area**"). An increase or decrease in the size of the cities, counties or political subdivisions, if any, included within these boundaries shall have no effect on the Development Area as it is described in Exhibit A.

1.2.2 No right or license is granted to Franchisee hereunder to use any trademarks, trade names, service marks, logotypes, insignias, trade dress or designs owned by Company, such right and license being granted solely pursuant to Franchise Agreements executed pursuant hereto. Without limiting the generality of the foregoing, nothing in this Agreement shall permit Franchisee to own or operate a Restaurant, except pursuant to duly executed and subsisting Franchise Agreement. Franchisee shall not use such trademarks, trade names, service marks, logotypes, insignias, trade dress or designs in any manner or for any purpose, including in connection with any offering of securities or any request for credit, without the prior express written approval of Company.

1.3 Exclusivity.

1.3.1 During the Term of this Agreement, Company and its Affiliates shall not operate or grant a license or franchise to any other person to operate a Traditional Restaurant at any fixed physical location within the Development Area.

1.3.2 Company expressly reserves all other rights, including the exclusive, unrestricted right, in its discretion, directly and indirectly, through its employees, Affiliates (defined below), representatives, licensees, assigns, agents and others, (i) to own or operate and to franchise or license others to own or operate Restaurants at any location outside the Development Area, (ii) to own or operate and to franchise or license others to own or operate restaurants and other businesses under names other than "STAND-UP BURGERS" at any location whatsoever, (iii) to own or operate and to franchise or license others to own or operate Restaurants at Non-Traditional Venues at any location, and of any type whatsoever, within or outside the Development Area, and regardless of their proximity to any Restaurant developed or under development or consideration by Franchisee; (iv to produce, license, distribute and market "STAND-UP BURGERS" brand named products, and products bearing other marks, including fresh and frozen packaged, prepped or ready-to-eat foods; pre-packaged and/or branded dressings and similar items, apparel, retail and novelty items; at or through any location or outlet, including grocery stores and convenience stores (including those which may be located within the Development Area), and through any distribution channel, at wholesale or retail, including by means of catering, the internet or internet web site, mobile application, online food and beverage ordering, third-party food and beverage delivery services, food trucks or other non-fixed locations, direct mail advertising, and other distribution methods, including websites, online retailers, and direct sales through affiliates; (v) to engage in Off-Premises Activities, including under the "STAND-UP BURGERS" name, within or outside the Development Area, and regardless of proximity to any Restaurant developed or under development or consideration by Franchisee; to advertise and promote the System through any means and at any location, including through the internet, mobile applications, temporary or permanent physical displays, television, radio, billboards, email, text message, print media, direct mail, demonstrations, seminars, and other forms of advertising and promotion; (vi) to develop, acquire, merge with or otherwise become associated with other concepts (including dual branding and/or franchise systems) under names other than "STAND-UP BURGERS," whether or not using the System, and award franchises and/or licenses under other concepts for locations anywhere; and (vii) to engage in any other activities not expressly prohibited by this Agreement.

ARTICLE 2
FRANCHISEE'S DEVELOPMENT OBLIGATION

2.1 Development Obligation.

2.1.1 Within each Development Period specified in Exhibit B, Franchisee shall construct, equip, open and thereafter continue to operate within the Development Area, not less than the cumulative number of Traditional Restaurants required by the Development Obligation for that Development Period.

2.1.2 Restaurants developed hereunder which are open and operating and which have been assigned to Affiliates of Franchisee in accordance with Section 7.2.2 with Company's consent, shall count in determining whether Franchisee has satisfied the Development Obligation for so long as the applicable Affiliate continues to satisfy the conditions set forth in Section 7.2.2.

2.2 Timing of Execution of Leases and Franchise Agreements. Notwithstanding anything to the contrary contained herein, on or before the date which is one hundred eighty (180) days before the end of each Development Period, Franchisee shall have executed (in accordance with this Agreement) a lease (or purchase agreement) and Franchise Agreement and paid the required Initial Franchise Fee, for each Restaurant which is required to be constructed, equipped, opened and thereafter operated by the end of such Development Period.

2.3 Force Majeure.

2.3.1 Subject to Franchisee's continuing compliance with Section 2.3.2, should Franchisee be unable to meet the Development Obligation for any Development Period solely as the result of Force Majeure or any legal disability of Company to deliver a Franchise Disclosure Document pursuant to Section 6.2 of this Agreement, which results in the inability of Franchisee to construct or operate the Restaurants in all or substantially all of the Development Area pursuant to the terms of this Agreement, the particular Development Period during which the event of Force Majeure (or Company's legal disability to deliver a Franchise Disclosure Document) occurs shall be extended by an amount of time equal to the time period during which the Force Majeure (or Company's legal disability to deliver a Franchise Disclosure Document) shall have existed during that Development Period. Development Periods during which no such Force Majeure (or legal disability) existed shall not be extended. Other than as a result of Force Majeure, any delay in Company's issuance of acceptance of any site under Article 6, including, as a result of Franchisee's failure to satisfy the conditions set forth in Section 6.3 of this Agreement, shall not extend any Development Period.

2.3.2 In the event of the occurrence of an event constituting Force Majeure, Franchisee shall notify Company in writing within five (5) days following commencement of the alleged Force Majeure of the specific nature and extent of the Force Majeure, and how it has impacted Franchisee's performance hereunder. Franchisee shall continue to provide Company with updates and all information as may be requested by Company, including Franchisee's progress and diligence in responding to and overcoming the Force Majeure.

2.4 Franchisee May Not Exceed The Development Obligation. Unless Company shall otherwise consent in writing, Franchisee may not construct, equip, open and operate more than the total number of Restaurants comprising the Development Obligation.

ARTICLE 3
DEVELOPMENT AREA

3.1 Company's Right to Develop. Notwithstanding Section 2.1 above, if during the Term of this Agreement, Franchisee is unable or unwilling, or fails for any reason (except due to Force Majeure as provided in Section 2.3), to satisfy the Development Obligation, this Agreement shall automatically terminate upon notice by Company to Franchisee. Upon such termination, Company may, but has no obligation to, open and operate, or license others to (or grant others development rights to) open and operate, Traditional Restaurants at any site(s) within the Development Area, excluding sites in any Protected Territory granted to Franchisee pursuant to the individual Franchise Agreement for each then existing Restaurant located in the Development Area.

3.2 Protected Territory for Each Individual Restaurant. Subject to certain conditions provided for in the Franchise Agreements, each such agreement executed pursuant hereto shall provide that Company and its Affiliates may not open or operate, or franchise or license the operation of, any Traditional Restaurant within a Protected Territory surrounding the Restaurant opened by Franchisee pursuant to such Franchise Agreement.

ARTICLE 4
TERM OF AREA DEVELOPMENT AGREEMENT

4.1 Term. The term of this Agreement shall commence on the Effective Date and, unless otherwise negotiated, terminated or extended as provided herein, shall continue until the earlier of (i) the fifth (5^{th}) anniversary of the Effective Date, or (ii) the date of execution of the Franchise Agreement granting Franchisee the right to open the last Restaurant necessary for Franchisee to fully satisfy the Development Obligation (the "**Term**").

4.2 Limited Additional Development Right. If Franchisee shall determine that it desires to engage in further development of the Development Area in excess of the Development Obligation, Franchisee shall at the earlier of (i) one hundred eighty (180) days prior to the scheduled expiration of the

Term or (ii) the date on which acceptance of the proposed site for the last Restaurant required to meet the Development Obligation is issued, notify Company in writing ("**Additional Development Notice**") of Franchisee's desire to develop additional Restaurants in the Development Area and a plan for such development over a new term, setting forth the number of proposed Restaurants and the deadlines for the development of each of them within such proposed term. This right of additional development by Franchisee shall be exercised only in accordance with Section 4.3 and is subject to the conditions set forth in Section 4.4. This Agreement is not otherwise renewable.

4.3 Exercise of Right of Additional Development.

4.3.1 If Company determines the additional development obligation proposed by the Additional Development Notice is unacceptable in any respect(s), Company and Franchisee shall (subject to Section 4.4) negotiate during the following sixty (60) days in an effort to reach a mutually agreeable additional development obligation. Each party may negotiate to protect its own interests as it deems appropriate in its discretion.

4.3.2 If the additional development obligation proposed by the Additional Development Notice is acceptable to Company, or if Company and Franchisee reach agreement on an alternative additional development obligation (the "**Additional Development Obligation**") within said sixty (60) day period, then Company shall deliver to Franchisee a copy of Company's Then-current Franchise Disclosure Document, if required by Applicable Law, and two copies of the Then-current area development agreement, which may vary substantially from this Agreement, setting forth the agreed upon Additional Development Obligation. Within thirty (30) days after Company's delivery of the said area development agreement, but no sooner than immediately after the expiration of any applicable waiting period(s) prescribed by Applicable Law, Franchisee shall execute two copies of the area development agreement and return them to Company together with the applicable development fee, if any, for the Restaurants required by the Additional Development Obligation. If Franchisee has so executed and returned the copies and has satisfied the conditions set forth in Section 4.4, Company will execute the copies and return one fully executed copy to Franchisee.

4.4 Conditions to Exercise of Right of Additional Development. Franchisee's right to additional development described in Section 4.2 shall be subject to Franchisee's fulfillment of the following conditions precedent:

4.4.1 Franchisee (and each of its Affiliates which have developed or operate Restaurants in the Development Area) shall have fully performed all of its obligations under this Agreement and all other agreements between Company and Franchisee (or the applicable Affiliate).

4.4.2 Franchisee shall have demonstrated to Company Franchisee's financial capacity to perform the Additional Development Obligations set forth in the area development agreement. In determining if Franchisee is financially capable, Company will apply the same criteria to Franchisee as it applies to prospective area developer franchisees at that time.

4.4.3 At the expiration of each Development Period and at the expiration of the Term, Franchisee shall have opened and shall thereafter have continued to operate, in the Development Area, not less than the aggregate number of Restaurants then required by the Development Obligation.

4.4.4 Company and Franchisee shall have executed a new area development agreement pursuant to Section 4.3.

4.4.5 Franchisee and all Affiliates of Franchisee who then have a currently effective franchise agreement or area development with Company shall have executed and delivered to Company a general release, or a form prescribed by Company, of any and all known and unknown claims against Company or its Affiliates, and their respective officers, directors, agents, shareholders and employees.

4.5 Effect of Expiration. Unless an Additional Development Obligation shall have been agreed upon, and a new area development agreement shall have been executed by the parties pursuant to

Sections 4.2 and 4.3, following the expiration of the Term, or the sooner termination of this Agreement, (a) Franchisee shall have no further right to construct, equip, own, open or operate additional Restaurants which are not, at the time of such termination or expiration, the subject of a then existing Franchise Agreement between Franchisee (or an Affiliate of Franchisee) and Company which is then in full force and effect, and (b) Company or its Affiliates may thereafter itself construct, equip, open, own or operate, and license others to (or grant development rights to) construct, equip, open, own or operate Restaurants at any location(s) (within or outside of the Development Area), without any restriction, subject only to any territorial rights granted for any then-existing Restaurant pursuant to a validly subsisting Franchise Agreement executed for such Restaurant.

ARTICLE 5
PAYMENTS BY FRANCHISEE

5.1 Initial Development Fee. Concurrently with the execution of this Agreement, Franchisee shall pay to Company, in cash or by certified check, the Initial Development Fee, representing $15,000 for each of the Restaurants required to be opened during the Term pursuant to the Development Obligation. The Initial Development Fee is not refundable under any circumstances.

5.2 Initial Franchise Fee. Notwithstanding the terms of the Franchise Agreement executed for each Restaurant developed pursuant hereto, Franchisee shall pay to Company, in cash or by certified check, the Initial Franchise Fee for each Restaurant to be opened pursuant hereto, which Initial Franchise Fee shall be payable upon execution by Franchisee of each Franchise Agreement entered into pursuant to this Agreement, provided, however, that Company shall credit the Initial Development Fee against the Initial Franchise Fees payable under each Franchise Agreement at the rate of $15,000 per Franchise Agreement, until the Initial Development Fee is exhausted.

ARTICLE 6
EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS

6.1 Site Review.

6.1.1 When Franchisee has located a proposed site for construction of a Restaurant, Franchisee shall submit to Company such demographic and other information regarding the proposed site and neighboring areas as Company shall require, in the form prescribed by Company ("**Site Review Request**"). Company may seek such additional information as it deems necessary within seven (7) days of submission of Franchisee's Site Review Request, and Franchisee shall respond promptly to such request for additional information. If Company shall not deliver written notice to Franchisee that Company accepts the proposed site, within seven (7) days of receipt of Franchisee's Site Review Request, or within five (5) days after receipt of such additional requested information, whichever is later, the site shall be deemed rejected. If the Company accepts the proposed site it shall notify Franchisee of its acceptance of the site.

6.1.2 Although Company may voluntarily (without obligation) assist Franchisee in locating an acceptable site for a Restaurant, neither Company's said assistance, if any, nor its acceptance of any proposed site, whether initially proposed Franchisee or by Company, shall be construed to insure or guarantee the profitable or successful operation of the Restaurant at that site by Franchisee, and Company hereby expressly disclaims any responsibility therefor. Franchisee acknowledges its sole responsibility for finding each site for the Restaurants it develops pursuant to this Agreement.

6.2 Delivery of Franchise Disclosure Document, Execution of Lease and Franchise Agreement.

6.2.1 Promptly following Franchisee's receipt of acceptance, Franchisee shall proceed to negotiate a lease or purchase agreement for the site and shall submit to Company a copy of the proposed lease or purchase agreement, as applicable. Following Company's receipt of the proposed lease or purchase agreement, as applicable, which meets Company's requirements, Company shall notify Franchisee of its acceptance of the proposed lease or purchase agreement, as applicable.

6.2.2 Company's review and acceptance of the lease is solely for Company's benefit and is solely an indication that the lease meets Company's minimum Brand Standards and specification at the time of acceptance of the lease (which may be different that the requirements of this Agreement). Company's review and acceptance of the lease shall not be construed to be an endorsement of such lease, confirmation that such lease complies with Applicable Law, or confirmation that the terms of such lease are favorable to Franchisee, and Company hereby expressly disclaims any responsibility therefore.

6.2.3 Subject to Section 6.3, after Company's acceptance of each proposed site, Company shall deliver to Franchisee a copy of Company's Then-current Franchise Disclosure Document if and as may be required by Applicable Law (the "**Franchise Disclosure Document**") and two copies of the Then-current Franchise Agreement. Immediately upon receipt of the Franchise Disclosure Document, Franchisee shall return to Company a signed copy of the Acknowledgment of Receipt of the Franchise Disclosure Document. Franchisee acknowledges that the new Franchise Agreement may vary substantially from the current Franchise Agreement. If Company is not legally able to deliver a Franchise Disclosure Document to Franchisee by reason of any lapse or expiration of its franchise registration, or because Company is in the process of amending any such registration, or for any reason beyond Company's reasonable control, Company may delay acceptance of the site for Franchisee's proposed Restaurant, or delivery of a Franchise Agreement, until such time as Company is legally able to deliver a Franchise Disclosure Document.

6.2.4 Within thirty (30) days after Franchisee's receipt of the Franchise Disclosure Document and the Then-current Franchise Agreement, but no sooner than immediately after any applicable waiting periods prescribed by Applicable Law have passed, Franchisee shall execute two copies of the Franchise Agreement described in the Franchise Disclosure Document and return them to Company together with the applicable Initial Franchise Fee. If Franchisee has so executed and returned the copies and Initial Franchise Fee and has satisfied the conditions set forth in Section 6.3, Company shall execute the copies and return one fully executed copy of such Franchise Agreement to Franchisee.

6.2.5 Franchisee shall not execute any lease or purchase agreement for any Restaurant, until Company has accepted the proposed site and Company has delivered to Franchisee a fully executed Franchise Agreement counter-signed by Company pursuant to Sections 6.2.4. After Company's acceptance of the site and lease (or purchase agreement, if applicable), and its delivery to Franchisee of the fully executed Franchise Agreement, Franchisee shall then procure the site pursuant to the purchase agreement or lease which has been reviewed and accepted by Company, and shall forward to Company, within ten (10) days after its execution, one copy of the executed lease or, if purchased, the deed evidencing Franchisee's right to occupy the site. Franchisee shall then commence construction and operation of the Restaurant pursuant to the terms of the applicable Franchise Agreement.

6.3 Condition Precedent to Company's Obligations. It shall be a condition precedent to Company's obligations pursuant to Sections 6.1 and 6.2, and to Franchisee's right to develop each and every Restaurant, that Franchisee shall have satisfied all of the following conditions precedent prior to Company's acceptance of the proposed Restaurant and the site and lease or purchase agreement therefor, and the Company's execution of the Franchise Agreement therefor:

6.3.1 Franchisee (and each of its Affiliates which have developed or operate Restaurants in the Development Area) shall have fully performed all of its obligations under this Agreement and all Franchise Agreements and other written agreements between Company and Franchisee (or any such Affiliate of Franchisee), and must not at any time following Franchisee's submission of its Site Review Request, and until Company grants its acceptance of the proposed site, be in default of any of its contractual or other legal obligations to Company or any of its Affiliates, or any approved vendor or supplier, or to any federal, state, county or municipal agency.

6.3.2 Franchisee shall have demonstrated to Company, in Company's discretion, Franchisee's financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement, including Franchisee's compliance with Section 12.4 of this Agreement and Franchisee's submission of a comprehensive management plan acceptable to, and accepted by Company, which shall include among other reasonable requirements as may be established by Company, an organization chart and supervisory requirements for the proposed Restaurant. In determining if Franchisee is financially or otherwise capable, Company shall apply the same criteria to Franchisee as it applies to prospective area developer franchisees at that time.

6.3.3 Franchisee shall continue to operate, in the Development Area, not less than the cumulative number of Traditional Restaurants required by the Development Obligation set forth in Exhibit B to be in operation as of the end of the immediately preceding Development Period.

6.3.4 Franchisee, and each of its Affiliates who then has a currently effective Franchise Agreement or area development agreement with Company, must sign a general release of any claims they may have against Company and its Affiliates, on a form prescribed by Company.

ARTICLE 7
ASSIGNMENT AND SUBFRANCHISING

7.1 Assignment by Company. This Agreement is fully transferable by Company, in whole or in part, without the consent of Franchisee and shall inure to the benefit of any transferee or their legal successor to Company's interests herein; provided, however, that such transferee and successor shall expressly agree to assume Company's obligations under this Agreement. Without limiting the foregoing, Company may (i) assign any or all of its rights and obligations under this Agreement to an Affiliate; (ii) sell its assets, its marks, or its System outright to a third party; (iii) engage in a public offering of its securities; (iv) engage in a private placement of some or all of its securities; (v) merge, acquire other corporations, or be acquired by another corporation; or (vi) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring. Company shall be permitted to perform such actions without liability or obligation to Franchisee who expressly and specifically waives any claims, demands or damages arising from or related to any or all of the above actions (or variations thereof). In connection with any of the foregoing, at Company's request, Franchisee shall deliver to Company a statement in writing certifying (a) that this Agreement is unmodified and in full force and effect (or if there have been modifications that the Agreement as modified is in full force and effect and identifying the modifications); (b) that Franchisee is not in default under any provision of this Agreement, or if in default, describing the nature thereof in detail; and (c) as to such other matters as Company may reasonably request; and Franchisee agrees that any such statements may be relied upon by Company and any prospective purchaser, assignee or lender of Company.

7.2 No Subfranchising by Franchisee.

7.2.1 Franchisee shall not offer, sell, or negotiate the sale of "STAND-UP BURGERS" franchises to any third party, either in Franchisee's own name or in the name and/or on behalf of Company, or otherwise subfranchise, subcontract, sublicense, share, divide or partition this Agreement, and nothing in this Agreement will be construed as granting Franchisee the right to do so. Franchisee shall not execute any Franchise Agreement with Company, or construct or equip any Restaurant with a view to offering or assigning such Franchise Agreement or Restaurant to any third party.

7.2.2 Notwithstanding Section 7.2.1, Franchisee may, with Company's prior written consent, execute and contemporaneously assign a Franchise Agreement executed pursuant hereto to a separate Entity controlled by Franchisee (each a "**Subsidiary**"); provided and on condition that:

(a) Upon Company's request, Franchisee has delivered to Company a true, correct and complete copy of the Subsidiary's articles of incorporation or articles of organization, bylaws, operating agreement, partnership agreement, and other organizational documents, and Company has accepted the same;

(b) The Subsidiary's articles of incorporation or articles of organization, bylaws, operating agreement, and partnership agreement, as applicable, shall provide that its activities are confined exclusively to operating Restaurants;

(c) Franchisee, directly owns and controls not less than one hundred percent (100%) of the Equity and voting rights of the Subsidiary;

(d) the Subsidiary is in good standing in its jurisdiction of organization and each other jurisdiction where the conduct of its business or the operation of its properties requires it to be so qualified;

(e) the person designated by Franchisee as the Operating Principal has exclusive day-to-day operational control over the Subsidiary;

(f) the Subsidiary conducts no business other than the operation of the Restaurant;

(g) the Subsidiary assumes all of the obligations under the Franchise Agreement as franchisee pursuant to written agreement, the form and substance of which shall be acceptable to Company;

(h) Franchisee, and all present and future Owners of ten percent (10%) or more (directly or indirectly), in the aggregate, of the Equity or voting rights of any franchisee under any and all Franchise Agreements executed pursuant to this Agreement shall execute a written guaranty in a form prescribed by Company, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of all of the obligations to Company and to Company's Affiliates under this Agreement and each Franchise Agreement executed pursuant hereto (for purposes of determining whether said ten percent (10%) threshold is satisfied, holdings of spouses, family members who live in the same household, and Affiliates shall be aggregated);

(i) none of the Owners of the Equity of the franchisee under the applicable Franchise Agreement is engaged in Competitive Activities;

(j) at Company's request, Franchisee shall, and shall cause each of its Affiliates to execute and deliver to Company a general release, on a form prescribed by Company of any and all known and unknown claims against Company and its Affiliates and their officers, directors, agents, shareholders and employees; and

(k) Franchisee shall reimburse Company for all direct and indirect costs and expense it may incur in connection with the transfer and assignment, including attorney's fees.

7.2.3 In the event that Franchisee exercises its rights under Section 7.2.2 then, Franchisee and such Subsidiary shall, in addition to any other covenants contained in the applicable Franchise Agreement, affirmatively covenant to continue to satisfy each of the conditions set forth in Section 7.2.2 throughout the term of such Franchise Agreement.

7.3 Assignment by Franchisee.

7.3.1 This Agreement has been entered into by Company in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence reposed in Franchisee. Neither Franchisee nor any Owner shall cause or permit any Assignment unless Franchisee shall have obtained Company's prior written consent, which consent may be withheld for any reason whatsoever in Company's judgment, and shall comply with Company's right of first refusal pursuant to Section 7.3.4. Except as provided in Section 7.2.2, Franchisee acknowledges and agrees that it will not be permitted to make an Assignment of this Agreement or sell, gift, convey, assign or transfer the assets used in any of the Restaurants developed hereunder or any Franchise Agreement executed pursuant to this Agreement except in conjunction with a concurrent Assignment to the same approved assignee of all of the assets used in all of said Restaurants, and all of the Franchise Agreements executed pursuant to this Agreement or at Company's election the execution by the assignee of new Franchise Agreements on Company's Then-current form for each of the Restaurants then developed or under development by Franchisee, and otherwise in accordance with the terms and conditions of Franchisee's Franchise Agreement(s). If

Franchisee is an Entity, Franchisee shall promptly provide Company with written notice (stating such information as Company may from time to time require) of each and every transfer, assignment, encumbrance, gift and other conveyance, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise by any Owner of any direct or indirect Equity or voting rights in Franchisee, notwithstanding that the same may not constitute an "Assignment" as defined by this Agreement.

7.3.2 Franchisee shall not, directly or indirectly, pledge, encumber, hypothecate or otherwise grant any third party a security interest in this Agreement in any manner whatsoever without the prior express written consent of Company. To the extent that the foregoing prohibition may be ineffective under Applicable Law, Franchisee shall provide not less than ten (10) days prior written notice (which notice shall contain the name and address of the secured party and the terms of such pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement.

7.3.3 Securities, partnership or other ownership interests in Franchisee may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with the prior written consent of Company, which consent shall not be unreasonably withheld. All materials required for any such private offering by federal or state law shall be submitted to Company for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Company for such review prior to their use. No such offering by Franchisee shall imply that Company is participating in an underwriting, issuance or offering of securities of Franchisee or Company, and Company's review of any offering materials shall be limited solely to the subject of the relationship between Franchise and Company and its Affiliates. Company may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Company concerning the limitations described in the preceding sentence. Franchisee, its Owners and the other participants in the offering must fully defend and indemnify Company, and its Affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and shall execute any additional documentation required by Company to further evidence this indemnity. For each proposed offering, Franchisee shall pay to Company a non-refundable fee of five thousand dollars ($5,000), which shall be in addition to any transfer fee under any Franchise Agreement or such greater amount as is necessary to reimburse Company for its reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees. Franchisee shall give Company written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section.

7.3.4 Franchisee's written request for consent to any Assignment must be accompanied by an offer to Company of a right of first refusal to purchase the interest which is proposed to be transferred, on the same terms and conditions offered by the third party; provided that Company may substitute cash for any non-cash consideration proposed to be given by such third party (in an amount determined by Company reasonably and in good faith as the approximate equivalent value of said non-cash consideration); and provided further that Franchisee shall make representations and warranties to Company customary for transactions of the type proposed (the "**ROFR**"). If Company elects to exercise the ROFR, Company or its nominee, as applicable, shall send written notice of such election to Franchisee within sixty (60) days of receipt of Franchisee's request. If Company accepts such offer, the closing of the transaction shall occur within sixty (60) days following the date of Company's acceptance. Any material change in the terms of an offer prior to closing or the failure to close the transaction within sixty (60) days following the written notice provided by Franchisee (the "**ROFR Period**") shall cause it to be deemed a new offer, subject to the same right of first refusal by Company, or its third-party designee, as in the case of the initial offer. Company's failure to exercise such right of first refusal shall not constitute consent to the transfer or a waiver of any other provision of this Agreement, including any of the requirements of this Article with respect to the proposed transfer. The ROFR granted to Company pursuant to this Section shall be in addition to, and shall not in any way limit, any similar right of first refusal granted to Company in any Franchise Agreement. In the event of any conflict between the provisions of this ROFR and a right of first refusal granted in a Franchise Agreement, the right of first refusal in the Franchise Agreement shall control.

ARTICLE 8
NON-COMPETITION

8.1 In Term. During the Term, no Restricted Person shall in any capacity, either directly or indirectly, through one or more Affiliates or otherwise, engage in any Competitive Activities at any location, whether within or outside the Development Area, unless Company shall consent thereto in writing.

8.2 Post-Term. To the extent permitted by Applicable Law, upon (i) the expiration or termination of this Agreement, (ii) the occurrence of any Assignment, or (iii) the cession of any Restricted Person's relationship with Franchisee, each person who was a Restricted Person before such event shall not for a period of two (2) years thereafter, either directly or indirectly, own, operate, advise, be employed by, or have any financial interest in any business engaged in Competitive Activities within the Development Area, without the Company's prior written consent. In applying for such consent, Franchisee will have the burden of establishing that any such activity by it will not involve the use of benefits provided under this Agreement or constitute unfair competition with Company or other franchisees of the Company.

8.3 Modification.

8.3.1 The parties have attempted in Sections 8.1 and 8.2 above to limit the Franchisee's right to compete only to the extent necessary to protect the Company from unfair competition. The parties hereby expressly agree that if the scope or enforceability of Section 8.1 or 8.2 is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify either or both of such provisions to the extent that it deems necessary to make such provision(s) enforceable under Applicable Law. In addition, Company reserves the right to reduce the scope of either, or both, of said provisions without Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee.

8.3.2 In view of the importance of the "STAND-UP BURGERS" trademarks and the incalculable and irreparable harm that would result to the parties in the event of a Default under this Article 8, the parties agree that each party may seek specific performance and/or injunctive relief to enforce the covenants and agreements in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity. Each party submits to the exclusive jurisdiction of the courts of the State of California and the U.S. federal courts sitting in California for purposes thereof. The parties agree that venue for any such proceeding shall be the state and federal courts located in California.

ARTICLE 9
TERMINATION

9.1 Termination Pursuant to a Default of this Agreement.

9.1.1 Subject to Applicable Law to the contrary, this Agreement may be terminated by Company in the event of any Default by Franchisee of this Agreement, unless such Default is cured by Franchisee within five (5) days following written notice of the Default in the case of a failure to pay money, or ten (10) days following written notice of the Default in the case of any other Default; provided that in the case of a Default by Franchisee (or its Affiliate) under any Franchise Agreement or other written agreement, the notice and cure provisions of the Franchise Agreement or other agreement shall control, and provided, further, however, that any Default described in Sections 9.1.2(a), (b) or (e) below shall be deemed incurable.

9.1.2 The term "Default", as used herein, includes the following:

(a) Any Assignment or attempted Assignment in violation of the terms of Section 7.2 or 7.3 of this Agreement, or without the written consents required pursuant to this Agreement; provided, however, (i) upon prompt written request to Company following the death or legal incapacity of a Franchisee who is an individual, Company shall allow a period of up to sixty (60) days after such death or legal incapacity for his or her heirs, personal representatives, or conservators (the "**Heirs**") to seek and obtain Company's consent to the Assignment his or her rights and interests in this Agreement to the Heirs or to another person acceptable to Company; or (ii) upon prompt written request to Company following the death or legal incapacity of an Owner of a Franchisee which is an Entity, directly or indirectly, owning more than twenty percent (20%) or more of the Equity or voting power of Franchisee, Company shall allow a period of up to sixty (60) days after such death or legal incapacity for his or her Heir(s) to seek and obtain Company's consent to the Assignment of such Equity and voting power to the Heir(s) or to another person or persons acceptable to Company. If, within said sixty (60) day period, said Heir(s) fail to receive Company's consent as aforesaid or to effect such consented to Assignment, then this Agreement shall immediately terminate at Company's election.

(b) Subject to Section 2.3 of this Agreement, failure of Franchisee to satisfy the Development Obligation within the Development Periods set forth herein.

(c) Failure of Franchisee (or any Affiliate of Franchisee) to pay any Initial Franchise Fee or Continuing Royalty Fee as required by any Franchise Agreement signed by Franchisee.

(d) Franchisee's opening of any Restaurant in the Development Area except in strict accordance with the procedures set forth in Sections 6.1 through 6.3 of this Agreement.

(e) Failure of Franchisee to fully comply with the requirements of Section 8.1 of this Agreement.

(f) Any Default of any other agreement between Franchisee (or any Affiliate of Franchisee) and Company (or any Affiliate of Company), including any Franchise Agreement executed pursuant hereto.

(g) Failure of Franchisee to fully comply with the requirements of Section 12.4 of this Agreement.

ARTICLE 10
GENERAL CONDITIONS AND PROVISIONS

10.1 Relationship of Franchisee to Company. It is expressly agreed that the parties intend by this Agreement to establish between Company and Franchisee the relationship of franchisor and area developer franchisee. It is further agreed that Franchisee has no authority to create or assume in Company's name or on behalf of Company, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Company for any purpose whatsoever. Neither Company nor Franchisee is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Franchisee agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Company. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Company or subject to Company control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

10.2 Indemnity by Franchisee. Franchisee hereby agrees to protect, defend and indemnify Company, and all of its past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or in connection with Franchisee's construction, development or operation of Restaurants pursuant hereto, except to the extent caused by intentional acts of the Company in breach of this Agreement. The terms of this Section 10.2 shall survive the termination, expiration or cancellation of this Agreement.

10.3 No Consequential Damages For Legal Incapacity. Company shall not be liable to Franchisee for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Franchisee by reason of any delay in the delivery of Company's Franchise Disclosure Document caused by legal incapacity during the Term, or other conduct not due to the gross negligence or intentional misfeasance of Company.

10.4 Waiver and Delay. No waiver by Company of any Default or Defaults, or series of Defaults in performance by Franchisee, and no failure, refusal or neglect of Company to exercise any right, power or option given to it hereunder or under any Franchise Agreement or other agreement between Company and Franchisee, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Restaurants), or to insist upon strict compliance with or performance of Franchisee's (or its Affiliates) obligations under this Agreement or any Franchise Agreement or other agreement between Company and Franchisee (or its Affiliates), whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Restaurants), shall constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by Company of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

10.5 Survival of Covenants. The covenants contained in this Agreement which, by their nature or terms, require performance by the parties after the expiration or termination of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

10.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Company and shall be binding upon and inure to the benefit of Franchisee and his or their respective, heirs, executors, administrators, and its successors and assigns, subject to the prohibitions and restrictions against Assignment contained herein.

10.7 Joint and Several Liability. If Franchisee consists of more than one person or Entity, or a combination thereof, the obligations and liabilities of each of such person or Entity to Company are joint and several, and such person(s) or Entities shall be deemed to be general partnership

10.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California (without giving effect to any conflict of laws), except that (a) the provisions of Sections 8.1 and 8.2 (and to the extent applicable, Section 8.3) shall be governed in accordance with the laws of the State where the Default of said section occurs, and (b) any state law relating to (1) the offer and sale of franchises, (2) franchise relationships, or (3) business opportunities, will not apply unless the applicable jurisdictional requirements are met independently without reference to this paragraph.

10.9 Entire Agreement. This Agreement and the Exhibits incorporated herein contain all of the terms and conditions agreed upon by the parties hereto concerning the subject matter hereof. No other agreements concerning the subject matter hereof, written or oral, shall be deemed to exist or to bind any of the parties hereto and all prior agreements, understandings and representations, are merged herein and superseded hereby. Franchisee represents that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained herein. No officer or employee or agent of Company has any authority to make any representation or promise not included in this Agreement or any Franchise Disclosure Document for prospective franchisees required by Applicable Law, and Franchisee agrees that it has executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

10.10 Titles for Convenience. Article and paragraph titles used this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

10.11 Gender and Construction. The terms of all Exhibits hereto are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full herein. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section hereof may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense. Unless otherwise expressly provided herein to the contrary, any consent, approval, acceptance or authorization of Company which Franchisee may be required to obtain hereunder may be given or withheld by Company in its sole discretion, and on any occasion where Company is required or permitted hereunder to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Company's Brand Standards or satisfaction, Company may do so in its sole subjective judgment and discretion. No provision herein expressly identifying any particular breach of this Agreement as material shall be construed to imply that any other breach which is not so identified is not material. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against the drafter hereof, 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 so as to fairly accomplish the purposes and intentions of all parties hereto. Company and Franchisee 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, then the provision shall be given the meaning that renders it enforceable.

10.12 Severability, Modification. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

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

10.14 Fees and Expenses. If any party to this Agreement shall bring any arbitration, action or proceeding for any relief against the other, declaratory or otherwise, arising out of this Agreement, the losing party shall pay to the prevailing party a reasonable sum for attorney fees and costs incurred in bringing or defending such arbitration, action or proceeding and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of such arbitration, action or proceeding and shall be paid whether or not such action or proceedings is prosecuted to final judgment. Any judgment or order entered in such action or proceeding shall contain a specific provision providing for the recovery of attorney fees and costs, separate from the judgment, incurred in enforcing such judgment. The prevailing party shall be determined by the trier of fact based upon an assessment of which party's major arguments or positions on major disputed issues. For the purposes of this Section, attorney fees shall include fees incurred in the following: (1) post-judgment motions; (2) contempt proceedings; (3) garnishment, levy, debtor and third party examinations; (4) discovery; and (5) bankruptcy litigation. This Section is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

10.15 Waiver of Jury Trial; Venue.

10.15.1 TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES: (1) HEREBY WAIVE THEIR RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY DISPUTE ARISING UNDER THIS AGREEMENT; AND (2) THEY AGREE THAT, CALIFORNIA SHALL BE THE VENUE FOR ANY LITIGATION ARISING UNDER THIS AGREEMENT. THE PARTIES ACKNOWLEDGE THAT THEY HAVE REVIEWED THIS SECTION AND HAVE HAD THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVISE AS TO ITS MEANING AND EFFECT.

____________	____________
FRANCHISEE INITIALS	COMPANY INITIALS

10.16 Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand; one business day after electronically confirmed transmission by facsimile or other electronic system; one business day after delivery by Express Mail or other recognized, reputable overnight courier; or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

If to Company: Stand-Up Burgers Franco, LLC
5855 Green Valley Circle Suite 208
Culver City, CA 90230
Attn: John P. Billingsley

With copy (which shall not constitute notice) to:

Kenneth R. Costello, Esq.
Bryan Cave Leighton Paisner LLP
120 Broadway, Suite 300
Santa Monica, CA 90401-2386

If to Franchisee: See Section 1.1

or to such other address as such party may designate by ten (10) days' advance written notice to the other party.

10.17 Mediation. Except to the extent precluded by Applicable law, the parties hereby pledge and agree that prior to filing any lawsuit (other than suits or to seek provisional remedies, including injunctions), they shall first attempt to resolve any dispute between the parties pursuant to mediation conducted in accordance with the Commercial Mediation Rules of the AAA (defined below) unless the parties agree on alternative rules and a mediator within fifteen (15) days after either party first gives notice of mediation. Such mediation shall be conducted in California and shall be conducted and completed within sixty (60) days following the date either party first gives notice of mediation. If the parties fail to complete the mediation within such sixty (60) day period, either party may initiate litigation. The fees and expenses of the mediator shall be shared equally by the parties. The mediator shall be disqualified as a witness, expert or counsel for any party with respect to any suit and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under California and other Applicable Law. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation.

10.18 Arbitration. Except as precluded by Applicable Law, any controversy or claim between Company and Franchisee arising out of or relating to this Agreement or any alleged breach hereof, and any issues pertaining to the arbitrability of such controversy or claim and any claim that this Agreement or any part hereof is invalid, illegal, or otherwise voidable or void, shall be submitted to binding arbitration before the American Arbitration Association ("**AAA**"). Except as otherwise provided in this Agreement, such arbitration proceedings shall be heard by one (1) arbitrator, who must be a former judge or licensed attorney in good-standing and experienced in franchise legal matters, and in accordance with the then existing AAA Commercial Arbitration Rules and Procedures. Arbitration proceedings shall be held at a suitable location to be chosen by the arbitrator which is within twenty-five (25) miles of Company's principal business address at the time that the arbitration action is filed. The arbitrator has no authority to establish a different hearing locale. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) will be governed by it and not by any state arbitration law. Judgment upon any award rendered may be entered in any Court having jurisdiction thereof. All arbitration proceedings and claims shall be filed and prosecuted separately and individually in the name of Franchisee and Company, and not in any class action or representative capacity, and shall not be joined with or consolidated with claims asserted by or against any other franchisee. The arbitrator shall have no power or authority to grant punitive or exemplary damages as part of its award. In no event may the material provisions of this Agreement including, but not limited to the method of operation, authorized product line sold or monetary obligations specified in this Agreement, amendments to this Agreement or in the Manuals be modified or changed by the arbitrator at any arbitration hearing. The substantive law applied in such arbitration shall be as provided in Section 10.8 of this

Agreement. The arbitration and the parties' agreement therefor shall be deemed to be self-executing, and if either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party despite said failure to appear. All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U.S.C. § 1 et seq.), notwithstanding any provision of this Agreement specifying the state law under which this Agreement shall be governed and construed.

10.19 Awards. The arbitrator will have the right to award or include in his award any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, in accordance with Section 10.14 of this Agreement, provided that the arbitrator will not have the authority to award exemplary or punitive damages. The award and decision of the arbitrator will be conclusive and binding upon all parties and judgment upon the award may be entered in any court of competent jurisdiction. Each party waives any right to contest the validity or enforceability of such award. The parties shall be bound by the provisions of any limitation on the period of time by which claims must be brought. The parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute a compulsory counter-claim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceedings as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred.

10.20 Permissible Parties. Franchisee and Company agree that arbitration will be conducted on an individual, not a class wide, basis and that any arbitration proceeding between Franchisee and company will not be consolidated with any other arbitration proceeding involving company and any other person or entity.

10.21 Time for Bringing Claims. Any and all claims and actions arising out of or relating to this Agreement or the relationship of Company and Franchisee, or Franchisee, must be brought or asserted before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or federal statute of limitations; (b) one year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (c) two (2) years after the first act or omission giving rise to an alleged claim. If such a claim or action is not brought or asserted before the expiration of the earliest time period set forth in the foregoing sentence, it is expressly acknowledged and agreed by all parties that such claim or action shall be irrevocably barred; provided, however, that claims of Company attributable to Franchisee's underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification shall be subject to only the applicable state or federal statute of limitations.

10.22 Survival. The terms of Section 10 shall survive termination, expiration or cancellation of this Agreement.

ARTICLE 11
SUBMISSION OF AGREEMENT

11.1 General. The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Company and Franchisee.

ARTICLE 12
ADDITIONAL COVENANTS

12.1 Entity Franchisee Information. If Franchisee is an Entity, Franchisee represents and warrants that the information set forth in Exhibit C which is annexed hereto and by this reference made a part hereof, is accurate and complete in all material respects. Franchisee shall notify Company in writing within ten (10) days of any change in the information set forth in Exhibit C, and shall submit to Company a revised Exhibit C, which shall be certified by Franchisee as true, correct and complete and upon acceptance thereof by Company shall be annexed to this Agreement as Exhibit C. Franchisee promptly shall provide such additional information as Company may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee, including providing copies of all amendments to Franchisee's "**Entity Documents**" as defined in Exhibit C. Franchisee shall conduct no business other than the business contemplated hereunder and under any currently effective Franchise Agreement between Company and Franchisee. The Entity Documents of Franchisee shall recite that the issuance and transfer of any interest therein is subject to the restrictions set forth in the Agreement and any Franchise Agreement executed pursuant thereto.

12.2 Operating Principal; Director of Operations.

12.2.1 The Operating Principal shall be principally responsible for communicating and coordinating with Company regarding business, operational and other ongoing matters concerning this Agreement and the Restaurants developed pursuant hereto. The Operating Principal shall have the full authority to act on behalf of Franchisee in regard to performing, administering or amending this Agreement and all Franchise Agreements executed pursuant hereto. Company may, but is not required to, deal exclusively with the Operating Principal in such regards unless and until Company's actual receipt of written notice from Franchisee of the appointment of a successor Operating Principal, who shall have been accepted by Company.

12.2.2 Commencing on the date which Franchisee, directly or indirectly through one or more Affiliate(s), opens its fifth (5^{th}) Restaurant within the Development Area, and at all times throughout the Term and the term of each Franchise Agreement executed pursuant hereto after such date, Franchisee shall employ and retain, or shall cause the Entity to which each Franchise Agreement is assigned in accordance with Section 7.2 hereof to employ and retain, an individual (the "**Director of Operations**") who shall be vested with the authority and responsibility for the day-to-day operations of all Restaurants owned or operated, directly or indirectly, by Franchisee within the Development Area. The Director of Operations shall, during the entire period he/she serves as such, meet the following qualifications: (a) shall devote full time and best efforts solely to operation of the all Restaurants owned or operated, directly or indirectly, by Franchisee in the Development Area and to no other business activities; (b) meet Company's educational, experience, financial and such other reasonable criteria for such individual, as set forth in the Brand Standards and/or Manuals as defined herein or otherwise in writing by Company; and (c) be an individual acceptable to Company. The Director of Operations may (but need not) be an Owner, and with the prior written consent of Company, may be the same individual as the Operating Principal. The Director of Operations shall be responsible for all actions necessary to ensure that all Restaurants owned or operated, directly or indirectly, by Franchisee in the Development Area are operated in compliance with this Agreement, all Franchise Agreements therefor and the Brand Standards and/or Manuals. If, during the Term hereof or any Franchise Agreement executed pursuant hereto, the Director of Operations is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section (including Company's subsequent disapproval of such person), Franchisee shall promptly notify Company and designate a replacement within thirty (30) days after the Director of Operations ceases to serve, such replacement being subject to Company's approval.

12.2.3 Franchisee shall notify Company in writing at least ten (10) days prior to employing the Director of Operations setting forth in reasonable detail all information reasonably requested by Company. Company's acceptance of the Operating Principal and Director of Operations, shall not constitute Company's endorsement of such individual or a guarantee by Company that such individual will perform adequately for Franchisee or its Affiliates, nor shall Company be estopped from subsequently disapproving or otherwise challenging such person's qualifications or performance.

12.3 Business Practices. Franchisee represents, warrants and covenants to Company that:

12.3.1 As of the date of this Agreement, Franchisee and each of its Owners (if Franchisee is an Entity) shall be and, during the Term shall remain, in full compliance with all Applicable Law in each jurisdiction in which Franchisee or any of its Owners (if Franchisee is an Entity), as applicable, conducts business that prohibits unfair, fraudulent or corrupt business practices in the performance of its obligations under this Agreement and related activities, including the following prohibitions:

(a) No government official, official of an international organization, political party or official thereof, or candidate is an owner or has any investment interest in the revenues or profit of Franchisee;

(b) None of the property or interests of Franchisee or any of its Owners is subject to being "blocked" under any Anti-Terrorism Laws. Neither Franchisee, nor any of its respective funding sources (including any legal or beneficial owner of any equity in Franchisee) or any of its Affiliates is or has ever been a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Laws or identified by name or address on any Terrorist List. Each of Franchisee and its Owners are in compliance with Applicable Law, including all such Anti-Terrorism Laws;

(c) Neither Franchisee nor any of its Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act, as amended, and any amendments or successors thereto.

(d) Franchisee is not directly or indirectly owned or controlled by the government of any country that is subject to a United States embargo; and neither Franchisee nor its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo.

12.3.2 Franchisee has taken all necessary and proper action required by Applicable Law and has the right to execute this Agreement and perform under all of its terms. Franchisee shall implement and comply with anti-money laundering policies and procedures that incorporate "know-your-customer" verification programs and such other provisions as may be required by applicable law.

12.3.3 Franchisee shall implement procedures to confirm, and shall confirm, that (a) none of Franchisee, any person or entity that is at any time a legal or beneficial owner of any interest in Franchisee or that provides funding to Franchisee is identified by name or address on any Terrorist List or is an Affiliate of any person so identified; and (b) none of the property or interests of Franchisee is subject to being "blocked" under any Anti-Terrorism Laws.

12.3.4 Franchisee shall promptly notify Company upon becoming aware of any violation of this Section or of information to the effect that any person or entity whose status is subject to confirmation pursuant to Section 12.3.1(c) above is identified on any Terrorist List, any list maintained by OFAC or to being "blocked" under any Anti-Terrorism Laws, in which event Franchisee shall cooperate with Company in an appropriate resolution of such matter.

12.3.5 In accordance with Applicable Law, none of Franchisee nor any of its Affiliates, principals, partners, officers, directors, managers, employees, agents or any other persons working on their behalf, shall offer, pay, give, promise to pay or give, or authorize the payment or gift of money or anything of value to any officer or employee of, or any person or entity acting in an official capacity on behalf of, the Governmental Authority, or any political party or official thereof or while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to any official, for the purpose of (a) influencing any action or decision of such official in his or its official capacity; (b) inducing such official to do or omit to do any act in violation of his or its lawful duty; or (c) inducing such official to use his or its influence with any Governmental Authority to affect or influence any act or decision of such Governmental Authority in order to obtain certain business for or with, or direct business to, any person.

12.3.6 The provisions of this Section shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Company for any infringement of, violation of, or interference with, this Agreement, or Company's marks, System, trade secrets, or any other proprietary aspects of Company's business.

12.4 Financial Covenant. Unless Company otherwise agrees in writing, at no time during the Term shall Franchisee's ratio of debt to capital employed be greater than fifty percent (50%); and Franchisee shall promptly notify Company if at any time such ratio is greater than fifty percent (50%).

ARTICLE 13
ACKNOWLEDGMENT

13.1 General.

13.1.1 Franchisee acknowledges that it has carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, it has obtained the advice of counsel in connection with entering into this Agreement, it understands the nature of this Agreement, and it intends to comply herewith and be bound hereby.

13.1.2 Company expressly disclaims making, and Franchisee acknowledges that it or they have not received or relied on any warranty or guarantee, express or implied, as to the potential volume, profits, expenses, or success of the business venture contemplated by this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the first date set forth above.

"Company"	**"Franchisee"**
STAND-UP BURGERS FRANCO, LLC, a Delaware limited liability company	______________________________ a ____________________________
By:____________________________ Name:_________________________ Title:__________________________	By:____________________________ Name:_________________________ Title:__________________________

Exhibit A
DEVELOPMENT AREA

The Development Area* is defined as the territory within the boundaries described below:

____
____
____
____
____
____
____
____
____

* If the Development Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Development Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.

EXHIBIT B
DEVELOPMENT OBLIGATION

	Development Period Ending	Cumulative No. of Restaurants to be in Operation
1	______________________________	______________
2	______________________________	______________
3	______________________________	______________
4	______________________________	______________
5	______________________________	______________

EXHIBIT C
Entity Information

If Franchisee is an Entity, Franchisee represents and warrants that the following information is accurate and complete in all material respects:

(1) Franchisee is a (check as applicable):
[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify): ___________________________

(2) Franchisee shall provide to Company concurrently with the execution of this Agreement true and accurate copies of its Entity Documents.

(3) Franchisee promptly shall provide such additional information as Company may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

(4) The name and address of each of Franchisee's Owners, members, or general and limited partner:

NAME	ADDRESS	NUMBER OF SHARES / PERCENTAGE INTEREST

(5) There is set forth below the names, and addresses and titles of Franchisee's principal officers or partners who will be devoting their full time to the Business:

NAME ADDRESS
____
____
____
____

(6) The address where Franchisee's Financial Records, and Entity Document are maintained is:

____
____
____

(7) Franchisee's "Operating Principal" is:

APPENDIX 1

"**Additional Development Notice**" shall have the meaning set forth in Section 4.2 of this Agreement.

"**Additional Development Obligation**" shall have the meaning set forth in Section 4.3.2 of this Agreement.

"**Affiliate**" when used herein in connection with Company or Franchisee, includes each person or Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Company or Franchisee, as applicable. Without limiting the foregoing, the term "Affiliate" when used herein in connection with Franchisee includes any Entity ten percent (10%) or more of whose Equity or voting control, is held by person(s) or Entities who, jointly or severally, hold ten percent (10%) or more of the Equity or voting control of Franchisee. For purposes of this definition, control of a person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise. Notwithstanding the foregoing definition, if Company or its Affiliate has any ownership interest in Franchisee, the term "Affiliate" shall not include or refer to the Company or that Affiliate (the "**Company Affiliate**"), and no obligation or restriction upon an "Affiliate" of Franchisee, shall bind Company, or said Company Affiliate or their respective direct/indirect parents or subsidiaries, or their respective officers, directors, or managers.

"**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future national, provincial, federal, state and local laws, ordinances, regulations, policies, lists, Orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

"**Applicable Law**" means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, governing the operation of a Restaurant, including all labor, immigration, disability, food and drug laws and regulations, as in effect on the Effective Date hereof, and as may be amended, supplemented or enacted from time to time.

"**Assets**" means all of the following personal property and assets owned by Franchisee and each Subsidiary or in which Franchisee and each Subsidiary otherwise has any rights, and located at, or used in connection with Restaurants developed or in development pursuant to this Agreement: (a) all accounts, licenses, permits, and contract rights, including this Agreement, leasehold interests, all telephone and telecopier numbers, telephone and other directory listings, general intangibles, receivables, claims of Franchisee and each Subsidiary, all guaranties and security therefor and all of Franchisee's and each Subsidiary's right, title and interest in the goods purchased and represented by any of the foregoing; (b) all chattel paper including electronic chattel paper and tangible chattel paper; (c) all documents and instruments; (d) all letters of credit and letter-of-credit rights and all supporting obligations; (e) all deposit accounts; (f) all investment property and financial assets; (g) all inventory and products thereof and documents therefor; (h) all furniture, fixtures, equipment, leasehold improvements and machinery, wherever located and all documents and general intangibles covering or relating thereto; (i) all books and records pertaining to the foregoing, including computer programs, data, certificates, records, circulation lists, subscriber lists, advertiser lists, supplier lists, customer lists, customer and supplier contracts, sales orders, and purchasing records; (j) all software including computer programs and supporting information; (k) all commercial tort claims; (l) all other personal property of Franchisee and/or each Subsidiary of any kind; and (m) all proceeds of the foregoing, including proceeds of insurance policies.

"**Assignment**" shall mean and refer to any assignment, transfer, gift or other conveyance, voluntarily or involuntarily, in whole or in part, by operation of Applicable Law or otherwise, of any interest in this Agreement or any of Franchisee's rights or privileges hereunder or all of any substantial portion of the assets of any Restaurant, including the lease; provided, further, however, that if Franchisee is an Entity, each of the following shall be deemed to be an Assignment of this Agreement: (i) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, hypothecation or other encumbrance of more than forty-nine percent (49%) in the aggregate, whether in one or more transactions, of the Equity or voting power of Franchisee, by operation of law or otherwise or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Franchisee; (ii) the issuance of any securities by Franchisee which itself or in combination with any other transaction(s) results in the Owners, as constituted on the Effective Date, owning less than fifty-one percent (51%) of the outstanding Equity or voting power of Franchisee; (iii) if Franchisee is a Partnership, the resignation, removal, withdrawal, death or legal incapacity of a general partner or of any limited partner owning more than forty-nine percent (49%) of the Partnership Rights of the Partnership, or the admission of any additional general partner, or the transfer by any general partner of any of its Partnership Rights in the Partnership, or any change in the ownership or control of any general partner; (iv) the death or legal incapacity of any Owner owning more than forty-nine percent (49%) of the Equity or voting power of Franchisee; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of the Franchisee, however effected.

"**Authorized STAND-UP BURGERS Products**" means the specific foods products, dressings, sauces, and beverages and other food items and ancillary related products, which may include books, cups, coolers, hats, t-shirts and novelty items, as specified by Company from time to time in the Brand Standards and/or Manuals, or as otherwise directed by Company in writing, for sale at the Restaurants, prepared, served, sold and/or manufactured in strict accordance with Company's recipes, Brand Standards and specifications, including specifications as to ingredients, brand names, preparation and presentation.

"**Brand Standards**" mean Company's then-current specifications, standards, policies, procedures and rules prescribed for the development, ownership and operation of Restaurants.

"**Competitive Activities**" means to, own, operate, lend to, advise, be employed by, or have any financial interest in (i) any restaurant or business that specializes in preparation, production or sale, at retail or wholesale, of any food product where 10% or more of total direct and indirect sales consist of products that are vegan, vegetarian and/or hamburgers, other than a Restaurant operated pursuant to a validly subsisting franchise agreement with Company or (ii) any business that specializes in developing, operating or franchising restaurants or other businesses engaged in the sale or distribution, at wholesale or retail, of products the same as or substantially similar to the products sold in Restaurants including a competitive restaurant where 10% or more of total direct and indirect sales consist of products that are vegan, vegetarian and/or hamburgers. Notwithstanding the foregoing, "**Competitive Activities**" shall not include the direct or indirect ownership solely as an investment, of securities of any Entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, such Entity and (ii) does not, directly or indirectly, own five percent (5%) or more of any class of securities of such Entity.

"**Default**" or "**default**" means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

"**Development Area**" shall have the meaning set forth in Section 1.1 of this Agreement.

"**Development Obligation**" shall mean the Franchisee's right and obligation to construct, equip, open and thereafter continue to operate at sites within the Development Area the cumulative number of Restaurants set forth in Exhibit B hereto within each Development Period and, if applicable, within the geographic areas specified therein.

"**Development Period**" means each of the time periods indicated on Exhibit B during which Franchisee shall have the right and obligation to construct, equip, open and thereafter continue to operate Restaurants in accordance with the Development Obligation.

"**Director of Operations**" shall have the meaning set forth in Section 12.2.2 of this Agreement.

"**Dispute**" shall have the meaning set forth in Section 10.15.1 of this Agreement.

"**Entity**" means any limited liability company, Partnership, trust, association, corporation or other entity which is not an individual.

“**Equity**” means capital stock, membership interests, Partnership Rights or other equity ownership interests of an Entity.

“**Force Majeure**” means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, or other person shall be an event of Force Majeure hereunder, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. For the avoidance of doubt, Franchisee’s financial inability to perform or Franchisee’s insolvency shall not be an event of Force Majeure hereunder.

“**Franchise Agreement**” means the form of agreement prescribed by Company and used to grant to Franchisee the right to own and operate a single Restaurant in the Development Area, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time.

“**Franchise Disclosure Document**” shall have the meaning set forth in Section 6.2.3.

“**Governmental Authority**” means and includes all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

“**Initial Franchise Fee**” shall have the meaning set forth in Section 5.2 of this Agreement.

“**Manuals**” means Company’s operations and training manuals, and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by Company as in effect and amended from time to time.

“**Non-Traditional Venues**” means a facility operated under the Company’s marks located within another primary business or in conjunction with other businesses or at institutional settings, including toll roads, hotels and motels, ships, ports, piers, casinos, stadiums, airports, colleges and universities, schools, hospitals, military and other governmental facilities, office or in-plant food service facilities, shopping mall food courts operated by a master concessionaire, grocery stores, supermarkets and convenience stores and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider.

“**Off-Premises Activity**” means Franchisee’s sale, provision or delivery of Authorized Products to its retail customers to customers’ homes, offices and other places other than the Location, including at festivals or sporting or other special events, and including catering, mobile vending (including by food truck and cloud kitchens), or delivery effected by Franchisee directly, or by a third party such as Uber Eats, Postmates, Grub Hub and Door Dash.

“**Owner**” means any direct or indirect shareholder, member, general or limited partner, trustee, or other equity owner of an Entity, except, that if Company or any Affiliate of Company has any ownership interest in Franchisee, the term “Owner” shall not include or refer to the Company or that Affiliate or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon the “Franchisee”, or its Owners shall bind Company, said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers.

“**Partnership**” means any general partnership, limited partnership or limited liability partnership.

“**Partnership Rights**” means voting power, property, profits or losses, or partnership interests of a Partnership.

“**Protected Territory**” means the geographic area designated by Company and described in each Franchise Agreement entered into pursuant to this Agreement, within which Company agrees to not open or operate or license or franchise others to open or operate a Traditional Restaurant.

"**Restaurant**" shall have the meaning set forth in Recital A of this Agreement.

"**Restricted Persons**" means the Franchisee, and each of its Owners and Affiliates, and the respective officers, directors, managers, and Affiliates of each of them, and the spouse and family members who live in the same household of each of the foregoing who are individuals.

"**ROFR**" shall have the meaning set forth in Section 7.3.4 of this Agreement.

"**ROFR Period**" shall have the meaning set forth in Section 7.3.4 of this Agreement.

"**Site Review Request**" shall have the meaning set forth in Section 6.1 of this Agreement.

"**System**" means the Company's operating methods and business practices related to its Restaurants, and the relationship between Company and its franchisees, including interior and exterior Restaurant designs; other items of trade dress; specifications of equipment, fixtures, and uniforms; defined product offerings and preparation methods; standard operating and administrative procedures; restrictions on ownership; management and technical training programs; and marketing and public relations programs; all as Company may modify the same from time to time.

"**Term**" shall have the meaning set forth in Section 4.1 of this Agreement.

"**Terrorist Lists**" means all lists of known or suspected terrorists or terrorist organizations published by any U.S. Government Authority, including U.S. Treasury Department's Office of Foreign Asset Control ("**OFAC**"), that administers and enforces economic and trade sanctions, including against targeted non-U.S. countries, terrorism sponsoring organizations and international narcotics traffickers.

"**Then-current**" as used in this Agreement and applied to the Franchise Disclosure Document, an area development agreement and a Franchise Agreement shall mean the form then currently provided by Company to similarly situated prospective franchisees, or if not then being so provided, then such form selected by the Company in its discretion which previously has been delivered to and executed by a licensee or franchisee of Company.

"**Traditional Restaurant**" means Restaurant operated at a business premises that exists primarily as a Restaurant, excluding any Restaurant at a Non-Traditional Venue.

"**Wages**" means all salaries and hourly wages, and all related direct and indirect payroll expenses of employees, including employment-related taxes, overtime compensation, vacation benefits, pension and profit sharing plan contributions, medical insurance premiums, medical benefits, and the like, and all direct and indirect fees, costs and expenses payable to independent contractors, agents, representatives and outside consultants.

Exhibit C

Table of Contents of Manual(s)

[Not currently available; to be provided on completion]

Exhibit D

General Release

GENERAL RELEASE

THIS GENERAL RELEASE ("**Release Agreement**") is effective as of the ____ day of ___________, 20___ ("**Effective Date**") by and among STAND UP BURGERS FRANCO, LLC, a Delaware limited liablity company, ("**Franchisor**"), ________________ ("**Franchisee**"), ____________________________ ("**Affiliate[s]**") and ____ ("**Owner**" and together with Franchisee and Affiliate**[s]**, jointly and severally, "**Releasor**").

RECITALS

[Alt. 1] A. Franchisor and Franchisee are parties to **[that][those]** certain Franchise Agreement**[s]**, dated ___________________________ (the "**Transaction Document[s]**");

[Alt. 2] A. Franchisor and Franchisee are parties to **[that][those]** certain Area Development Agreement**[s]**, dated ___________________________ (the "**Transaction Documents[s]**");

[Alt. 3] A. Franchisor and Franchisee are parties to that certain Area Development Agreement**[s]**, dated ___________________, and those certain Franchise Agreement**[s]**, dated ___________________________ (collectively, the "**Transaction Documents[s]**");

B. Franchisee desires to **[assign the Transaction Document[s]] [enter into a Franchise agreement with Franchisor]**; and

C. This Release Agreement has been requested at a juncture in the relationship of the parties where the Franchisor is considering either a change or an expansion of the relationship between the parties and/or their affiliates. The Franchisor is unwilling to make the anticipated change or expansion in the relationship of the parties unless it is certain that it is proceeding with a "clean slate" and that there are no outstanding grievances or Claims against it. Releasor, therefore, gives this Release Agreement as consideration for receiving the agreement of the Franchisor to an anticipated change or expansion of the relationship between the parties. Releasor acknowledges that this Release Agreement is intended to wipe the slate clean.

AGREEMENT

NOW, THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Releasor and Franchisor hereby agree as follows:

1. Definitions. As used in this Release Agreement, the following capitalized terms have the meanings ascribed to them.

1.1 "**Claims**" means all actual and alleged claims, demands, Losses, charges, covenants, responsibilities, warranties, obligations, oral and written agreements, debts, violations, suits, counterclaims, cross claims, third party claims, accounts, liabilities, costs, expenses (including attorneys' fees and court costs), rights to terminate and rescind, rights of action and causes of action of any kind or nature, which in any way relate to or arise from or in connection with the Transaction Documents.

1.2 "**Franchisor Released Parties**" means Franchisor and each of its Constituents.

1.3 "**Constituents**" means past, present and future affiliates, parents, subsidiaries, divisions, partners, owners, shareholders, members, trustees, receivers, executors, representatives, administrators, and the respective officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of them.

1.4 "**Excluded Matters**" means **[(i)]** Franchisor's continuing contractual obligations which arise or continue under and pursuant to the Transaction Document**[s]** on and after the date of this Release

Agreement**[; and (ii) if this Release Agreement is entered into in connection with the grant of a franchise or license, this Release Agreement is not intended to release or waive the provisions of any applicable franchise registration or disclosure law in connection with the grant of that franchise or license.]**

1.5 "**Losses**" means all damages, liabilities, accounts, suits, awards, judgments, payments, diminutions in value and other losses, costs and expenses, however suffered or characterized, including interest, costs and expenses of investigating and prosecuting any Claim, reference proceeding, lawsuit, arbitration or any appeal; all associated actual attorneys' fees, whether or not the Claim, reference proceeding, lawsuit or arbitration is ultimately defeated and, all amounts paid to compromise or settle of any Claim, reference proceeding, lawsuit or arbitration.

2. General Release. Releasor for itself and its Constituents, hereby releases and forever discharges the Franchisor Released Parties from any and all Claims, whether known or unknown, based upon anything that has occurred or existed, or failed to occur or exist, from the beginning of time to the Effective Date, except for the Excluded Matters and the obligations under this Release Agreement.

3. Waiver of California Civil Code Section 1542.

3.1 Releasor, for itself and its Constituents, acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

3.2 With respect to those Claims being released pursuant to Section 2, Releasor, for itself and its Constituents, acknowledges that it is releasing unknown claims and waives all rights it has or may have under California Civil Code Section 1542 or any similar state or local statute or ordinance under applicable law or other common law principle of similar effect. For purposes of this Section 3, Releasor shall be considered to be a creditor of the Franchisor Released Parties, and each of them.

3.3 Releasor acknowledges that this general release extends to claims which Releasor does not know or suspect to exist in favor of Releasor at the time of executing this Release Agreement, which if known by Releasor may have materially affected its decision to enter into this Release Agreement. It is understood by Releasor that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. Releasor therefore, expressly assumes the risk of the facts turning out to be so different and agrees that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

4. Representations and Warranties. Releasor represents and warrants to Franchisor that, in entering into this Release Agreement, it (i) is doing so freely and voluntarily upon the advice of counsel and business advisor of its own choosing (or declined to do so, free from coercion, duress or fraud); (ii) has read and fully understands the terms and scope of this Release Agreement; (iii) realizes that it is final and conclusive, and intends to be final and conclusive, as to the matters set forth in this Release Agreement; and (iv) has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Claims which are called for to be released by this Release Agreement, that it is aware of no third party who contends or claims otherwise, and that it shall not purport to assign, transfer, or convey any such claim in the future.

5. Covenants Not to Sue. Releasor irrevocably covenants to refrain and cause each of its Constituents to refrain from asserting any Claim, or commencing, initiating or causing to be commenced, any proceeding of any kind against any Franchisor Released Party, based upon any matter purported to be released pursuant to this Release Agreement.

6. Indemnity. Without in any way limiting any of the rights and remedies otherwise available to any Franchisor Released Party, Releasor shall defend, indemnify and hold harmless each Franchisor Released Party from and against all Claims whether or not involving third party Claims, arising directly or indirectly from or in connection with (i) the assertion by or on behalf of Releasor or its Constituents of any Claim or other matter purported to be released pursuant to this Release Agreement, (ii) the assertion by any third party of any Claim against any Franchisor Released Party which Claim arises from, or in connection with, any Claim or other matter purported to be released pursuant to this Release Agreement; and (iii) any breach of representations, warranties or covenants by Releasor.

7. Miscellaneous.

7.1 This Release Agreement cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties hereto.

7.2 This Release Agreement, together with the agreements referenced in this Release Agreement, constitute the entire understanding between and among the parties with respect to the subject matter of this Release Agreement. This Release Agreement supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. No representations, warranties, agreements or covenants have been made with respect to this Release Agreement, and in executing this Release Agreement, none of the parties is relying upon any representation, warranty, agreement or covenant not set forth in this Release Agreement.

7.3 This Release Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

7.4 This Release Agreement shall be binding upon and inure to the benefit of the parties to this Release Agreement and their respective successors and permitted assigns.

7.5 All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Release Agreement may require. Neither this Release Agreement nor any uncertainty or ambiguity in this Release Agreement shall be construed or resolved against the drafter, whether under any rule of construction or otherwise. On the contrary, this Release Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties. If any provision of this Release 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, then the provision shall be given the meaning that renders it enforceable.

7.6 Any provision of this Release Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

7.7 Each of the parties acknowledges that it had the right and opportunity to seek independent legal counsel of its own choosing in connection with the execution of this Release Agreement, and each of the parties represents that it has either done so or that it has voluntarily declined to do so, free from coercion, duress or fraud.

7.8 This Release Agreement shall be governed by and construed in accordance with the laws of the State of California.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Release Agreement as of the date set forth above.

"**Franchisor**":

STAND UP BURGERS FRANCO, LLC

By:____________________________________
Name:_________________________________
Title:__________________________________

"**Releasor**":

"Franchisee"

____

By:____________________________________
Name:_________________________________
Title:__________________________________

"**Affiliate**"

____

By:____________________________________
Name:_________________________________
Title:__________________________________

"**Owner**":

____
___________________________, an individual

[Others:**]**

____
___________________________, an individual

Exhibit E

Franchisee Questionnaire

STAND UP BURGERS FRANCO, LLC

FRANCHISEE QUESTIONNAIRE

The undersigned ("**Franchisee**") desires to enter into a franchise agreement with STAND UP BURGERS FRANCO, LLC ("**Company**"). Company requires that Franchisee complete this questionnaire in order to enable Company to confirm that it and its employees and representatives have fully complied with all applicable franchise registration and disclosure laws.

1. Full name of Franchisee:

   ____

2. Franchisee Address:

   ____

3. Franchisee is: (Check applicable box)

   [ ] An individual

   [ ] A corporation

   [ ] A limited liability company

   [ ] A general partnership

   [ ] A limited partnership

4. If Franchisee is not an individual, indicate the capacity in which the individual signing this questionnaire on behalf of Franchisee is authorized to act on behalf of Franchisee: (Check applicable box)

   [ ] Officer (insert title):______________________________________

   [ ] Manager: ____

   [ ] General Partner: ______________________________________

   [ ] Other (please explain):____________________________________

5. Did Franchisee receive Company's Franchise Disclosure Document? [ ] Yes [ ] No

6. Did Franchisee receive a copy of Company's Franchise Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement or making any payment to Company? [ ] Yes [ ] No. If "No", please comment:

   ____

   ____

   ____

7. Did Franchisee give Company a signed receipt for the copy of the Franchise Disclosure Document? [ ] Yes [ ] No.

   If "Yes", on what date? ____

8. Below, please indicate the contracts proposed to be executed by Franchisee in connection with execution of the Franchise Agreement (collectively referred to as the "**Agreements**"):

<u>Agreement</u>

[ ] Franchise Agreement
[ ] Personal Guaranty
[ ] General Release
[ ] ____________________________
[ ] ____________________________

9. If any changes to the Agreements were made by us, other that at Franchisee's request, did Franchisee receive a copy of the final form of each Agreement that Franchisee is signing at least 7 calendar days prior to the date on which each Agreement was executed? [ ] Yes [ ] No. If "No", please comment:

____

____

____

10. Did Franchisee carefully review and understand the Franchise Disclosure Document, the Franchise Agreement, and the other Agreements? [ ] Yes [ ] No. If "No", please explain:

____

____

____

____

11. Did Franchisee ask Company any questions concerning the Franchise Disclosure Document or Agreements that were not satisfactorily answered? [ ] Yes [ ] No
If "Yes", please explain:

____

____

____

12. Did Franchisee request a copy if Company's Franchise Disclosure Document before its was provided to Franchisee by Company? [ ] Yes [ ] No

If "Yes", did Company provide Franchisee a copy of Company's Franchise Disclosure Document within a reasonable amount of time? [ ] Yes [ ] No
If "No", please explain:

____

____

____

13. Has any employee, representative or other person speaking on behalf of Company made any statement or promise to Franchisee (or to the best of Franchisee's knowledge, information and belief, to any person or entity on Franchisee's behalf) concerning:

A. The actual or possible revenues, profits or operating costs of a "Stand-Up Burgers" restaurant that is contrary to, or different from, the information contained in the Franchise Disclosure Document? [ ] Yes [ ] No

B. The amount of money Franchisee may earn in operating a "Stand-Up Burgers" restaurant, that is contrary to, or different from, the information contained in the Franchise Disclosure Document? [ ] Yes [ ] No

C. The total amount of revenue a "Stand-Up Burgers" restaurant will or may generate, that is contrary to, or different from, the information contained in the Franchise Disclosure Document? [ ] Yes [ ] No

D. The costs Franchisee may incur in operating a "Stand-Up Burgers" restaurant, that is contrary to, or different from, the information contained in the Franchise Disclosure Document? [ ] Yes [ ] No

E. The likelihood of success that Franchisee should or might expect to achieve from operating a "Stand-Up Burgers" restaurant? [ ] Yes [ ] No

14. If the answer to any part of question 13 is "Yes", who made the statement or representation, when, and where? Please provide full details in the following space (attach additional pages if necessary).

____

____

____

15. Has any employee, representative or other person speaking on behalf of Company made any statement, agreement or promise to Franchisee (or, to the best or Franchisee's knowledge, information and belief, to any person or entity on Franchisee's behalf) concerning the advertising, marketing, training, support, service or assistance that Company will furnish to Franchisee that is contrary to, or different from, the information contained in the Franchise Disclosure Document? [ ] Yes [ ] No

16. Prior to today, has Franchisee entered into any binding agreement with Company concerning Franchisee's investment in the "Stand-Up Burgers" franchise? [ ] Yes [ ] No

17. Prior to today, has Franchisee paid any money to Company relating to Franchisee's investment in the "Stand-Up Burgers" franchise? [ ] Yes [ ] No

18. If Franchisee answered “Yes” to any of questions 15-17, provide a full explanation of each “Yes” answer in the following space (attach additional pages if necessary).

____

____

____

____

19. Does Franchisee understand that the territorial rights granted by the Franchise Agreement are subject to limitations and exceptions? [ ] Yes [ ] No

20. Does Franchisee understand that Company and its affiliates may conduct, own, and operate, and license others to conduct, own and operate “Stand-Up Burgers” restaurants outside of Franchisee’s Protected Territory? [ ] Yes [ ] No

21. Does Franchisee understand that Company and its affiliates may conduct, own and operate, and license others to conduct, own and operate businesses that offer services similar to the services Franchisee will provide under names other than “Stand-Up Burgers” inside or outside of Franchisee’s Protected Area? [ ] Yes [ ] No

22. Does Franchisee understand that Company and its affiliates and other franchisees may advertise within and pass through Franchisee’s Protected Area? [ ] Yes [ ] No

23. Does Franchisee understand that Company and its affiliates may manufacture, produce, licenses, distribute and/or market products and equipment through any outlet (whether within or outside of Franchisee’s Protected Territory) and through any distribution channel? [ ] Yes [ ] No

24. Does Franchisee understand that it does not have the right to provide certain consulting services? [ ] Yes [ ] No

25 Does Franchisee understand that Company and its affiliates and others may operate businesses identified by “Stand-Up Burgers” (or other Marks) which offer and sell products and services through other channels of distribution, including at or through physical locations, including home improvement stores, garden centers, trade shows, department stores, specialty stores, and kiosks, even though these business may complete with Franchisee? [ ] Yes [ ] No

26. Does Franchisee understand that the Agreements contains the entire agreement between Franchisee and Company concerning the franchise rights for the “Stand-Up Burgers” franchise, meaning that any prior or written statements not set out in the Agreements will not be binding (except that Company may not disclaim statements made in its Franchise Disclosure Document)? [ ] Yes [ ] No

27. If Franchisee answered "No" to any of questions 19-26, provide a full explanation of each "No" answer in the following space (attach additional pages if necessary).

____

____

____

____

28. Did Franchisee contact other franchisees of Company to discuss Franchisee's possible execution of the franchise agreement? [ ] Yes [ ] No

29. If the answer to question 28 was "Yes", please identify such franchisee(s) (attach additional pages if necessary):

____

____

____

Franchisee understands that Company is acting in reliance on the truthfulness and completeness of Franchisee's responses to the questions above in entering into the Franchise Agreement with Franchisee. FRANCHISEE ACKNOWLEDGES AND AGREES THAT IN THE EVENT THAT ANY DISPUTE ARISES, THIS QUESTIONNAIRE SHALL BE ADMISSIBLE AS EVIDENCE IN ANY LEGAL ACTION OR ARBITRATION PROCEEDING, AND FRANCHISEE HEREBY WAIVES, TO THE FULLEST EXTENT PERMISSIBLE UNDER THE LAW, ANY OBJECTION TO SUCH ADMISSION OF THIS QUESTIONNAIRE. HOWEVER, NOTHING IN THIS DOCUMENT IS INTENDED TO DISCLAIM THE REPRESENTATIONS COMPANY MADE IN THE FRANCHISE DISCLOSURE DOCUMENT THAT WAS FURNISHED TO YOU.

FRANCHISEE

DATED: ____________________ ______________________________________

____
(Print name)

Individually and on behalf of:

____

Exhibit F

Financial Statements

Stand-up Burgers FranCo, LLC
(A Limited Liability Company)

Balance Sheet
and Independent Auditor's Report

April 30, 2022

Stand-up Burgers FranCo, LLC
(A Limited Liability Company)

Index

Independent Auditor's Report

To Management
Stand-up Burgers FranCo, LLC

Opinion

We have audited the balance sheet of Stand-up Burgers FranCo, LLC as of April 30, 2022, and the related notes to the balance sheet.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of Stand-up Burgers FranCo, LLC as of April 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Stand-up Burgers FranCo, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statement

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Stand-up Burgers FranCo, LLC's ability to continue as a going concern for one year after the date that the financial statement is available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

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

CohnReznick LLP

Woodland Hills, California
June 8, 2022

Stand-up Burgers FranCo, LLC
(A Limited Liability Company)

Balance Sheet
April 30, 2022

Assets

Current Assets	
Cash	$249,485
Total Assets	$249,485

Member's Equity

Member's equity	$249,485
Total member's equity	$249,485

See Notes to Financial Statement.

Notes to Financial Statement
April 30, 2022

Note 1 - Organization and description of business

Business
Stand-up Burgers FranCo, LLC (the "Company") was formed on February 4, 2022 in the State of Delaware and is governed by its Operating Agreement. The Company was funded with a $250,000 capital contribution on March 17, 2022 by its parent, VG Holdco, Inc, for purposes of filing its initial franchise disclosure document and selling Stand-Up Burgers franchises.

The Company is a limited liability company ("LLC") which will continue in existence subject to the terms and conditions of its Operating Agreement. The obligations of the member are limited to its capital contributions.

Note 2 - Summary of significant accounting policies

Basis of preparation
The financial statement is prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash
The balances are insured by the Federal Deposit Insurance Corporation up to $250,000, per institution. As of April 30, 2022, the Company did not have any uninsured cash.

Income taxes
The Company elected income tax status as a limited liability company. Under this election, the Company is not subject to federal income taxes and all taxes and all taxable income is passed through to the member.

Use of estimates
The preparation of the financial statement 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 balance sheet. Actual results could differ from those estimates and the differences could be material.

Subsequent events
The Company has evaluated subsequent events through June 8, 2022, which is the date the financial statement was available to be issued.

Note 3 - Contingent liabilities and commitments

The Company is subject to legal proceedings, claims, and litigation arising in the ordinary course of business. As of April 30, 2022, the Company does not have any outstanding legal proceedings or claims.

As of April 30, 2022, the Company has no lease obligations.

Exhibit G

State Administrators and Agents for Service of Process

STATE ADMINISTRATORS

Commissioner of Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500
(866) 275-2677 Toll Free
Ask.DFPI@dfpi.ca.gov

Hawaii Commissioner of Securities
Department of Commerce & Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Chief
Franchise Bureau
Office of Attorney General
500 South Second Street
Springfield, Illinois 62701
(217) 782-4465

Franchise Section
Indiana Securities Division
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

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

Michigan Dept. of Attorney General
Franchise Section
Physical: 525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48913

Mailing: PO Box 30213
Lansing, MI 48909
(517) 335-7622

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
Saint Paul, Minnesota 55101
(651) 539-1600

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8000

Franchise Examiner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor,
Bismarck, North Dakota 58505-0510
(701) 328-4712

Director of the Rhode Island
Department of Business Regulation
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9500

Division of Insurance
124 S. Euclid Avenue 2nd Floor
Pierre, South Dakota 57501-3185
(605) 773-3563

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

Administrator
Department of Financial Institutions
Securities Division
150 Israel Rd. SW
Tumwater, Washington 98501
(360) 902-8760

Department of Financial Institutions
Division of Securities
Franchise
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 261-0448

AGENTS FOR SERVICE OF PROCESS

Commissioner of the Department of
Financial Protection and Innovation
2102 Arena Blvd.
Sacramento, CA 95834

Hawaii Commissioner of Securities
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois Attorney General Office
500 South Second Street
Springfield, Illinois 62701

Indiana Securities Division
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204

Maryland Securities Commissioner
200 Saint Paul Place
Baltimore, Maryland 21202

Michigan Department of Commerce
Corporations and Securities Bureau
Mailing: P.O. Box 30018
Lansing, MI 48909
Physical: 2407 N. Grand River Ave
Lansing, MI 48906

Commissioner of Commerce
State of Minnesota
Department of Commerce
Registration Division
85 7th Place East Suite 280
Saint Paul, Minnesota 55101

Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001

North Dakota Securities Commissioner
600 East Boulevard Avenue
State Capitol, 5th Floor
Bismarck, North Dakota 58505-0510

Oregon
Director of the Department of Consumer and Business Services
350 Winter Street NE
Salem, OR 97310
(503) 378-4100

Director of Business Regulation
1511 Pontiac Avenue
Cranston, Rhode Island 02920

Director of the Division of Insurance
Securities Regulation
Department of Labor and Regulation
124 South Euclid Avenue, 2nd Floor
Pierre, South Dakota 57501

Clerk, State Corporation Commission
1300 East Main Street, First Floor
Richmond, Virginia 23219

Administrator of Securities
Department of Financial Institutions
150 Israel Rd. SW
Tumwater, WA 98501

Division of Securities
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-0448

In all other states:

John Billingsley
5855 Green Valley Circle, Suite 208
Culver City, CA 90230
(310) 745-5228

Exhibit H

State Addenda

ADDENDUM TO STAND-UP BURGERS FRANCO, LLC DISCLOSURE DOCUMENT FOR THE STATE OF CALIFORNIA

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

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning transfer, termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31505). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).

Neither Stand-Up Burgers FranCo, LLC, nor any person in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

The earnings claims figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in the franchise disclosure document, may be one source of this information.

ADDENDUM TO STAND-UP BURGERS FRANCO, LLC DISCLOSURE DOCUMENT FOR THE STATE OF HAWAII

1. The following paragraphs shall be added to the state cover page:

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The name and address of the Franchisor's agent in this state authorized to receive service of process is the Hawaii Commissioner of Securities, 335 Merchant Street, Honolulu, Hawaii 96813.

2. Each provision of this Addendum to the Disclosure document is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E-1, et seq., are met independently without reference to this Addendum to the Disclosure document, and only to the extent such provision is a then valid requirement of the statute.

ADDENDUM TO STAND-UP BURGERS FRANCO, LLC DISCLOSURE DOCUMENT FOR THE STATE OF ILLINOIS

1. Item 17(v) in the table is modified by adding the following to the summary description opposite the subsection entitled “Choice of Forum”:

“However, any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void under section 4 of the current Illinois Franchise Disclosure Act, although the Franchise Agreement may provide for arbitration in a forum outside of the State of Illinois.”

2. Item 17(w) in the table is modified by adding the following to the summary description opposite the subsection entitled “Choice of Law”:

“However, except for federal law, Illinois law applies if the jurisdiction requirements of the Illinois Franchise Disclosure Act of 1987 (as amended) are met.”

ADDENDUM TO
STAND-UP BURGERS FRANCO, LLC FRANCHISE AGREEMENT
(State of Illinois)

THIS ADDENDUM is entered into as of _______________, 20____ between STAND-UP BURGERS FRANCO, LLC, a Delaware limited liability company ("Company"), and ______________________, a _________________ ("Franchisee"), with reference to the following:

1. Company and Franchisee have entered into a STAND-UP BURGERS FRANCO, LLC Franchise Agreement dated as of ____________________, 20____, (the "Franchise Agreement").

2. The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree that to amend the Franchise Agreement as follows:

1. The following shall be deemed added to Section 18.7:

"With respect to franchises governed by Illinois law, Company will comply with Section 41 of the Illinois Franchise Disclosure Act, which provides that:

"Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."

2. The following shall be deemed added to Section 18.7:

"Illinois law, as amended, shall apply to any franchise offered or sold in Illinois, notwithstanding anything to the contrary contained in this Agreement."

3. The following shall be deemed added to Sections 17.2-17.4:

"However, any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void under section 4 of the current Illinois Franchise Disclosure Act, although the Franchise Agreement may provide for arbitration in a forum outside of the State of Illinois."

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

"**Company**"

STAND-UP BURGERS FRANCO, LLC

______________________________ Date of Execution

____
Name:____________________________
Its:______________________________

"**Franchisee**"

______________________________ Date of Execution

____,
[ ] an individual;
[ ] a ______________ general partnership;
[ ] a _______________ limited partnership;
[ ] a _______________ limited liability company;
[ ] a _______________ corporation

____
Name:____________________________________
Its: _________________, and individually

ADDENDUM TO
STAND-UP BURGERS FRANCO, LLC AREA DEVELOPMENT AGREEMENT
(State of Illinois)

THIS ADDENDUM is entered into as of _______________, 20____ between **STAND-UP BURGERS FRANCO, LLC** , a Delaware limited liability company ("Company"), and ______________________, a _________________ ("Franchisee"), with reference to the following:

1. Company and Franchisee have entered into a STAND-UP BURGERS FRANCO, LLC Area Development Agreement dated as of ____________________, 20____, (the "Development Agreement").

2. The parties wish to modify the Development Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree that to amend the Development Agreement as follows:

1. The following shall be deemed added to Section 10.8:

"Illinois law, as amended, shall apply to any franchise offered or sold in Illinois, notwithstanding anything to the contrary contained in this Agreement."

2. The following shall be deemed added to Sections 10.15, 10.17 and 10.18:

"However, the waiver in this paragraph shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 which provides that "Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code" or Illinois Regulations at Section 200.609."

"However, any provision in the Area Development Agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void under section 4 of the current Illinois Franchise Disclosure Act, although the Area Development Agreement may provide for arbitration in a forum outside of the State of Illinois."

Except as set forth herein, the Area Development Agreement shall be valid and enforceable between the parties in accordance with its terms.

"**Company**"

STAND-UP BURGERS FRANCO, LLC

____
Date of Execution

____
Name:___________________________
Its:_____________________________

"**Franchisee**"

____
Date of Execution

_______________________________________,
[ ] an individual;
[ ] a _____________ general partnership;
[ ] a ______________ limited partnership;
[ ] a ______________ limited liability company;
[ ] a ______________ corporation

____
Name:__________________________________
Its: _________________, and individually

ADDENDUM TO STAND-UP BURGERS FRANCO, LLC DISCLOSURE DOCUMENT FOR THE STATE OF MARYLAND

The following information applies to franchises and franchisees subject to Maryland statutes and regulations. Item numbers correspond to those in the main body of the disclosure document:

1. Item 17.

The Franchise Agreement provides for termination if you are insolvent under any applicable state or federal law. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 et seq.).

2. Item 17.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. Item 17.

The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

ADDENDUM TO STAND-UP BURGERS FRANCO, LLC FRANCHISE AGREEMENT
(State of Maryland)

This Addendum relates to franchises sold in Maryland and is intended to comply with Maryland statutes and regulations. In consideration of the execution of the Franchise Agreement, STAND-UP BURGERS FRANCO, LLC and Franchisee agree to amend the Franchise Agreement as follows:

1. Release. Sections 3.4.5, 13.2 and 14.2 of the Franchise Agreement are amended to provide that any release required as a condition of assignment or renewal will not apply to liability under the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law").

2. Consent to Jurisdiction. Section 17 of the Franchise Agreement is amended to provide that, under the Maryland Franchise Law, any litigation involving claims arising under the Maryland Franchise Law that are not subject to arbitration may be brought in Federal District Court in Maryland.

3. Statute of Limitations. Any limitation on the period of the time mediation and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing claims arising under the Maryland Franchise Law.

4. Acknowledgments. Article 19 of the Franchise Agreement is amended by the addition of the following at the end of such Section: "The representations made herein are not intended to and will not act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

5. Construction. In all other respects, the Franchise Agreement will be construed and enforced in accordance with its terms.

"Company"

STAND-UP BURGERS FRANCO, LLC,
a Delaware limited liability company

By: ___________________________________
Name: _________________________________
Its: ___________________________________
Date of signing:____________________

"Franchisee"

_________________________________,
[ ] an individual
[ ] a general partnership;
[ ] a limited partnership;
[ ] a limited liability company;
[ ] a corporation;
By: ___________________________________
Name: _________________________________
Its: ___________________________________
Date of signing:____________________

ADDENDUM TO STAND-UP BURGERS FRANCO, LLC AREA DEVELOPMENT AGREEMENT
(State of Maryland)

This Addendum relates to franchises sold in Maryland and is intended to comply with Maryland statutes and regulations. In consideration of the execution of the Area Development Agreement, STAND-UP BURGERS FRANCO, LLC and Franchisee agree to amend the Area Development Agreement as follows:

1. Release. Sections 4.4.5, 6.3.4 and 7.2.2(j) of the Area Development Agreement are amended to provide that any release required as a condition of assignment or renewal will not apply to liability under the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law").

2. Consent to Jurisdiction. Sections 8.3.2, 10.8, and 12.3 of the Area Development Agreement are amended to provide that, under the Maryland Franchise Law, any litigation involving claims arising under the Maryland Franchise Law that are not subject to arbitration may be brought in Federal District Court in Maryland.

3. Statute of Limitations. Any limitation on the period of the time mediation and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing claims arising under the Maryland Franchise Law.

4. Acknowledgments. Article 13 of the Area Development Agreement is amended by the addition of the following at the end of such Section: "The representations made herein are not intended to and will not act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

5. Construction. In all other respects, the Area Development Agreement will be construed and enforced in accordance with its terms.

"Company"

STAND-UP BURGERS FRANCO, LLC,
a Delaware limited liability company

By: ___________________________________
Name: _________________________________
Its: ___________________________________
Date of signing:____________________

"Franchisee"

_________________________________,
[ ] an individual
[ ] a general partnership;
[ ] a limited partnership;
[ ] a limited liability company;
[ ] a corporation;
By: ___________________________________
Name: _________________________________
Its: ___________________________________
Date of signing:____________________

ADDENDUM TO STAND-UP BURGERS FRANCO, LLC DISCLOSURE DOCUMENT FOR THE STATE OF MINNESOTA

1. Item 13, “Trademarks,” shall be amended by the addition of the following:

We will indemnify you for all costs and expenses you incur in any action or proceeding brought against you by any third party as a result of your authorized use of our trademarks.

2. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following paragraphs:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

ADDENDUM TO STAND-UP BURGERS FRANCO, LLC FRANCHISE AGREEMENT FOR THE STATE OF MINNESOTA

THIS ADDENDUM is entered into as of _______________, 20____ between STAND-UP BURGERS FRANCO, LLC a Delaware limited liability company ("Company"), and ______________________, a _________________ ("Franchisee"), with reference to the following:

1. Company and Franchisee have entered into a STAND-UP BURGERS FRANCO, LLC Franchise Agreement dated as of ____________________, 20____, (the "Franchise Agreement").

2. The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree to amend the Franchise Agreement as follows:

1. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

2. With respect to franchises governed by Minnesota law, Company will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

3. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Sections 3.4.5, 13.2, and 14.2 thereof, any general release the Franchisee is required to assent to shall not apply to any liability Company may have under the Minnesota Franchise Act.

4. Minnesota Rule 2860.4400J prohibits us from requiring you to waive your rights to a jury trial. The provision in Section 17.3 of the Franchise Agreement waiving your rights to a jury trial is hereby deleted and shall have no force or effect.

5. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particularly Section 11.4 thereof, Company will indemnify Franchisee for all costs and expenses it incurs in any action or proceeding brought against Franchisee by any third party as a result of Franchisee's authorized use of Company's trademarks.

[SIGNATURE PAGE FOLLOWS]

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

"Company"

STAND-UP BURGERS FRANCO, LLC,
a Delaware limited liability company

By: ___________________________________
Name: ________________________________
Its: ___________________________________
Date of signing:____________________

"Franchisee"

________________________________,
[ ] an individual
[ ] a general partnership;
[ ] a limited partnership;
[ ] a limited liability company;
[ ] a corporation;
By: ___________________________________
Name: ________________________________
Its: ___________________________________
Date of signing:____________________

ADDENDUM TO STAND-UP BURGERS FRANCO, LLC DISCLOSURE DOCUMENT FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

ADDENDUM TO STAND-UP BURGERS FRANCO, LLC DISCLOSURE DOCUMENT FOR THE STATE OF NORTH DAKOTA

1. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following paragraphs:

The Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

a. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

b. Situs of Arbitration Proceedings: Franchise Agreements providing that the parties must agree to the arbitration of the disputes at a location that is remote from the site of the franchisee’s business.

c. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

d. Liquidated Damages and Termination Penalties: Requiring North Dakota Franchisees to consent to liquidated damages or termination penalties.

e. Applicable Laws: Franchise Agreements which specify that they are to be governed by the laws of a state other than North Dakota.

f. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

g. Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

h. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the Franchise Agreement.

i. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

2. Item 17(r) in the table is modified by adding the following to the summary description opposite the subsection entitled “Non-competition covenants after the franchise is terminated or expires”:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

ADDENDUM TO STAND-UP BURGERS FRANCO, LLC FRANCHISE AGREEMENT FOR THE STATE OF NORTH DAKOTA

THIS ADDENDUM is entered into as of _______________, 20____ between STAND-UP BURGERS FRANCO, LLC, a Delaware limited liability company ("Company"), and ____________________, a _________________ ("Franchisee"), with reference to the following:

1. Company and Franchisee have entered into a STAND-UP BURGERS FRANCO, LLC Franchise Agreement dated as of ____________________, 20____, (the "Franchise Agreement").

2. The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree to amend the Franchise Agreement as follows:

1. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Sections 3.4.5, 13.2 and 14.2 thereof, any general release the Franchisee is required to assent to shall not apply to any liability Company may have under the North Dakota Franchise Investment Law.

2. The following caveat is added to Article 15:

The Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

Liquidated Damages and Termination Penalties: Requiring North Dakota Franchisees to consent to liquidated damages or termination penalties

3. The following caveat is added to Section 12.1:

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

4. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Section 12.2.3 and Articles 18 and 19 thereof, the Franchise Agreement and the legal relations among the parties to the Franchise Agreement shall be governed by and construed in accordance with the laws of the State of North Dakota.

5. The following caveat is added to Sections 12.2.3, and Articles 18 and 19 of the Franchise Agreement:

"The Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

Applicable Laws: Franchise Agreements which specify that they are to be governed by the laws of a state other than North Dakota.

Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies."

6. Sections 17.1 and 17.2 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

"The site of the arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee's place of business."

7. Section 17.3 of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

"This section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the North Dakota Franchise Investment Law, including the right to a trial by jury and the right to submit matters to the jurisdiction of the Courts of North Dakota."

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

"Company"

STAND-UP BURGERS FRANCO, LLC,
a Delaware limited liability company

By: ___________________________________
Name: _________________________________
Its: ___________________________________
Date of signing:____________________

"Franchisee"

_________________________________,
[ ] an individual
[ ] a general partnership;
[ ] a limited partnership;
[ ] a limited liability company;
[ ] a corporation;
By: ___________________________________
Name: _________________________________
Its: ___________________________________
Date of signing:____________________

ADDENDUM TO STAND-UP BURGERS FRANCO, LLC AREA DEVELOPMENT AGREEMENT FOR THE STATE OF NORTH DAKOTA

THIS ADDENDUM is entered into as of _______________, 20____ between STAND-UP BURGERS FRANCO, LLC, a Delaware limited liability company ("Company"), and ______________________, a _________________ ("Franchisee"), with reference to the following:

1. Company and Franchisee have entered into a STAND-UP BURGERS FRANCO, LLC Area Development Agreement dated as of ____________________, 20____, (the "Development Agreement").

2. The parties wish to modify the Development Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree that to amend the Development Agreement as follows:

1. Notwithstanding anything to the contrary set forth in the Development Agreement, and in particular Sections 4.4.5, 6.3.4 and 7.2.2 thereof, any general release the Franchisee is required to assent to shall not apply to any liability Company may have under the North Dakota Franchise Investment Law.

2. The following caveat is added to Section 8:

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

3. Notwithstanding anything to the contrary set forth in the Development Agreement, and in particular Articles 10 and 11 thereof, the Development Agreement and the legal relations among the parties to the Development Agreement shall be governed by and construed in accordance with the laws of the State of North Dakota.

4. The following caveat is added to Articles 10 and 11 of the Area Development Agreement:

"The Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

Applicable Laws: Franchise Agreements which specify that they are to be governed by the laws of a state other than North Dakota.

Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies"

5. Sections 10.17 and 10.18 of the Development Agreement are amended by the addition of the following language to the original language that appears therein:

"The site of the arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee's place of business."

6. Section 10.15 of the Development Agreement is amended by the addition of the following language to the original language that appears therein:

"This section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the North Dakota Franchise Investment Law, including the right to a trial by jury and the right to submit matters to the jurisdiction of the Courts of North Dakota."

Except as set forth herein, the Development Agreement shall be valid and enforceable between the parties in accordance with its terms.

"**Company**"

STAND-UP BURGERS FRANCO, LLC

___________________________ Date of Execution

____
Name:______________________________
Its:________________________________

"**Franchisee**"

___________________________ Date of Execution

____,
[ ] an individual;
[ ] a ______________ general partnership;
[ ] a _______________ limited partnership;
[ ] a _______________ limited liability company;
[ ] a _______________ corporation

____
Name:____
Its: _________________, and individually

ADDENDUM TO STAND-UP BURGERS FRANCO, LLC DISCLOSURE DOCUMENT FOR THE STATE OF VIRGINIA

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for **STAND-UP BURGERS FRANCO, LLC** for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

ADDENDUM TO STAND-UP BURGERS FRANCO, LLC DISCLOSURE DOCUMENT FOR THE STATE OF WASHINGTON

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

ADDENDUM TO STAND-UP BURGERS FRANCO, LLC FRANCHISE AGREEMENT FOR THE STATE OF WASHINGTON

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

"Company"

STAND-UP BURGERS FRANCO, LLC,
a Delaware limited liability company

By: ______________________________
Name: ____________________________
Its: _______________________________
Date of signing:____________________

"Franchisee"

______________________________,
[ ] an individual
[ ] a general partnership;
[ ] a limited partnership;
[ ] a limited liability company;
[ ] a corporation;
By: ______________________________
Name: ____________________________
Its: _______________________________
Date of signing:____________________

Exhibit I

Franchisee Information as of December 31, 2021

As of December 31, 2021, there were no current or former franchisees.

There are no Franchise Agreements signed but restaurants not open as of December 31, 2021

Company and Affiliate-Owned Restaurants as of December 31, 2021

ID	Tag	Address	Phone
33	DIV	614 West Diversey Parkway, Chicago, IL 60614	773-868-1863
34	LKW	204 North Wells Street, Chicago, IL 60606	312-658-1338
36	BRK	2000 Kala Bagai Way, Berkeley, CA 94704	510-570-1740

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

<u>State Effective Dates</u>

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Not Registered
Illinois	Pending
Indiana	Not Registered
Maryland	Pending
Michigan	Pending
Minnesota	Not Registered
New York	Pending
North Dakota	Not Registered
Rhode Island	Pending
South Dakota	Not Registered
Virginia	Pending
Washington	Pending
Wisconsin	Not Registered

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Exhibit J – Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Stand-Up Burgers FranCo, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Several states, including New York, require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Several states, including Michigan, require that we give you this disclosure document at least 10 business days before execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Stand-Up Burgers FranCo, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit G.

The following is the name, principal business address and telephone number of each franchise seller offering this franchise:

☐ John Billingsley, 5855 Green Valley Circle, Suite 208 Culver City, CA 90230 (310) 745-5228

☐

☐ See attached list.

Date of Issuance: June 8, 2022

See Item 1 for our registered agent authorized to receive service of process.

I have received a disclosure document dated June 8, 2022, that included the following Exhibits:

A. Franchise Agreement
B. Area Development Agreement
C. Table of Contents of Manuals
D. General Release
E. Franchisee Questionnaire
F. Financial Statements
G. State Administrators and Agents for Service of Process
H. State Addenda
I. Franchisee Information
J. Receipt

Date:______________________

Prospective Franchisee:

By:____
Name:____
Individually and on behalf of the following entity:
Company Name:____________________________________
Title:____

Exhibit J – Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Stand-Up Burgers FranCo, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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Several states, including Michigan, require that we give you this disclosure document at least 10 business days before execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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G. State Administrators and Agents for Service of Process
H. State Addenda
I. Franchisee Information
J. Receipt

Date:______________________

Prospective Franchisee:

By:____
Name:____
Individually and on behalf of the following entity:
Company Name:_____________________________________
Title:____