

FRANCHISE DISCLOSURE DOCUMENT

SURF'S UP FRANCHISING CORPORATION
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SURF'S UP®

As a SURF'S UP franchisee, you will operate a seafood restaurant.

The initial investment necessary to begin operation of a SURF'S UP franchised business ranges from \$78,500 to \$448,000. This includes \$20,075 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Eric Roy, Jr. at Surf's Up Franchising Corporation, 205 North Ridgeland Avenue, Oak Park, Illinois 60302, (708) 925-7839, or ericroyjr@gmail.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's 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: September 2, 2020.

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 C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only SURF'S UP 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 SURF'S UP franchisee?	Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Illinois. 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 Illinois than in your own state.
2. **Short Operating History.** This Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.
3. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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

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

The franchisor is Surf's Up Franchising Corporation. For ease of reference, Surf's Up Franchising Corporation will be referred to as "we", or "us" in this disclosure document. We will refer to the person who buys the franchise as "you" throughout the disclosure document. This disclosure document contains a summary of some material provisions of the franchise agreement. The franchise agreement itself expresses and governs the actual legal relationship between you and us. On occasion we may negotiate the terms of the franchise agreement.

Franchisor Company. Surf's Up Franchising Corporation is an Illinois corporation formed on August 18, 2020. Our principal business address is 205 North Ridgeland Avenue, Oak Park, Illinois 60302. We do business under our company name, Surf's Up Franchising Corporation, and our trademark, SURF'S UP. We have no predecessor or parent as defined in the disclosure document guidelines. Surf's Up LLC is our affiliate and has a principal business address of 205 North Ridgeland Avenue, Oak Park, Illinois 60302 ("Affiliate"); Surf's Up LLC has owned and operated a SURF'S UP restaurant since April 2018. Surf's Up Restaurant Group, Inc. is our affiliate and has a principal business address of 205 North Ridgeland Avenue, Oak Park, Illinois 60302; Surf's Up Restaurant Group, Inc. sells our proprietary food seasonings and has provided licensed restaurant training services since September 2017. We have no other affiliate, and no affiliate offers franchises in any line of business or provides products or services to franchisees of us. If we have an agent for service of process in your state, we disclose that agent in Exhibit B.

The Business of the Franchise. We franchise a seafood restaurant serving seafood, chicken and sides along with soft drinks (the "Franchised Business") under the "SURF'S UP" trade name and trade and service marks (the "Marks") using certain procedures, techniques, business methods, business forms, business policies and a body of knowledge pertaining to the establishment and operation of the Franchised Businesses (the "System"). There are plans for the Franchised Business to sell alcohol in the future. The franchise offered is for the right to operate a SURF'S UP restaurant using the Marks and the System at a specific location. You must sign our standard franchise agreement (the "Franchise Agreement") when you purchase a franchise.

Competition. Your competitors would include home cooking, restaurants in general, and other seafood restaurants selling seafood including other SURF'S UP restaurants. The market for seafood is competitive and well established. Seafood is not sold primarily to a certain group. Seafood sales are generally not seasonal.

Operating Units. We began offering franchises for sale in _____ 2020. We have not offered franchises in other lines of business. We have no other business activities. We have not operated a SURF'S UP restaurant; however, however, companies related to us by common ownership and its owners have operated SURF'S UP restaurants substantially similar to the Franchised Business you will operate since January 2012. We focus on franchising independently owned seafood restaurants and providing franchise support to franchisees.

Regulations. In addition to laws and regulations that apply to businesses generally, your Franchised Business is subject to federal, state and local laws and regulations and guidelines governing liquor licensing, health, sanitation, safety and environmental laws that apply to the food service industry. The Food and Drug Administration, the United States Department of Agriculture and food industry organizations, including the National Restaurant Association, have established rules affecting the restaurant business. You must be knowledgeable on federal, state and local health and consumer protection laws and regulations concerning food preparation, handling and storage, "Truth in Menu" concerning menu item names and product labeling, nutritional claims, and access to your Franchised Business by persons with disabilities (under the federal Americans with Disabilities Act). You should also be aware of federal, state and local labor regulations, including minimum age, minimum wage, workers compensation, equal protection and workplace safety laws. You should investigate local zoning rules because they may limit where you can locate your Franchised Business and may affect design features, including the building facade and signs. You should be aware of federal, state and local environmental laws that may affect the disposal of waste materials and the packaging you may use.

The details of state, county and local laws and regulations vary from place to place. You should investigate these laws and regulations.

ITEM 2. BUSINESS EXPERIENCE

Director, President and Secretary: Eric Roy, Jr.

Eric Roy, Jr. has been Director, President and Secretary of Surf's Up Franchising Corporation since its inception in August 2020. From April 2018 to the present he has been Manager of Surf's Up LLC which owns and operates a Surf's Up restaurant in Oak Park, Illinois. From September 2017 to the present he has been Director, President and Secretary of Surf's Up Restaurant Group, Inc. which sells our proprietary food seasonings and has provided licensed restaurant training services in Oak Park, Illinois. From January 2019 to July 2019, Mr. Roy was Senior Tax Analyst at Ulta Beauty Inc. which is a beauty stores retailer in Bolingbrook, Illinois. From April 2016 to April 2018, Mr. Roy was Senior Tax Accountant II at US Cellular Corporation which is a wireless network operator in Chicago, Illinois. From December 2015 to June 2016, Mr. Roy was Senior Tax Accountant at Inteliquent Inc. which is a communications enabler offering network-based voice and messaging services in Chicago, Illinois.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

The initial franchise fee is \$20,000. For the state of Illinois, the payments for all initial franchise fees shall be deferred until Franchisor has met its initial obligations to franchisee and franchisee has commenced doing business. It is paid to us as a lump sum upon signing the franchise agreement. The initial franchise fee is not refundable.

We commenced franchising in 2020, so, no franchises were sold in 2019.

You must pay \$75 for your initial order of our proprietary food seasonings. It is paid to our affiliate, Surf's Up Restaurant Group, Inc., as a lump sum upon ordering. The payment is not refundable.

There are no other fees or payments you would pay us before you open for business. The total of all of the above initial fees is \$20,075. None of the fees are refundable.

ITEM 6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	5% of Gross Sales.	Payable weekly.	See Notes 1 and 10.
Brand Fund Contribution	\$50 per week.	Payable weekly.	See Notes 1 and 10.
Local Advertising and Promotions	At least 2% of Gross Sales.	Must be spent quarterly and accounted for by you.	See Notes 1 and 7.
Technology Fee	\$50 per week, currently.	Weekly.	You may have

Type of Fee	Amount	Due Date	Remarks
			additional technology costs.
Ongoing Training	Currently \$500 per day plus cost of transportation, lodging and other expenses.	As incurred.	See Note 2
Training of Manager or Assistant Manager	\$2,500 per person plus any travel, payroll and living expenses.		See Note 3.
Convention or National Business Meeting	Currently \$500 to \$1,000 per person.	As incurred.	---
Additional Assistance	Additional assistance is currently \$500 per day plus cost of transportation, lodging and other expenses.	As incurred.	See Note 4.
Transfer Fee	One-half of the then current initial franchise fee for a non-discounted first franchise. In addition, you must pay any third-party broker fees that are due in connection with the proposed transfer.	At time of transfer.	If you transfer your franchise to your corporation or limited liability company or partnership, we charge for our legal expenses and related costs but no transfer fee is due.
Renewal Fee	20% of the then-current initial franchise fee for a non-discounted first franchise.	At time of renewal.	---
Audit	Cost of inspection or audit and any travel, lodging, and other expenses; currently estimated at \$5,000.	As incurred.	Payable only if you fail to furnish reports or records or if the audit reveals you have understated your Gross Sales by more than 2%.
Interest	2% per month.	As incurred.	See Note 11.
Late Fee	The greater of \$150 or the amount stated in the Operations Manual.	As incurred.	Applies to each notification or demand for payment, non-sufficient funds payments by check or electronic transfer, the failure to provide reports and financial statements in a timely manner, or for any other violation of the Franchise Agreement.
Lease Renewal Fee	Reimburse our costs. Currently does not exceed \$3,500.	As incurred.	See Item 11.

Type of Fee	Amount	Due Date	Remarks
Relocation Fee	50% of the then-current initial franchise fee for a non-discounted first franchise.	As incurred.	---
Ad-Coverage Area Advertising	None currently.	As incurred.	As a majority of the SURF'S UP business locations in your ad-coverage area agree to participate in. See Notes 1 and 5; and Item 11.
Regional Advisory Council Assessments	None currently.	As incurred.	The Regional Advisory Council would choose its own assessments.
Software	Not yet specified.	As incurred.	See Item 11.
Evaluation of Suppliers	Currently expected not to exceed \$5,000 per request, plus reasonable expenses.	As incurred.	Applies only if you want us to evaluate unapproved items or suppliers for the Franchised Business.
Mystery Shopper Fee.	Currently likely to be up to \$150 per mystery shop. None currently.	As incurred.	To pay the cost of third-party mystery shopper program.
Third-Party Quality Assurance Audit Fee	Currently likely to be up to \$250 per quality assurance audit. None currently.	As incurred.	To pay the cost of the third-party quality assurance audits.
Customer Servicing Fee	All costs incurred by us.	As incurred.	To pay the cost incurred by us in servicing and satisfying your customer.
Insurance	Cost of premium plus 15% service charge	As incurred.	See Note 6.
Referral Fee	\$25,000	At closing.	See Note 8.
Management Fee	Currently \$500 per day, plus reasonable expenses.	As incurred.	Payable during period that our appointed manager manages the Franchised Business upon your default, death or disability.
Fines for Non-Compliance with the Operations Manual	Greater of \$150 or as stated in the Operations Manual.	As incurred.	---
Costs and Attorneys' Fees	Will vary under circumstances.	As incurred.	Payable upon your failure to comply with the Franchise Agreement.
Indemnification	Will vary under circumstances.	As incurred.	You have to reimburse us if we are held liable for claims arising from your operations.

Type of Fee	Amount	Due Date	Remarks
Liquidated Damages	Agreed calculation of the remaining royalty fees and brand fund contributions due for the balance of the term.	As incurred.	See Note 9.

- (1) "Gross Sales" means all sales or revenues, derived directly or indirectly from the Franchised Business, including on-premises sales and monies derived at or away from the Franchised Business, whether from cash, check, credit and debit card, trade credit or credit transactions, including business interruption insurance proceeds and service charges in lieu of gratuity, but excluding (i) sales taxes collected from customers and paid to the appropriate taxing authority and (ii) the amount of all coupons redeemed at the Franchised Business (but only if the coupons have been previously approved by us as provided in the Franchise Agreement and only if such coupons have been included in Gross Sales).
- (2) Ongoing Training. You must participate, if we require, in up to five days per calendar year of refresher training in the operations and marketing of the Franchised Business. The refresher training may or may not take place at an annual convention or business meeting of franchisees which we can require you to attend once per calendar year. The fee for additional training programs or meetings is currently \$500 per day and you must pay all your travel and living expenses. (Franchise Agreement – Sections 5.P and 5.Q.)
- (3) In the event (i) your initial training attendee fails to pass the initial training and an additional attendee attends in their place or (ii) you send another manager or assistant manager to an initial training course due to turnover in your ongoing operations, then you pay us a training fee of \$2,500 per person plus any travel, payroll and living expenses. (Franchise Agreement – Section 4.A.)
- (4) Additional Assistance. At your request, we will provide additional assistance beyond our standard support, at a cost to you based on our then current fee which is \$500 per day for the respective personnel performing this assistance plus other reasonable expenses including all transportation, lodging and other expenses. (Franchise Agreement – Section 4.D.)
- (5) Amounts contributed to the ad-coverage area advertising and promotions requirement shall be credited towards your requirement for local advertising and promotions.
- (6) If you do not maintain insurance on the Franchised Business as we require, we may, at our option and in addition to our other rights and remedies, obtain the insurance and keep the same in full force and effect on your behalf, and you must reimburse us for all premiums incurred by us in connection with obtaining such insurance plus a 15% service charge.
- (7) The expenditures for the local advertising and promotions are paid to your local vendors, and the expenditures are typically non-refundable. All other fees are imposed and collected by us and are non-refundable. Except as described above, all fees are uniformly imposed, although we may reduce, defer, or waive such fees, if and when we determine that it is warranted by a unique or compelling situation.
- (8) At your request, we may, but we have no obligation to refer to you potential buyers of your Franchised Business. If we refer to you the buyer of your Franchised Business or the assets of the Franchised Business or an ownership interest in you or the franchise agreement, then you must pay us a referral fee in the amount of \$25,000 at the time of the closing such sale regardless of whether the buyer is an existing SURF'S UP franchisee or not.
- (9) You do not have the right to terminate the franchise agreement except as provided in Section 7.A. of the franchise agreement or as otherwise agreed by the parties. In the event of any termination of the

franchise agreement by you that is not in accordance with the terms of Section 7.A., or any termination of the franchise agreement by us in accordance with the terms of Section 7.B. prior to its expiration date, such termination may result in lost future revenue and profits to us, harm to the goodwill associated with the Marks, and increased costs to us to re-develop or re-franchise the market in which the Franchised Business is located. Accordingly, in the event that you terminate the franchise agreement other than in accordance with the terms of Section 7.A., or if we terminate the franchise agreement pursuant to the terms of Section 7.B., then you must pay to us by the effective date of such termination, as liquidated damages, that amount which is calculated by multiplying the average weekly amount of Royalty Fees and Brand Fund Contributions due and payable during the fifty-two weeks prior to the termination by the number of weeks then remaining in the term of the franchise agreement.

- (10) Currently, the week ends on Sunday, and the Royalty Fee, the Brand Fund contribution and the Technology Fee are due on Tuesday two days after the end of the week.
- (11) The highest interest rate allowed by law in California is 10% annually.

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DISCLOSURES CONTINUE ON THE FOLLOWING PAGE.]

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (1)	\$20,000	Lump sum.	Due upon signing the Franchise Agreement.	Us.
Travel and Living Expenses During Training	\$2,000 to \$5,000	As incurred.	Before opening.	Airlines, hotels and restaurants.
Initial Inventory (2)	\$5,000 to \$10,000	As incurred.	Before opening.	Other suppliers.
Security Deposit	\$3,000 to \$12,000	As incurred.	Before opening.	Landlord.
Rent (Initial 3 months)	\$9,000 to \$36,000	As incurred.	Before opening.	Landlord.
Utility Deposits	\$500 to \$2,500	As incurred.	Before opening.	Other suppliers.
Leasehold Improvements	\$10,000 to \$200,000	As incurred.	Before opening.	Other suppliers.
POS System	\$500 to \$2,500	As incurred.	Before opening.	Other suppliers.
Computer Hardware and Software	\$1,000 to \$10,000	As incurred.	Before opening.	Other suppliers.
Furniture, Fixtures & Decor	\$5,000 to \$70,000	As incurred.	Before opening.	Other suppliers.
Equipment	\$5,000 to \$20,000			
Signage	\$2,500 to \$15,000	As incurred.	Before opening.	Other suppliers.
Small Wares	\$1,500 to \$6,000	As incurred.	Before opening.	Other suppliers.
Office Equipment & Supplies	\$500 to \$1,000	As incurred.	Before opening.	Other suppliers.
Business Licenses & Permits	\$500 to \$2,500	As incurred.	Before opening.	Other suppliers.
Professional Fees	\$5,000 to \$10,000	As incurred.	Before opening.	Professionals.
Business Insurance	\$500 to \$2,500	As incurred.	Before opening.	Other suppliers.
Grand Opening Advertising	\$3,000	Lump sum.	Within one month before and one month after the opening of your Franchised Business.	Other suppliers.
Miscellaneous	\$1,000 to \$5,000	As incurred.	Before opening.	Other suppliers.
Additional Funds - 3 Months (3)	\$3,000 to \$15,000	As incurred.	As incurred.	Third parties.
TOTAL (4) (5) (6)	\$78,500 to \$448,000		--- --- ---	

Explanatory Notes to Table:

- (1) Initial Franchise Fee. The initial franchise fee is \$20,000.
- (2) Initial Inventory. This includes the \$75 you must pay to our affiliate, Surf's Up Restaurant Group, Inc., for our proprietary food seasonings.

- (3) Additional Funds – 3 Months. This category estimates any other required expenses you will incur before operations begin and during the 3-month initial period of operations. The factors and experiences that we considered or relied upon in formulating this amount are the local market for your products and services, the prevailing wage rate, competition, the sales level reached during the initial period, along with your management skill, experience, discipline and business acumen. We relied on our officer's seafood restaurant experience since 2012 in formulating the amount required for additional funds.
- (4) You should review these figures carefully with a business advisor before making any decision to purchase the franchise.
- (5) We do not offer financing for any part of the initial investment.
- (6) Amounts paid to us or the Brand Fund are not refundable. Amounts paid to others may not be refundable.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

Other than our proprietary food seasonings which you must purchase from our affiliate, Surf's Up Restaurant Group, Inc., you have no obligation to purchase or lease goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Franchised Business from us, currently. In the future we may require you to make such purchases or leases.

Required and Approved Suppliers

You must purchase or lease your point of sale software and hardware, credit card processor, gift card processor, accounting software, financial reporting software, equipment leasing firm, accounting firm, insurance agency, food ingredients and beverages, along with your other restaurant goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Franchised Business from required or approved suppliers. There is no supplier in which an officer of ours owns an interest.

Approval of Alternate Suppliers

To have an alternate supplier approved, you must first notify us in writing, submit sufficient specifications, samples and information, along with our then current fee (which is currently not expected to exceed \$5,000 per request, plus reimbursement of our expenses). Our criteria for approving suppliers is confidential and is not available to franchisees. You may contract only with suppliers whom we have approved. We will notify you of our approval or disapproval within six months of our receiving all requested information. We may revoke our approval of a supplier at any time for any reason.

Specifications

We issue specifications to franchisees. We issue and modify the specifications by updating the confidential Manual. We issue specifications regarding your purchase or lease of goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate and comparable items related to establishing or operating the Franchised Business. Our site location and lease requirements are provided in the Franchisor's Assistance, Advertising, Computer Systems and Training part of this disclosure document.

Revenue from Franchisee Purchases

We may derive revenue or other material consideration from your required purchases or leases. We may but do not currently require a supplier from whom you purchase to pay us a rebate.

We estimate that your required purchases and leases in compliance with the above specifications of goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate and comparable items will represent 40 to 65% of your overall purchases and leases in establishing and operating the Franchised Business.

Cooperatives

We do not have any purchasing or distribution cooperatives.

Negotiated prices

We may negotiate purchase price arrangements with suppliers, including price terms, for the benefit of franchisees.

Material benefits

We do not provide any material benefits (for example, renewal or granting of additional franchises) based on your purchase of particular products or services or use of particular suppliers.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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	Item in Disclosure Document
a. Site selection and acquisition/lease	Section 5	Items 6 and 11
b. Pre-opening purchases/leases	Section 5	Items 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Section 5	Items 7, 8 and 11
d. Initial and ongoing training	Sections 4 and 5	Items 6 and 11
e. Opening	Section 5	Item 11
f. Fees	Sections 1, 2, 4, 5, 6, 7, 8 and 9	Items 5, 6, 7, 11 and 17
g. Compliance with standards and policies/Operations Manual	Sections 3 and 5	Items 8 and 11
h. Trademarks and proprietary information	Sections 3, 5 and 7	Items 13 and 14
i. Restrictions on products/services offered	Sections 3 and 5	Items 8, 11 and 16
j. Warranty and customer service requirements	Section 5	Items 6 and 8
k. Territorial development and sales quotas	Sections 3 and 5	Items 11 and 12
l. On-going product/service	Section 5	Items 6 and 8

Obligation	Section in Agreement	Item in Disclosure Document
purchases		
m. Maintenance, appearance and remodeling requirements	Sections 5, 6 and 8	Items 8 and 17
n. Insurance	Section 5	Items 6 and 7
o. Advertising	Section 5	Items 6, 7 and 11
p. Indemnification	Sections 5, 7, 8 and 10	Items 6 and 13
q. Owner's participation/management/staffing	Sections 3 and 5	Item 15
r. Records and reports	Section 5	Item 6
s. Inspections and audits	Section 5	Item 6
t. Transfer	Section 8	Items 6 and 17
u. Renewal	Section 6	Items 6 and 17
v. Post-termination obligations	Section 7	Item 17
w. Non-competition covenants	Sections 5 and 7	Item 17
x. Dispute resolution	Section 9	Item 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.

Our Support Services Prior to Opening. Before you open your Franchised Business, we will:

(1) Use our reasonable best efforts to review a site you have selected in order to evaluate and approve the location of your Franchised Business within thirty days after you provide us the information about the site. Additional sites are considered until our approval is reached. We generally do not own the premises and lease it to you. You must obtain our approval of the site location and the lease. The factors which we may (but are not required to) consider for our approval include demographic radius characteristics and growth factors in the area, traffic patterns, ease of access, parking, visibility, allowed signage, competition from other businesses providing similar products and services, the proximity to other businesses, the nature of the businesses in proximity to the proposed site, and other commercial characteristics (including rental obligations and other lease terms for the proposed site) and the size, appearance and other physical characteristics of the proposed site location. We recommend that the size of the location be between 1,200 to 2,400 square feet. We approve or disapprove locations or leases by a written notice which is delivered to you. We use our reasonable best efforts to deliver this notification to you within thirty days after the location evaluation or lease information is available. You must lease the premises for your location in the form and manner required by us and deliver a copy of the signed lease to us immediately after its signing. You must not sign any lease which has not been approved in writing by us. If your business premises is to be leased, you must submit the lease to us for written approval at least fifteen days before it is scheduled to be executed. If you lease your business premises, the lease must include language contained in the Lease Rider which is attached to your Franchise Agreement as Schedule B. The lease must give us, our agents or designees the right to enter the premises to conduct inspections at any time

during regular business hours, the right to receive notices of default directly from the lessor and the right, but not the duty, to assume the lease for all or any part of the term, if you default under the lease, are evicted or if your Franchise Agreement expires or is terminated. You must not lease or sublet all or any part of your business premises to others or use any portion of the premises for any purpose other than conducting business pursuant to your Franchise Agreement without our prior written consent. If you want to relocate, you must notify us in writing and pay to us a relocation fee equal to fifty percent of the then-current initial franchise fee for a non-discounted first franchise at least 60 days before the relocation. We reserve the right to refuse to approve a proposed relocation if we believe that the proposed relocation is for any reason not acceptable to us. Our judgment may be based on factors such as the proximity to existing or proposed locations owned by other franchisees or us, the suitability of the proposed facilities, compliance with our then current franchise location requirements, the competitiveness within the marketplace or other factors. We recommend that you employ the services of a real estate attorney for legal advice regarding the terms of the lease. (Franchise Agreement - Sections 5.A and B.)

(2) Provide an initial training program for the operation of the Franchised Business. (Franchise Agreement - Section 4.A.) (See below.)

(3) Provide pre-opening and opening supervision and assistance by our personnel at your location. (Franchise Agreement – Section 4.B.)

(4) Provide names of approved suppliers and written specifications for your equipment, signs, fixtures, opening inventory and supplies. (Franchise Agreement – Sections 5.C, F. and G.)

Our Support Services During Operation. During the operation of your Franchised Business, we will:

(1) Provide you a continuing advisory service by telephone or at our home office concerning the operation of your Franchised Business. (Franchise Agreement - Section 4.C.)

(2) Furnish you, at your request, additional assistance beyond our standard support. (Franchise Agreement - Section 4.D.)

(3) Provide you with access to the advertising and marketing materials we may develop by using the Brand Fund contributions. (Franchise Agreement - Section 5.L.)

(4) Loan to you during the term of the Franchise Agreement one copy of our Operations Manual. The Operations Manual contains mandatory and suggested specifications, standards, and operating procedures which we prescribe occasionally for Franchised Businesses, as well as information relative to other obligations you have in the operation of the Franchised Business. The Operations Manual may be modified periodically to reflect changes in the specifications, standards, operating procedures and other obligations in operating Franchised Businesses. You must keep your copy of the Operations Manual current, and the master copy of the Operations Manual maintained by us controls if there is a dispute regarding the contents of the Operations Manual. (Franchise Agreement - Section 5.H.) The Operations Manual currently has 229 pages and the table of contents is as follows:

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MANUAL

Subject	Number of Pages
Preface	6
Introduction	9
Pre-Opening Procedures	22
Human Resources	58
Daily Operating Procedures	73
Managing a SURF'S UP Restaurant	45
Advertising / Marketing	16

Brand Fund. We will administer an advertising and marketing fund (the "Brand Fund") for the advertising and marketing programs as we may deem necessary or appropriate. You must contribute to the Brand Fund \$50 per week, payable together with the Royalty Fee due under the Franchise Agreement. (Franchise Agreement - Section 5.L.)

We will direct all advertising and marketing programs financed by the Brand Fund, with sole discretion over the creative concepts, materials and endorsements used, and the geographic, market and media placement and allocation. Currently the source of our marketing and advertising programs is our in-house personnel. The Brand Fund may be used to pay the costs of preparing advertising materials and administering national, regional and local advertising programs and public relations activities including creating direct mail and media materials which may include print, television, radio and billboards, formulating advertising and marketing programs, developing and maintaining website and internet based advertising and marketing programs, intranet development and ongoing operation, toll-free locator services, email systems and services, creation and management of loyalty program(s), employing advertising agencies, research and development for future potential products or services, events or charitable sponsorships, and providing brochures and other advertising and marketing materials, and participating in national or regional trade shows.

The Brand Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for reasonable salaries, administrative costs and overhead as we may incur in activities reasonably related to the administration of the Brand Fund and its advertising and marketing programs including conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to the Brand Fund. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all SURF'S UP restaurants to the Brand Fund in that year and the Brand Fund may borrow from us or other lenders to cover deficits of the Brand Fund or cause the Brand Fund to invest any surplus for future use by the Brand Fund. A report of receipts and disbursements of the Brand Fund, which may be audited, will be prepared annually by us and will be furnished to you upon written request. Currently we have not determined whether or not the Brand Fund will be audited; we will make that decision at a later date.

We will have the right to cause the Brand Fund to be incorporated or operated through an entity separate from us at the time as we deem appropriate, and the entity will have the same rights and duties as we do. Although we will endeavor to utilize the Brand Fund to develop advertising and marketing materials and programs, and to place advertising that will benefit all SURF'S UP restaurants, we undertake no obligation to ensure that expenditures by the Brand Fund in or affecting any geographic area are proportionate or equivalent to your contributions to the Brand Fund or that any SURF'S UP restaurant will benefit directly or in proportion to its contribution to the Brand Fund from the development of advertising and marketing materials or the placement of advertising.

We will have the right, in our sole discretion, to suspend contributions to and operation of the Brand Fund for one or more periods that we determine to be appropriate and the right to terminate the Brand Fund upon 30 days written notice to you. All unspent monies on the date of termination will be distributed to us, our affiliates and our franchisees in proportion to their respective contributions to the Brand Fund during the preceding 12-month period. We will have the right to reinstate the Brand Fund upon the same terms and conditions set forth in the Franchise Agreement upon 30 days prior written notice to you. Our Affiliate is not required to contribute to the Brand Fund.

For the year ending December 31, 2019, we neither collected nor spent any Brand Fund contributions for the SURF'S UP system. (Franchise Agreement – Section 5.L.). Currently we do not use any part of the Brand Fund for advertising that is principally a solicitation for the sale of franchises.

Local Advertising and Promotion. You must spend quarterly for local advertising and promotion of the Franchised Business and the Marks at least two percent of your Gross Sales. Amounts contributed to the ad-coverage area advertising and promotions requirement pursuant to the paragraph below will be credited towards your requirement for local advertising and promotions under this paragraph. We may review your books and records periodically to determine your expenditures for advertising and promotion. If we determine that you have not spent the requisite amount, we may require you to pay the unexpended amounts to the Brand Fund.

Before your use of them, samples of all local advertising, promotion and public relations materials not prepared or previously approved by us must be submitted to us for approval, which will not be unreasonably withheld. If you do not receive written disapproval within fourteen days after the date of receipt by us of the materials, we will be deemed to have given approval. You may not use any advertising, promotion or public relations materials that we have disapproved. (Franchise Agreement - Section 5.L.)

Within one month before and one month after the opening of your Franchised Business, you must spend a minimum of \$3,000 on local advertising, marketing and promotion of the opening of the Franchised Business in accordance with an opening marketing plan approved by us. These grand opening expenditures are in addition to the Brand Fund contributions specified above.

Provided that a majority of the SURF'S UP locations in your ad-coverage area agree to participate in the program, you must participate in and contribute your share to additional advertising and promotional programs in your ad-coverage area. The cost of the program will be allocated among the locations in the area and each location's share will be in proportion to its sales during the preceding twelve-month period. "Ad-coverage area" is defined as the area covered by the advertising medium (television, radio or other media) as recognized in the industry. At the time a program is submitted, we will submit a list of all operating locations within the ad-coverage area.

We may establish, acquire, or host any website(s) to advertise, market, and promote SURF'S UP restaurants, the products and services that they offer and sell, and/or a SURF'S UP franchise opportunity (each a "Franchise System Website"). We may (but are not required to) provide you with a webpage on a Franchise System Website that references your Franchised Business for informational purposes only. If we provide you with a webpage on a Franchise System Website, you must: (i) provide us the information and materials we request to develop, update, and modify your webpage; (ii) notify us whenever any information on your webpage is not accurate; and (iii) if, from time to time, we give you permission to modify your webpage, notify us whenever you change the content of your webpage about what has changed and when. We will own all intellectual property and other rights in all Franchise System Websites, including your webpage and all information it contains (including the domain name, any associated URL or email address, any website analytical data, and any personal or business data that visitors supply).

We may use Brand Fund assets to develop, maintain and update any Franchise System Website. We periodically may update and modify any Franchise System Website (including your webpage). You

acknowledge that we have final approval rights over all information on any Franchise System Website (including your webpage). We may implement and periodically modify system standards relating to any Franchise System Website.

Even if we provide you a webpage on a Franchise System Website, we will only maintain this webpage while you are in full compliance with your Franchise Agreement and all system standards which we implement (including those relating to Franchise System Websites). If you are in default of any obligation under your Franchise Agreement or our system standards, then we may temporarily remove your webpage from any Franchise System Website (or all Franchise System Websites) until you fully cure the default. We will permanently remove your webpage from all Franchise System Websites upon your Franchise Agreement's expiration or termination.

We may require you to provide notice of any Franchise System Website in the advertising, marketing, and promotional materials that you develop for your Franchised Business in the manner we designate. We reserve the sole right to sell the products and services sold by SURF'S UP restaurants on the internet through Franchise System Websites. You agree that you will not sell any SURF'S UP products or services to customers on a website through the internet or through any alternative channels of distribution without our prior written consent, which you acknowledge and agree that we may withdraw at any time. We reserve the right to require you to obtain from us and use an email address associated with our registered domain name.

Except as provided above, or as approved by us in writing, you may not develop, maintain or authorize any website, domain name, URL address, email address, other online presence or other electronic medium that mentions your Franchised Business, links to any Franchise System Website or displays any of the Marks, or engages in any promotional or similar activities, whether directly or indirectly, through or on the internet, or any other similar proprietary or common carrier electronic delivery system. If we approve the use of any such websites, other online presences or electronic mediums, including social networking websites (such as LinkedIn®, Twitter®, Instagram®, Facebook®, or YouTube®) in the operation of your Franchised Business, or the posting of messages relating to your Franchised Business on other websites, you will do so only in accordance with our guidelines. We reserve the right to require our approval of any message you compose for a social networking website or commentary for any other website before you post such message or commentary. (Franchise Agreement - Section 5.L.)

There are currently no advertising councils or local or regional advertising cooperatives.

Training Program. Before the start of your Franchised Business, we will provide two weeks of initial training on the operation of a Franchised Business for up to three people. Although there are no additional fees for this training, you must pay for all travel and living expenses which you and any of your employees incur in connection with training. You and your manager must pass the training program to our satisfaction. If you or your managers do not pass the training program, we can terminate your Franchise Agreement. We will not be liable to return any franchise fee or pay any costs or expenses you incur if we terminate your Franchise Agreement because you or your managers do not pass the training program. In the event (i) your initial training attendee fails to pass the initial training and an additional attendee attends in his place or (ii) you send another manager or assistant manager to an initial training course due to turnover in your ongoing operations, then you must pay us a training fee of \$2,500 plus any travel, payroll and living expenses. (Franchise Agreement – Section 4.A.)

We expect that training will be conducted for you and your employees approximately one to five months after you sign your Franchise Agreement. We plan to be flexible in scheduling training to accommodate our personnel, you and your personnel. There currently are no fixed (i.e., monthly or bimonthly) training schedules. The training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location for Each Subject
History of SURF'S UP Restaurant	0.50	0	Oak Park, Illinois
Use of the Manual	0.50	0	Oak Park, Illinois
Tour of Surf's Up Restaurant	0.50	0	Oak Park, Illinois
Pre-Opening Procedures	0.50	0	Oak Park, Illinois
Personnel Issues	0.50	1	Oak Park, Illinois
Advertising	0.50	2	Oak Park, Illinois
Management Procedures	0.50	8	Oak Park, Illinois
Franchise Reporting Requirements	0.50	1	Oak Park, Illinois
Accounting / Recordkeeping	0.50	8	Oak Park, Illinois
Customer Service Procedures	0.50	8	Oak Park, Illinois
Front / Back of House – Manager Duties	0.50	8	Oak Park, Illinois
Back of House – Prep/Cook Procedures	0.50	40	Oak Park, Illinois
Inventory Management	0.50	4	Oak Park, Illinois
POS System	0.50	8	Oak Park, Illinois
Cleaning Procedures	0.50	8	Oak Park, Illinois
Safety Procedures	0.50	4	Oak Park, Illinois
Total	8	100	

The training is provided by Eric Roy, Jr. and Michael Givens who each have over 4 years of seafood restaurant experience and each has trained Surf's Up restaurant personnel for over 4 years. The Manual will be used as the principal instructional manual.

In addition to the above training, we provide you pre-opening and opening on-the-job supervision and assistance at the premises of your Franchised Business for approximately five days near the time of the opening of your Franchised Business.

Ongoing Training. You must participate, if we require, in up to five days per calendar year of refresher training in the operations and marketing of the Franchised Business. The refresher training may or may not take place at an annual convention or business meeting of franchisees which we can require you to attend once per calendar year. The fee for additional training programs or meetings is provided in Item 6 plus you pay all your travel and living expenses. (Franchise Agreement – Sections 5.P and 5.Q.)

Computer. You must keep your books and business records according to our formats. To facilitate your reporting to us and other communications, you must maintain certain systems in operating the Franchised Business. We require that you use the Clover POS restaurant point of sale system with includes management tools integrating point of sale and accounting functions that we have been using since August 2014. The system costs approximately \$2,500 for the hardware and has additional monthly charges for the software. We have independent access to the information and data you maintain; and there are no contractual limitations on our right to access the information and data. We are not obligated to repair the computer system. No organization has the contractual right or obligation to provide maintenance, repairs, upgrades or updates. We recommend that you obtain a maintenance contract with a reputable organization for your computer system. You may be required to upgrade or update any computer hardware or software program during the term of the Franchise Agreement. There are no contractual limitations on the frequency or costs associated with this obligation. Upgrades, support and maintenance could cost \$2,000 to \$3,000 or more annually.

Time Until Commencement of Operation. The typical length of time between the signing of the Franchise Agreement and the start of your Franchised Business is one to six months. Some of the factors affecting this length of time include obtaining a satisfactory site, negotiating a lease, your financing

arrangements, completion of leasehold improvements, delivery and installation of equipment and signage, weather conditions, employee hiring and training, and your own timetable. You must provide to us a copy of the fully signed lease for your Franchised Business within 6 months after the date of the Franchise Agreement and commence operating the Franchised Business within 12 months after the date of the Franchise Agreement, otherwise the Franchise Agreement will automatically terminate. (Franchise Agreement - Section 5.A.) We will have no obligation to refund any portion of the initial franchise fee.

ITEM 12. TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands we control. Your Franchised Business will operate within your assigned Protected Area from a specific location we approve either at the time you sign your Franchise Agreement or you will select a location to be approved by us and obtain lawful possession of it through a lease within six months after the date of the Franchise Agreement.

You must focus your marketing efforts on developing the Franchised Business within your assigned Protected Area. If no description of the Protected Area is specified on Schedule A to the Franchise Agreement, then (a) for a suburban location the Protected Area shall be deemed to consist of the area within two miles of the front door of the Franchised Business location approved by us and developed by you, or (b) for an urban location with one million or more people residing and/or working within the metro area at the time the franchise agreement is executed, then there shall be no protected area. The Protected Area does not prohibit or affect any locations existing before the date of your Franchise Agreement.

We will not, so long as your Franchise Agreement is in force and effect and you are not in default under any of the terms hereof, enfranchise or operate any other SURF'S UP restaurant within the Protected Area; provided that nothing herein shall prohibit us or another franchisee of ours from catering or delivering food to customers located in the Protected Area. We may enfranchise or operate any other SURF'S UP restaurant anywhere else. We may operate and enfranchise anywhere any business under different trademarks and shall be allowed to conduct anywhere any business using the Marks or System on the Internet or by any other alternate channel of distribution. You do not receive any options, rights of first refusal or similar rights to acquire additional franchises.

Notwithstanding the above provisions, enclosed shopping centers, institutions (such as hospitals), large employers with food on-site, highway toll plazas, airports, train stations, parks (including amusement theme parks), sports stadiums and arenas, convention centers and other facilities or venues where events are scheduled, government buildings, public transportation centers, supermarkets, college campuses, military bases, department stores, shopping centers with at least 400,000 square feet of leasable space and any facility that could be considered a captive market (all of the preceding referred to collectively as "Captive Markets") shall be excluded from your Protected Area. We retain the right to open a SURF'S UP business at any of these Captive Market facilities or venues wherever the facility or venue is located, in order to service the facility or venue, or grant licenses for others to do so. In the event the we decide to open a SURF'S UP business at any of these Captive Market facilities or venues, or grant a license for others to do so, the catering, delivery and service area of the Franchised Business shall be automatically adjusted to exclude such facility or venue. Notwithstanding the above provisions, if your Franchised Business is located in a Captive Market, then there shall be no protected area.

Notwithstanding the above provisions, you expressly acknowledge and agree that we and our affiliates retain, the right, in our sole discretion, to acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether similar, competitive, or not), with facilities located anywhere, and including arrangements in which (i) other facilities are (or are not) converted to the SURF'S UP brand or other format (including using the System and/or Marks) and/or (ii) we and/or any of our affiliates are acquired, and/or company-owned, franchised or other businesses are converted to another format, maintained under the System or otherwise. All Franchised Businesses you own will fully participate in any such conversion, at your expense;

provided, however, you shall have a period of twelve months to complete the conversion for a Franchised Business, and we will contribute a pro-rated amount up to \$5,000, based upon the remaining term of the franchise agreement, toward the costs and expense of replacing exterior and interior signage at the Franchised Business.

You must offer catering and delivery services. We have the right to prescribe from time to time the boundaries beyond which the Franchised Business may not offer catering or delivery services and the standards and specifications for catering and delivery in order to preserve the quality and freshness of food products when delivered.

We have used and reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within the franchisee's territory using the franchisor's principal trademarks. We have not used but reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within the franchisee's territory of products or services under trademarks different from the ones the franchisees will use under the franchise agreement. There is no compensation that the franchisor must pay for soliciting or accepting orders from inside the franchisee's territory. You are prohibited from selling products or services by the Internet or by mail order or catalog. You do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales. You are prohibited from selling any products or components of the products or services at wholesale.

Neither the franchisor nor any affiliate operates, franchises, or currently has plans to operate or franchise a business under a different trademark which sells or will sell goods or services similar to those the franchisee will offer.

If you want to relocate your SURF'S UP restaurant, you must notify us in writing and pay us a relocation fee equal to fifty percent of the then-current initial franchise fee for a non-discounted first franchise, at least 60 days before the relocation. We reserve the right to refuse to approve a proposed relocation if we believe that the proposed relocation is for any reason not acceptable to us. Our judgment may be based on factors such as the proximity to existing or proposed locations owned by other franchisees or us, the suitability of the proposed facilities, compliance with our then current franchise location requirements, the competitiveness within the marketplace or other factors.

On renewal or transfer of a franchise, the Protected Area may be modified. Depending on the then-current demographics of the Protected Area, and on our then-current standards for Protected Areas, if the Protected Area is larger than our then-current standard Protected Area, we may require you or the transferee to accept a renewal Protected Area or transfer Protected Area smaller than the then-current Protected Area.

ITEM 13. TRADEMARKS

SURF'S UP Trademark. The principal trademark to be licensed to you is "SURF'S UP®." This trademark is owned by Eric Roy who is our shareholder, and the trademark is licensed to us for a perpetual term. Eric Roy registered the trademark with the United States Patent and Trademark Office ("USPTO") on August 15, 2017 on the Principal Register as Registration Number 5,263,205. All required affidavits and renewals have been filed.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There is no pending infringement, opposition or cancellation action, nor any pending material federal or state court litigation regarding the franchisor's use or ownership rights in the trademark. There are no agreements which significantly limit our right to use or license the use of the principal trademark in any manner material to the franchise.

Use of Trademark. You must use the Marks as the sole identification of the Franchised Business, provided that you must identify yourself as the independent owner of the Franchised Business in the manner we prescribe. You may not use any Mark as part of any company or trade name, or with any prefix, suffix, or other modifying words, terms, designs or symbols, or in any modified form, nor may you use any Mark in connection with the sale of any unauthorized service or product or in any other manner not expressly authorized in writing by us. You must prominently display the Marks on or in connection with, signs, posters, displays, service contracts, stationery, and other forms we designate. You must, in the manner we prescribe, give notices of trademark and service mark registrations and copyrights as we specify and to obtain such fictitious or assumed name registrations as may be required under applicable law. All bank accounts, licenses, permits or other similar documents must contain the actual name of the person or entity owning the Franchised Business and may contain “d/b/a SURF’S UP.” Any sign face bearing the Marks will remain our property even though you may have paid a third party to make the sign faces.

Infringements. You must immediately notify us of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark, and you may not communicate with any person other than us and our counsel in connection with any infringement, challenge or claim. We and our affiliates will have sole discretion to take action as we deem appropriate and the right to exclusively control any litigation or USPTO or other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark and you must sign any and all instruments and documents, render assistance and actions as may, in the opinion of our or our affiliates' counsel, be necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding or to otherwise protect and maintain our interests in the Marks.

We will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding in which your use of any Mark, pursuant to and in compliance with the Franchise Agreement, is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by you in the defense of any claim brought against you or in any proceeding in which you are named as a party, provided that you have timely notified us of the claim or proceeding and have otherwise complied with the Franchise Agreement. We, in our discretion, will be entitled to defend any proceeding arising out of your use of any Mark pursuant to the Franchise Agreement, and, if we undertake the defense of the proceeding, we will have no obligation to indemnify or reimburse you for any fees or disbursements of counsel you retain.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue use of any Mark, and/or use one or more additional or substitute trade or service marks, you must comply with our instructions within a reasonable time after notice by us, and our sole obligation in any event will be to reimburse you for your out-of-pocket costs of complying with this obligation.

We do not actually know of either superior prior rights or infringing uses that could materially affect your use of our principal trademark.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or registered copyrights are material to the franchise. We and our affiliates claim copyright protection of our Operations Manual and related materials although these materials have not been registered with the United States Registrar of Copyrights. The Operations Manual and related materials are considered proprietary and confidential and are considered the property of us and our affiliates and may be used by you only as provided in the Franchise Agreement. You may not use our confidential information in any unauthorized manner and must take reasonable steps to prevent its disclosure to others.

You will be entitled to use of the copyrighted and proprietary materials during the term of the franchise. There are no currently effective material determinations of the USPTO, the United States Copyright Office, or a court regarding the copyrighted materials. There are no agreements that significantly limit our rights to use or license the use of the copyrighted or proprietary materials. There is no provision in the Franchise Agreement specifically obligating us to protect your rights to use of the proprietary or copyrighted materials, but we will

respond to this information as we deem appropriate. There are no infringing uses known to us which would materially affect your use of the proprietary and/or copyrighted materials.

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

You must participate personally in the direct operation of the Franchised Business. We recommend your personal on-premises supervision of the Franchised Business. However, if you do not personally supervise the operation of the Franchised Business, then you must employ a manager to assist you or your managing shareholder or member or partner in operating the Franchised Business. All managers must pass the initial training program and sign a confidentiality and non-competition agreement in the form we prescribe. We do not require the on-premises supervisor to have an equity interest in the Franchised Business.

You, your owners, shareholders, members, partners, your spouse, and the spouse of any owner, shareholder, member or partner must sign the Franchise Agreement personally, meaning each will be jointly and severally, personally, bound by and personally liable for the breach of every provision of the Franchise Agreement, including without limitation the confidentiality and non-competition provisions.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only those goods and services which we have approved. You must also offer all goods and services that we designate. All goods and services provided by you must be presented in accordance with our System Standards. We have the right to change the types of authorized goods or services. There are no specific limitations in the Franchise Agreement on this right. We do not impose any restrictions or conditions that limit your access to customers.

ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Section 6	10 years
b. Renewal or extension of the term	Section 6	If you have substantially complied with the Franchise Agreement, you can renew for three additional 5-year terms.

Provision	Section in franchise or other agreement	Summary
c. Requirements for franchisee to renew or extend	Section 6	Written notice of intent to renew, sign new franchise agreement and release, pay renewal fee, refurbish or remodel the premises, and replace furnishings and equipment to be in compliance with our then current standards. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d. Termination by franchisee	Section 7.A	If we breach a material provision of the Franchise Agreement, and do not cure within a reasonable time, which in no event will be less than 90 days, after your notice to us, you may terminate 10 days after delivery of notice of termination.
e. Termination by franchisor without cause	Not applicable.	Not applicable.
f. Termination by franchisor with cause	Section 7	We can terminate only if you commit any one of several listed violations.
g. "Cause" defined – curable defaults	Sections 7.B and 7.C	You have 10 days to cure for non-payment of sums to us, affiliates, suppliers, lessors or landlords; 30 days for failure to submit reports or financial data; 30 days for all other curable breaches of the Franchise Agreement or the Operations Manual or other operational memoranda or use of bad faith in carrying out terms of these franchise provisions.
h. "Cause" defined – non-curable defaults	Section 5.J.7. Sections 7.B and 7.C	Non-curable defaults: failure by you or your managers to pass the training program; failure to provide us with a copy of your fully signed lease within 6 months after the date of the Franchise Agreement; failure to commence operating the Franchised Business within 12 months after the date of the Franchise Agreement; insolvency; abandonment; termination of lease; under reporting Gross Sales twice in a two year period; conviction of a felony; impairment of Marks or System; loss

Provision	Section in franchise or other agreement	Summary
		of business license; unsafe business operation; unauthorized transfer; breach of other agreements with us or our affiliates; repeated non-sufficient funds payments by check or electronic transfer or defaults even if cured; and repeated unfair handling of customer complaints.
i. Franchisee's obligations on termination/non-renewal	Section 5.0; Section 7.E; and Section 11.E	Pay amounts owed; return the Operations Manual and Software Program and return or destroy all other materials; stop using Marks, System and confidential information; de-identify yourself from us; cancel assumed names; return to us any signs utilizing the Marks; provide us with the names, addresses, telephone numbers, email addresses, copies of agreements and any other data of all customers; assign to us your telephone and facsimile numbers, and email and internet addresses, websites, domain names, social media sites and search engine identifiers; assign your lease to us, at our option; grant to us a security interest; pay all actual, liquidated and consequential damages; and adhere to non-disparagement and non-competition provisions. (also see r, below).
j. Assignment of contract by franchisor	Section 8.A	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Section 8.B	Includes any type of transfer of the Franchise Agreement or assets or any ownership change.
l. Franchisor approval of transfer by franchisee	Section 8.B	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 8.B	Transferee qualifies; all amounts due are paid in full; you are not in default; the transferee complies with training requirements; transferee has received required disclosure documents; then current form of Franchise Agreement signed; transferee assumes remaining obligations under your agreements; transfer fee paid; referral fee paid, if due; assets have been refurbished, remodeled or replaced; lessor consent to lease assignment, if necessary;

Provision	Section in franchise or other agreement	Summary
		general releases signed; guaranty of performance may be required; and right of first refusal declined by us. (also see r below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 8.D	We can match any offer for your business, except broker's fees are excluded. Cash may be substituted for any form of payment proposed.
o. Franchisor's option to purchase franchisee's business	Section 7.F	Option to purchase some or all equipment, supplies, inventory, advertising materials and any items with our logo, for cash at fully depreciated book value (also expressly agreed to exclude any value for goodwill), exercisable up to 90 days after termination or expiration.
p. Death or disability of franchisee	Section 8.E	You must assign franchise to an approved buyer within 180 days. All transfer provisions of section 8 of the franchise agreement apply.
q. Non-competition covenants during the term of the franchise	Section 5.K	No restaurant featuring seafood or the other food items on the then current standard SURF'S UP menu, nor an organization franchising a similar business. No solicitation or employment of any current or former employee or independent contractor of us or any other SURF'S UP restaurant at any time during the twelve-month period immediately prior thereto.
r. Non-competition covenants after the franchise is terminated or expires	Section 7.G	No restaurant featuring seafood or the other food items on the then current standard SURF'S UP menu for 3 years within 10 miles of your former SURF'S UP restaurant location, or within 10 miles of any other SURF'S UP restaurant. No organization franchising a similar business for 3 years. No solicitation or acceptance of business from former customers for 3 years. No solicitation or employment of any current or former employee or independent contractor of you, us or any other SURF'S UP restaurant at any time during the twelve-month period immediately prior thereto for 3 years.
s. Modification of the agreement	Sections 11.D and 5.H	Modification by written agreement signed by you and us. The

Provision	Section in franchise or other agreement	Summary
		Operations Manual can be revised and modified by us.
t. Integration/merger clause	Section 11.D	Only the terms of the Franchise Agreement (including System Standards in the Operations Manual) are binding (subject to state and federal law). Any statements or promises not in the Franchise Agreement and this disclosure document should not be relied upon and may not be enforceable. No claim made in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 9	Except for certain claims, all parties must make a good faith effort to resolve disputes by non-binding mediation conducted in the Chicago, Illinois metropolitan area. Otherwise, except for certain claims, all disputes must be arbitrated in the city where our headquarters is located when the proceedings are conducted.
v. Choice of forum	Section 9.H	Court litigation must be in any state or federal court of general jurisdiction over Oak Park, Illinois (or where our headquarters is located when the proceedings are conducted). (subject to state law).
w. Choice of law	Section 9.H	Except for the Federal Arbitration Act and other federal law, Illinois law applies (subject to state law).

ITEM 18. PUBLIC FIGURES

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

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any financial performance representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Eric Roy, Jr. at Surf's Up Franchising Corporation, 205 Ridgeland Avenue, Oak Park, Illinois 60302, (708) 925-7839, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION*

Table No. 1

Systemwide Outlet Summary For Years 2017 to 2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2017	2	2	0
	2018	2	2	0
	2019	2	4	+2
Company-Owned	2017	0	0	0
	2018	0	1	+1
	2019	1	1	0
Total Outlets	2017	2	2	0
	2018	2	3	+1
	2019	3	5	+2

*The Outlets operating before we began franchising in 2020 are included in the information provided in Item 20.

Table No. 2

**Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor or an Affiliate)
For Years 2017 to 2019**

State	Year	Number of Transfers
Illinois	2017	0
	2018	0
	2019	0
Total	2017	0
	2018	0
	2019	0

Table No. 3

**Status of Franchise Outlets
For Years 2017 to 2019**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at the End of the Year
Illinois	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	2	0	0	0	0	4
Total	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	2	0	0	0	0	4

Table No. 4

**Status of Company and Affiliate-Owned Outlets
For Years 2017 to 2019**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Illinois	2017	0	0	0	0	0	0
	2018	0	1	0	0	0	1
	2019	1	0	0	0	0	1
Totals	2017	0	0	0	0	0	0
	2018	0	1	0	0	0	1
	2019	1	0	0	0	0	1

Table No. 5

**Projected Openings
As of December 31, 2019**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Illinois	0	1	0
Wisconsin		1	0
Total	0	2	0

The exhibits in Exhibit C provide franchisee information.

Exhibit C-1 lists the names of all of our operating franchisees and the addresses and telephone numbers of their Franchised Businesses as of December 31, 2019.

Exhibit C-2 lists the franchisees who have signed Franchise Agreements for Franchised Businesses which are not yet operational as of December 31, 2019.

There is no franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within ten weeks of the issuance of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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

There is no trademark-specific franchisee organization associated with the franchise system which the franchisor has created, sponsored or endorsed. There is no independent trademark-specific franchisee organization which has asked to be included in the disclosure document.

ITEM 21. FINANCIAL STATEMENTS

Exhibit D contains our audited opening balance sheet dated August 31, 2020.

Our fiscal year ends on each December 31st.

ITEM 22. CONTRACTS

Exhibit E contains the Franchise Agreement with State Specific Addenda.

Exhibit F contains the General Release.

ITEM 23. RECEIPTS

Exhibit H contains detachable documents acknowledging your receipt of the disclosure document. The receipt is signed by all prospective franchisees and their spouses.

EXHIBIT A

STATE ADMINISTRATORS

California

Department of Business Oversight
State of California
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500

Hawaii

Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
State of Hawaii
335 Merchant Street, 2nd Floor
Honolulu, Hawaii 96813
(808) 586-2744

Illinois

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

Indiana

Franchise Section
Indiana Securities Division
302 West Washington, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

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

Michigan

State of Michigan
Department of Attorney General
Consumer Protection
Attention: Franchise Section
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48933
(517) 335-7567

Minnesota

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
(651) 296-6328

New York

Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
120 Broadway, 23rd Floor
New York, New York 10271-0332
(212) 416-8236 Phone
(212) 416-6042 Fax

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue, 5th Floor
Bismarck, North Dakota 58505-0510
(701) 328-4712

Oregon

Department of Consumer and Business Services
Division of Finance and Corporate Securities
State of Oregon
Labor and Industries Building
350 Winter Street, N.E.
Salem, Oregon 97301
(503) 378-4140

Rhode Island

Securities Division
Department of Business Regulations
State of Rhode Island
1511 Pontiac Avenue, Bldg. 69-1
Cranston, Rhode Island 02920
(401) 462-9527

South Dakota

Director
Division of Securities
Department of Labor and Regulation
State of South Dakota
124 South Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-4823

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
Commonwealth of Virginia
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Washington

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

Wisconsin

Administrator of Division of Securities
Department of Financial Institutions
345 West Washington Avenue, 4th Floor
Madison, Wisconsin 53703
(608) 266-2801

<https://lisslamar.sharepoint.com/sites/Client/Shared Documents/REG/STATE ADMINISTRATORS.docx>

AGENTS FOR SERVICE OF PROCESS

California

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

Michigan

State of Michigan
Department of Attorney General
Consumer Protection
Attention: Franchise Section
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48933

Hawaii

Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
State of Hawaii
335 Merchant Street, 2nd Floor
Honolulu, Hawaii 96813

Minnesota

Commissioner of Commerce
Minnesota Department of Commerce
Franchise Section
85 7th Place East
St. Paul, Minnesota 55101

Illinois

Illinois Attorney General
State of Illinois
500 South Second Street
Springfield, Illinois 62706

New York

New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

Indiana

Secretary of State
State of Indiana
201 Statehouse
Indianapolis, Indiana 46204

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue, 5th Floor
Bismarck, North Dakota 58505-0510

Maryland

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

Oregon

Director
Department of Consumer and Business Services
Division of Finance and Corporate Securities
State of Oregon
Labor and Industries Building
350 Winter Street, N.E.
Salem, Oregon 97301

Rhode Island

Director of Business Regulation
Department of Business Regulation
Divisions of Securities
State of Rhode Island
1511 Pontiac Avenue, Bldg. 69-1
Cranston, Rhode Island 02920

South Dakota

Director of the Division of Securities
Department of Labor and Regulation
State of South Dakota
124 South Euclid, Suite 104
Pierre, South Dakota 57501

Virginia

Clerk, Virginia State Corporation Commission
State of Virginia
1300 East Main Street
Richmond, Virginia 23219

Washington

Director of Financial Institutions
Securities Division
State of Washington
150 Israel Road, S.W.
Tumwater, Washington 98501

Wisconsin

Administrator, Division of Securities
Department of Financial Institutions
345 West Washington Avenue, 4th Floor
Madison, Wisconsin 53703

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EXHIBIT C

FRANCHISEE INFORMATION

As of December 31, 2019

EXHIBIT C-1: OPERATING FRANCHISES

Roy, Vanetta. 2236 East 71st Street, Chicago, IL 60649. (773) 891-5544

Shakespeare, Fred & Felicia. 4317 South Cottage Grove, Chicago, IL 60653. (773) 420-3228

Culbreath, Dwight. 713 West Roosevelt Road, Maywood, IL 60153. (708) 483-8748

Stacy, Winton & Jenkins, India. 175 South Highpoint Drive, Romeoville, IL 60446. (618) 787-3787

EXHIBIT C-2: FRANCHISES NOT YET OPERATING

None

Exhibit D

SURF'S UP FRANCHISING CORPORATION
FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS: August 31, 2020

[HTTPS://LISSLAMAR.SHAREPOINT.COM/SITES/CLIENT/SHARED DOCUMENTS/SU/EX D FINANCIALS COVER PAGE.DOCX](https://lisslamar.sharepoint.com/sites/client/shared%20documents/SU/EX%20D%20FINANCIALS%20COVER%20PAGE.DOCX)

SURF'S UP FRANCHISING CORPORATION

AUDITED FINANCIAL STATEMENTS

AUGUST 31, 2020

SURF'S UP FRANCHISING CORPORATION
AUDITED FINANCIAL STATEMENTS
AUGUST 31, 2020

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MICHAEL GOLOJUCH, JR. AND ASSOCIATES, LIMITED

1310 PEMBROOK CIRCLE

ROSELLE, IL 60172

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Surf's Up Franchising Corporation
Oak Park, Illinois

We have audited the accompanying financial statements of Surf's Up Franchising Corporation, which comprise the balance sheet as of August 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Surf's Up Franchising Corporation as of August 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Michael Goljuch, Jr. C.P.A.

Roselle, Illinois

August 31, 2020

Surf's Up Franchising Corporation
Balance Sheet
August 31, 2020.

Assets

Current Assets:

Cash	\$ 26,000
------	-----------

Total Current Assets	<u>26,000</u>
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Total Assets	<u><u>\$ 26,000</u></u>
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Equity

Equity:

Common stock, no par value, 10,000 shares authorized 1,000 shares issued and outstanding	\$ 1,000
---	----------

Additional Paid-In Capital	<u>25,000</u>
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Total Equity	<u><u>\$ 26,000</u></u>
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The accompanying notes are an integral part of these financial statements.

SURF'S UP FRANCHISING CORPORATION

Notes to Financial Statements August 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Planned Operations

Surf's Up Franchising Corporation (the Company) was organized on August 20, 2020 in the state of Illinois to sell "Surf's Up" franchises in the United States. The Company is a start-up business whose principal operations will be a franchisor of casual fast food. Major sources of revenue will include franchise fees, web-site and advertising fees, and royalties. Franchise development fees have been disbursed in the start-up phase. The completion of these latter stages will be subject to the Company's receiving additional funding in the future.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenue is recognized when earned and expenses are recorded when the obligation is incurred.

Cash and Cash Equivalents

For financial statement purposes, the Company considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities at the date of the financial statements and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Income Taxes

The Company, with the consent of its shareholder, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporate income taxes, the shareholder of an S corporation is taxed on his proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

The Company's business tax returns are subject to examination by federal and state tax jurisdictions, generally for three years after the date they were filed.

BOMBERS BBQ FRANCHISING CORPORATION

Notes to Financial Statements July 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Subsequent Events

Management has evaluated subsequent events through August 31, 2020, which is the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Company's customers, employees and vendors all of which are uncertain and cannot be predicted. At this time, the extent to which COVID-19 may impact the Company's financial condition or results of operations is uncertain.

Management's Evaluation of Going Concern

In accordance with accounting principles generally accepted in the United States of America, management performed an evaluation to determine if adverse conditions or events considered in the aggregate, raise substantial doubt about the Company's ability to continue as a going concern for the one-year period from the date the financial statements were available to be issued. Management's evaluation did not identify any conditions or events that raise substantial doubt about the Company's ability to continue as a going concern for the period from August 31, 2020 to August 31, 2021.

EXHIBIT E

FRANCHISE NUMBER _____

DATE EXECUTED _____

SURF'S UP®

FRANCHISE AGREEMENT

SURF'S UP FRANCHISING CORPORATION

with

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FRANCHISE AGREEMENT

This Agreement ("Agreement") is made this ____ day of _____, 20____, between Surf's Up Franchising Corporation, an Illinois corporation located at 205 North Ridgeland Avenue, Oak Park, Illinois 60302 (hereinafter called the "Company") and _____ of _____ (hereinafter called the "Franchisee"), for one SURF'S UP restaurant to be located in the State of _____.

RECITALS

A. The Company franchises a seafood restaurant (the "Franchised Business") under the "SURF'S UP" trade name and trade and service mark (the "Marks") using certain procedures, techniques, business methods, business forms, business policies and a body of knowledge pertaining to the establishment and operation of the Franchised Businesses (the "System"). The Franchisee acknowledges that Franchisee does not presently know these procedures, techniques, business methods or business policies, nor does the Franchisee have these business forms or access to the Company's body of knowledge.

B. The Franchisee intends to enter the Franchised Business and desires access to the Company's System pertaining to the operation of the Franchised Business. In addition, the Franchisee desires access to information pertaining to new developments and techniques in the Company's Franchised Business.

C. The Franchisee desires to participate in the use of the Marks in connection with one Franchised Business location to be located solely at a site approved by the Company and the Franchisee.

D. The Franchisee understands that information received from the Company or from any of its officers, managers, members, employees, agents or franchisees is confidential and has been developed with a great deal of effort and expense. The Franchisee acknowledges that the information is being made available to Franchisee so that Franchisee may more effectively establish and operate a Franchised Business.

E. The Company has granted, and will continue to grant, to others access to its System.

F. The Company has licensed, and will continue to license, others to use the Marks in connection with the operation of Franchised Businesses.

AGREEMENT

Acknowledging the above recitals, the parties hereto agree as follows:

1. Franchise Fee. Franchisee shall pay to Company a Franchise Fee of \$20,000 which shall not be refunded in any event. The Franchise Fee is due upon the signing of this Agreement.

2. Royalty Fee. The Franchisee shall also pay to the Company, weekly or more frequently as the Company may designate, a Royalty Fee equal to five percent (5%) of the Gross Sales from the Franchised Business which Franchisee operates throughout the term of this Agreement. "Gross Sales" means all sales or revenues, derived directly or indirectly from the Franchisee's Franchised Business, including on-premises sales and monies derived at or away from the Franchised Business, whether from cash, check, credit and debit card, trade credit or credit transactions, including without limitation business interruption insurance proceeds and service charges in lieu of gratuity, but excluding (i) sales taxes

COMPANY INITIALS _____
SURF'S UP FRANCHISE AGREEMENT

FRANCHISEE INITIALS
9.2.20SU/FA20.DOCX

collected from customers and paid to the appropriate taxing authority and (ii) the amount of all coupons redeemed at the Franchised Business (but only if the coupons have been previously approved by the Company as provided in this Agreement and only if such coupons have been included in Gross Sales).

3. Grant. The Company hereby grants to the Franchisee:

A. Access to the System pertaining to the operation of the Franchised Business;

B. Access to information pertaining to new developments and techniques in the Franchised Business; and

C. A limited non-exclusive license to use of the Company's rights in and to the Marks according to this Agreement and the Company's Operations Manual in connection with the operation of one Franchised Business to be located at a site approved by the Company and the Franchisee. The Company and Franchisee agree that Franchisee shall not sell products or services by the Internet or by mail order or catalog, nor shall Franchisee sell any products or components of the products or services at wholesale.

D. Franchisee shall at all times faithfully, honestly and diligently perform Franchisee's obligations under this Agreement, continuously exert Franchisee's best efforts to promote and enhance the Franchised Business and not engage in any other business or activity that conflicts with Franchisee's obligations to operate the Franchised Business in compliance with this Agreement. Franchisee shall focus Franchisee's marketing efforts on developing the Marks and System within the Protected Area described in Schedule A to this Agreement. If no description of the Protected Area is specified on Schedule A, then (a) for a suburban location the Protected Area shall be deemed to consist of the area within two miles of the front door of the Franchised Business location approved by the Company and developed by the Franchisee pursuant to Section 5 of this Agreement or (b) for an urban location with one million or more people residing and/or working within the metro area at the time this Agreement is executed there shall be no protected area. The Protected Area does not prohibit or affect any locations existing before the date of this Agreement. The Franchised Business shall at all times be under the direct supervision of Franchisee or Franchisee's manager who has attended and passed the training program.

E. Company will not, so long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, enfranchise or operate any other SURF'S UP restaurant within the Protected Area; provided that nothing herein shall prohibit Company or another franchisee of Company from catering or delivering food to customers located in the Protected Area. Company may enfranchise or operate any other SURF'S UP restaurant anywhere else. Company shall be allowed to operate and enfranchise anywhere any business under different trademarks and shall be allowed to conduct anywhere any business using the Marks or System on the Internet or by any other alternate channel of distribution.

F. Notwithstanding the above provisions, enclosed shopping centers, institutions (such as hospitals), large employers with food on-site, highway toll plazas, airports, train stations, parks (including amusement theme parks), sports stadiums and arenas, convention centers and other facilities or venues where events are scheduled government buildings, public transportation centers, supermarkets, college campuses, military bases, department stores, shopping centers with at least 400,000 square feet of leasable space and any facility that could be considered a captive market (all of the preceding referred to collectively as "Captive Markets") shall be excluded from Franchisee's Protected Area. The Company retains the right to open a SURF'S UP business at any of these Captive Market facilities or venues wherever the facility or venue is located, in order to service the facility or venue, or grant licenses for others to do so. In the event the Company decides to open a SURF'S UP business at any of these Captive Market facilities or venues, or grant a license for others to do so, the catering, delivery and service area of the Franchised Business shall be automatically adjusted to exclude such facility or venue. Notwithstanding the above provisions, if Franchisee's Franchised Business is located in a Captive Market, then there shall be no protected area.

G. Notwithstanding the above provisions, Franchisee expressly acknowledges and agrees that the Company and its affiliates retain, the right, in its sole discretion, to acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether similar, competitive, or not), with facilities located anywhere, and including arrangements in which (i) other facilities are (or are not) converted to the SURF'S UP brand or other format (including using the System and/or Marks) and/or (ii) the Company and/or any of the Company's affiliates are acquired, and/or company-owned, franchised or other businesses are converted to another format, maintained under the System or otherwise. All Franchised Businesses owned by Franchisee will fully participate in any such conversion, at Franchisee's expense; provided, however, Franchisee shall have a period of twelve (12) months to complete the conversion for a Franchised Business, and the Company will contribute a pro-rated amount up to \$5,000, based upon the remaining term of the Franchise Agreement, toward the costs and expense of replacing exterior and interior signage at the Franchised Business.

4. Company Obligations. The Company agrees to:

A. Provide an initial training program for the operation of the Franchised Business. The Franchisee and the Franchisee's managers, presently and in the future, must attend and pass the training program before operating Franchisee's Franchised Business. The Franchisee shall pay all transportation, lodging and other expenses incurred by the Franchisee and the Franchisee's managers in attending the initial training program. If the Company determines, in its sole discretion, that Franchisee or its managers do not pass the training program, the Company shall have the right to terminate this Agreement, effective upon delivery of written notice thereof to Franchisee. Company will not be liable to return any franchise fee or pay any costs or expenses Franchisee incurs if Company terminates this Agreement because Franchisee or its managers do not pass the training program. In the event (i) Franchisee's initial training attendee fails to pass the initial training and an additional attendee attends in their place or (ii) Franchisee sends another manager or assistant manager to an initial training course due to turnover in Franchisee's ongoing operations, then Franchisee shall pay the Company a training fee of \$2,500 per person plus any travel, payroll and living expenses.

B. Provide pre-opening and opening supervision and assistance by Company's personnel at Franchisee's location.

C. Provide a continuing advisory service by telephone or at Company's home office concerning the operation of Franchisee's Franchised Business.

D. Provide additional assistance upon the written request of the Franchisee, at a cost to the Franchisee based on the Company's then current fee for the Company's personnel performing such assistance, plus other reasonable expenses, including all transportation, lodging and other expenses.

E. Franchisee acknowledges and agrees that any duty or obligation imposed on the Company by this Agreement may be performed by any designee, employee, agent or contractor, as Company may direct.

5. Franchisee Obligations. The Franchisee agrees to:

A. **Commence Operation Within 12 Months.** Commence operating the Franchised Business within 12 months after the date of this Agreement. If Franchisee has either (i) not provided Company with a copy of the fully executed lease for the Franchised Business within 6 months after the date of this Agreement or (ii) not commenced operating the Franchised Business within 12 months after the date of this Agreement, this Agreement shall automatically terminate. Franchisee acknowledges and agrees that Franchisee is responsible for obtaining a location for the Franchised Business acceptable to the Company. If Franchisee has not located and the Company has not approved a location for the Franchised Business as of the date of this Agreement, Franchisee agrees that, within six (6) months after

the date of this Agreement, Franchisee will select a location to be approved by the Company and obtain lawful possession of it through a lease. Upon approval of the location for the Franchised Business, the Company will, in accordance with its standard practices, complete Schedule A to this Agreement describing the location. The Company's acceptance or approval of any location is not a representation or warranty of any kind, express or implied, as to the success or profitability of the Franchised Business. The Company does not guarantee the sales, profits or success of the Franchised Business.

B. Lease the Premises. Lease the premises of the Franchised Business in the form and manner prescribed by the Company and deliver a copy of the executed lease to the Company immediately after its execution. The Franchisee agrees not to execute any lease which has not been approved in writing by the Company. If the Franchisee's business premises is to be leased, the lease shall be submitted to the Company for written approval at least fifteen days before it is scheduled to be executed. Such approval shall not be unreasonably withheld. If the Franchisee leases the Franchisee's business premises, the lease must include language contained in the Lease Rider which is attached hereto as Schedule B. The lease shall give the Company, its agents or designees the right to enter the Premises to conduct inspections at any time during regular business hours, the right to receive notices of default directly from the lessor and the right, but not the duty, to assume the lease for all or any part of the term, if the Franchisee defaults under the lease, is evicted or if this Agreement expires or is terminated. The Franchisee further agrees it shall not lease or sublet all or any part of the Franchisee's business premises to others or use any portion of the premises for any purpose other than conducting business pursuant to this Agreement without the Company's prior written consent. If the Franchisee wants to relocate the Franchised Business, the Franchisee must notify Company in writing and pay to the Company a relocation fee equal to fifty percent of the then-current initial franchise fee for a non-discounted first franchise, and which shall be paid in full at least 60 days prior to the relocation. Company reserves the right to refuse to approve a proposed relocation if Company believes that the proposed relocation is for any reason not acceptable to Company. Company's judgment may be based on factors such as the proximity to existing or proposed locations owned by other franchisees or Company, the suitability of the proposed facilities, compliance with Company's then current franchise location requirements, the competitiveness within the marketplace or other factors. Company's approval of the location and the lease does not constitute a guaranty or a representation of the likelihood of success of the location or the viability of the lease terms. Franchisee is encouraged to employ the services of a real estate attorney for legal advice regarding the terms of the lease.

C. Construct the Franchised Business. Franchisee shall promptly after obtaining possession of the site for the Franchised Business: (i) cause to be prepared and submit for approval by Company a site survey and any modifications to Company's basic plans and specifications (not for construction) for the Franchised Business (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating) required for the development of the Franchised Business at the site leased or purchased therefore, provided that Franchisee may modify Company's basic plans and specifications only to the extent required to comply with all applicable ordinances, building codes and permit requirements and with prior notification to and approval by Company (such approval shall not be construed as a guaranty, representation or warranty concerning the likelihood of success of such location); (ii) obtain all required zoning changes, building, utility, health, sanitation and sign permits and licenses and any other required permits and licenses; (iii) purchase or lease equipment, fixtures, furniture and signs provided herein; (iv) complete the construction and/or remodeling, equipment, furniture and sign installation and decorating of the Franchised Business in full and strict compliance with plans and specifications theretofore approved by Company and all applicable ordinances, building codes and permit requirements; (v) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; (vi) purchase in accordance with the Company's specifications and requirements, an initial inventory of products and supplies required for the Franchised Business; (vii) establish filing, accounting and inventory control systems conforming to the requirements presented by the Company; and (viii) otherwise complete development of and have the Franchised Business ready to open and commence the conduct of its business in accordance with the terms of this Agreement. The Franchisee agrees it will not open the Franchised

Business for business without the Company's prior written approval. Within one hundred twenty (120) days of Franchisee's opening the Franchised Business to the public, Franchisee agrees to submit information, in the format prescribed by the Company, regarding all of its costs incurred to construct and open the Franchised Business and all costs and expenses incurred during the first three (3) months after it opened to the public.

D. Lease Renewal. Prior to renewal of the lease, Company must review and approve the lease renewal. Company's approval of the lease renewal shall be conditioned upon the inclusion of terms in the lease acceptable to Company, including but not limited to those provisions required to be included in a lease for a location as specified in this Agreement. Company's approval of the lease renewal does not constitute a guaranty or a representation of the likelihood of success of the location or of the viability of the lease terms. Franchisee is encouraged to employ the services of a real estate attorney for legal advice regarding the terms of the lease. As a condition to approving the lease renewal, Franchisee may be required to remodel, modernize, and redecorate the premises of the Franchised Business at Franchisee's cost so that the Franchised Business reflects the then-current image intended to be portrayed by Franchised Businesses. Upon receiving a request for a lease renewal, Company shall furnish Franchisee with a written notice of any deficiencies or other matters which require correction and a schedule for corrections by Franchisee relating to the image, appearance, decoration, furnishings, equipment and stocking of the Franchised Business and a schedule for effecting upgrading or modifications in order to bring the Franchised Business in compliance with the Company's then-current standards. The fee for Company's services in connection with the lease renewal and the process for evaluating the necessary upgrades is based upon the costs incurred by the Company and is due and payable to Company upon the execution of the lease renewal by the landlord for the Franchised Business premises.

E. Remodel the Premises. Franchisee shall be required to periodically make reasonable capital expenditures to re-equip, remodel, modernize and redecorate the premises of the Franchised Business so that the Franchised Business will reflect the then-current image intended to be portrayed by Franchised Businesses. All remodeling, modernization, or redecoration of the premises of the Franchised Business and all re-equipping and replacing of vehicles, equipment, signs or other assets of the Franchised Business must be done in accordance with the standards and specifications as prescribed by Company from time to time and with the prior written approval of Company. All replacements must conform to Company's then-current quality standards and specifications and must be approved by Company in writing.

F. Conduct the Franchised Business According to System Standards. Conduct the Franchised Business offering only such services and products as Company authorizes from time to time. During the development and operation of the Franchised Business, Franchisee agrees to follow Company's specifications, standards, methods and operating procedures (the "System Standards"). Franchisee agrees to develop and operate the Franchised Business in accordance with each and every System Standard, as periodically modified or supplemented by the Company. System Standards may govern all aspects of the development and operation of the Franchised Business including, without limitation, the following: (1) performance, quality and other relevant characteristics of the services and products offered by the Franchised Business; (2) use of the Marks and protection of confidential information; (3) types of authorized equipment, vehicles, supplies and products; (4) designated and approved suppliers including, without limitation, Company or its affiliates for the purchase of equipment and the Company's proprietary products; (5) minimum hours of operation; (6) participation in market research and testing and product and service development programs prescribed by Company; (7) qualifications, training, appearance and attitude of the Franchised Business' employees; (8) use and retention of standard forms; (9) use of standard formats; (10) use of computer hardware and software; (11) adoption of technological developments or advances; and (12) the addition or deletion of new products and/or services. All products shall be sold only in the weights, sizes, forms and packaging approved by the Company. Franchisee shall bear all costs and expenses pertaining to the development, operation, and maintenance of the Franchised Business and Franchisee's compliance with the System Standards as periodically modified or supplemented by Company.

G. Operating and Maintaining the Franchised Business. Operate and maintain the Franchised Business in accordance with Company's specifications and procedures contained in the Operations Manual. All costs and expenses pertaining to operating and maintaining the Franchised Business shall be borne solely by the Franchisee. The Franchisee agrees to use only those accounting firms, insurance agents, items of equipment, vehicles, inventory, decor, computer hardware and software, supplies, apparel and signs that the Company has approved for a Franchised Business as meeting its specifications and standards for appearance, function, trade dress, design, quality and performance and to purchase or lease them only from the Company, its affiliates or suppliers approved by the Company. If the Franchisee proposes to purchase, lease, or otherwise use any accounting firm, insurance agent, equipment, vehicles, inventory, decor, computer hardware and software, supply, apparel or sign which is not then approved by the Company or from a supplier not then approved by the Company, the Franchisee shall first notify the Company in writing and shall submit to the Company sufficient specifications, photographs, drawings, samples, and information, along with the Company's then current fee for each person which the Company provides for this determination plus reasonable expenses, for a determination by the Company of whether such accounting firm, insurance agent, equipment, vehicles, inventory, decor, computer hardware and software, supply, apparel or sign or proposed supplier complies with its specifications and standards relating to among other factors quality, price, consistency, reliability, financial capability, and customer relations, which determination shall be made and communicated in writing to the Franchisee within six months of receiving all requested information; the maximum fee would be \$5,000. Franchisee acknowledges, agrees and accepts that Company and its affiliates may be making a profit on Franchisee's purchases when Franchisee purchases any goods or services from the Company or its affiliates or a designated supplier or an approved supplier. The Franchisee shall maintain the Franchised Business, equipment, vehicles, and furnishings in good repair, attractive appearance, and sound operating condition. The Franchisee, at Franchisee's expense, shall do the repairs, re-equipping, and remodeling requested by Company. The Franchisee shall make no material replacements of or alterations to the vehicles, equipment, signs or other assets of the Franchised Business without prior written approval by the Company.

H. Operate in Compliance with Law and Manual. Operate the Franchised Business in compliance with applicable laws and governmental regulations, including without limitation, government regulations relating to occupational hazards, preparation and sale of food, serving of alcohol, health, workers' compensation and unemployment insurance, and the withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. The Franchisee will obtain at Franchisee's expense, and keep in force, any permits, licenses or other consents required for the leasing, construction or operation of the Franchised Business. In addition, the Franchisee shall operate the Franchised Business in accordance with the Company's Operations Manual which may be amended from time to time as a result of experience, changes in the law or changes in the marketplace. The Franchisee agrees to conform to such amendments, and to make all reasonable expenditures necessitated by the amendments, within the time periods reasonably established by the Company. The Operations Manual as amended is intended to further the purposes of this Agreement and is specifically incorporated into this Agreement such that it shall constitute provisions of this Agreement as if fully set forth herein. Company shall loan Franchisee one copy of the Company's Operations Manual either as a hard paper copy or an electronic copy. The Franchisee must keep its copy of the Operations Manual current, and the master copy of the Operations Manual maintained by the Company controls if there is a dispute regarding the contents of the Operations Manual. Franchisee shall not copy any part of the Operations Manual, permit any part of it to be copied, or disclose it to anyone not having a need to know its contents for purposes of operating the Franchised Business without Company's permission. The Franchisee shall refrain from conducting any business or selling any services or products other than those approved by the Company. The Franchisee shall use Franchisee's best efforts to promote and enhance the Franchised Business for the full term of this Agreement. The Company may operate for the benefit of franchisees who are in compliance with the System Standards a system of fines which Franchisee would pay for violations of some policies of the Operations Manual. For example, if the Franchisee's employees do not wear the proper attire, then the Franchisee would pay a fine. The system of fines would be described and updated in the Operations

Manual. The Company reserves the right to utilize the electronic funds transfer system to implement the operational fine system.

I. Purchase and Maintain Insurance. Purchase and maintain at all times during the term of this Agreement at Franchisee's sole expense such insurance coverage as Company may, in its sole discretion, prescribe from time to time including, but not limited to, workers' compensation, comprehensive public liability and property damage, dram shop liquor liability, vehicle liability, business interruption and general and umbrella coverages. Such insurance coverage shall be maintained under one or more policies of insurance of the types and containing such terms and conditions and minimum liability protection in such amounts, as are specified from time to time by Company and issued by insurance carriers and insurance agents approved by Company. Company may from time to time increase the minimum amount of coverage required under any policy, and require different or additional kinds of insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies required hereunder shall name Company (and its affiliates, officers, directors, managers, shareholders, members and employees) as additional insureds, shall contain a waiver by the insurance carrier of all subrogation rights against Company (and the above additional insureds) and shall provide that Company will receive thirty (30) days advance written notice of termination, expiration or cancellation or modification of any such policy. Prior to Franchisee's commencement of operations, and annually thereafter, Franchisee shall furnish to Company a copy of the certificate, or other evidence of the insurance, renewal, or extension of each such insurance policy, together with evidence of payment of premiums, evidencing the required limits. If Franchisee does not maintain such insurance as required, the Company may, at its option and in addition to its other rights and remedies hereunder, but shall not be obligated to, obtain such insurance and keep the same in full force and effect on Franchisee's behalf, and Franchisee shall reimburse the Company for all premiums incurred by the Company in connection with obtaining such insurance plus a fifteen percent service charge. In addition, the Franchisee shall defend, indemnify and save the Company harmless from any liability or claim of any type that arises in connection with the operation of the Franchised Business.

J. Use the Accounting and Records System. Use the bookkeeping, accounting, and record keeping system prescribed by the Company and submit to the Company such periodic reports, forms, and records as specified, and in the manner and at the time specified, in the Operations Manual. To ensure uniform financial statements are submitted by Franchisee, the Franchisee agrees to use the Company's standard chart of accounts and profit and loss report format for tracking income and expense items for the Franchised Business. For a period of five years from their date of preparation, the Franchisee will keep on file at the Franchisee's principal office and make available to the Company all such records, including, without limitation, the following: receipts, invoices, payroll records, check stubs, bank deposit receipts, sales tax records and returns, business and personal tax returns, and such journals and transactions which properly summarize the transactions of the Franchised Business. The Franchisee hereby grants permission to the Company to examine all records of any supplier pertaining to Franchisee's purchases.

1. The Franchisee shall furnish to the Company the following reports among others: (i) by the first day after the end of the business week (currently Sunday), a telephonic or other electronic report (as the Company designates) of the Gross Sales of the Franchised Business for the preceding week; (ii) by the second day after the end of the business week, a written report of the Gross Sales of the Franchised Business for the preceding week; (iii) by the fifteenth day after each calendar month, a profit and loss statement for the preceding calendar month and a year-to-date profit and loss statement and balance sheet; and (iv) within seventy-five days after the end of each calendar year, a calendar year end balance sheet and an annual profit and loss statement for the calendar year reflecting all year-end adjustments. The Franchisee must verify and sign all reports submitted to the Company. If the Franchisee fails to report Franchisee's Gross Sales on a timely basis, the Company may estimate Franchisee's Gross Sales; the Company may then deposit any unpaid Royalty Fee, brand fund contribution or other amount due by use of the electronic funds transfer system. The Franchisee authorizes the Company to utilize the Franchisee's name, business address and telephone number, home address and

telephone number, revenues, expenses, profits and/or any other data supplied by Franchisee in such manner and for such purposes as the Company may desire, including but not limited to, operations reports, advertising reports, other business reports and in any publication, disclosure document, or advertisement related to the sale of franchised businesses or related entities by Company, anywhere, at any time, without specific compensation therefore.

2. The Company may require the Franchisee to utilize a computer system, including a customer order processing and inventory control system and/or cash register and credit/debit card system, that is fully compatible with any programs or system that the Company, in its discretion, employs from time to time. All Gross Sales and sales related information shall be recorded on such equipment. The Company shall have full access to all of Franchisee's data, system and related information by means of direct access whether in person or by telephone/modem or other electronic means.

3. The Franchisee shall allow the Company's representatives to enter, without prior notice, Franchisee's business premises during business hours to inspect and audit Franchisee's business operations, records, and reports. In the event any such inspection or audit shall disclose an understatement of the Gross Sales of the Franchised Business for any period, the Franchisee shall pay to the Company within ten days after receipt of the inspection or audit report, the royalty fee, brand fund contribution, and other fees plus interest and late fees due on the amount of the understatement. Further, in the event such audit is made necessary by the failure of the Franchisee to furnish reports, financial statements, tax returns or schedules as herein required, or if an understatement of Gross Sales for any period is determined by any such inspection or audit to be greater than two percent, the Franchisee shall reimburse the Company for the cost of such inspection or audit including without limitation the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of employees or agents of the Company and the Company shall have the right to require the Franchisee to furnish, at the Franchisee's sole cost and expense, audited financial statements thereafter. In addition, the Franchisee shall pay for all costs, as specified above, of the inspection and audit if Franchisee's books and records are not produced at the time of the inspection and audit, provided that the Company notified the Franchisee at least five days prior to the scheduled inspection and audit date. The Company shall have the right to review the operation and administration of the Franchised Business by quality control testing, periodic field reviews and such other tests, reviews and inspections and other reasonable actions deemed desirable by the Company.

4. The Franchisee acknowledges that to assure compliance with this Agreement, Company shall have the unrestricted right to enter the Franchised Business to examine the operations and facilities including, but not limited to, testing, sampling, inspecting and observing the rendering of the services and products sold by Franchisee in order to ascertain compliance or noncompliance with this Agreement. Franchisee shall be under an affirmative duty to cooperate with Company or its duly authorized representatives in any such inspection by rendering any assistance as may be reasonably requested. Company shall have the right to observe, photograph, record and video tape the Franchisee's business operations for such consecutive or intermittent periods as Company deems necessary. Company shall have the right to interview personnel and customers of the Franchised Business.

5. The Company shall have the right to implement a third-party mystery shopper program at the Franchised Business. The Company may require the Franchisee to pay the cost of the program to the third-party mystery shopper firm directly or to remit the monies to the Company which will then pay the third-party mystery shopper firm.

6. The Company may contract with third-party firms to perform periodic quality assurance audits of the Franchised Business. The Company may require the Franchisee to pay the cost of the quality assurance audits to the quality assurance firm directly or to remit the monies to the Company which will then pay the quality assurance firm.

7. Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors and the general public adhere to the highest standards of honesty, fair dealing and ethical conduct. If Company deems that Franchisee did not fairly handle a customer complaint, Company has the right to intervene and satisfy the customer. Company has the right to terminate this Agreement for repeated violation of this Section. Franchisee must respond within forty-eight (48) hours to each and every customer complaint and must offer a full refund as a way to resolve any customer complaint. Franchisee shall reimburse Company for all costs incurred by Company in servicing a customer of the Franchised Business pursuant to this Section.

8. Upon the occurrence of a Crisis Management Event, Franchisee agrees to immediately inform Company of such event and to cooperate fully with Company and with the appropriate authorities with respect to the investigation of the Crisis Management Event. In an effort to mitigate possible damages to the Marks and the System, Franchisee must cooperate fully with Company with respect to managing statements and other responses to the Crisis Management Event. "Crisis Management Event" means any event that occurs at or about the Franchised Business premises or in connection with the operation of the Franchised Business that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, data breaches, real or threatened, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the Marks.

K. Refrain from Owning Conflicting or Competing Interests. Not be directly or indirectly associated as an employee, proprietor, stockholder, partner, member, agent, officer, or director, consultant, representative, manager, spouse, parent, sibling or in any other capacity with, or operate, engage, own, invest in, or participate in any other restaurant featuring seafood or the other food items on the then-current standard SURF'S UP menu, during the term of this Agreement, except as a duly licensed SURF'S UP franchisee. Franchisee shall not own, engage or participate in any other business, directly or indirectly, during the term of this Agreement, which franchises or otherwise grants to others the right to operate a restaurant featuring seafood or the other food items on the then-current standard SURF'S UP menu. Franchisee shall operate the Franchised Business in a manner which maximizes Franchisee's Gross Sales consistent with sound marketing and business practices, and Franchisee shall not engage in any business practice which reduces Franchisee's Gross Sales. Franchisee shall not solicit or employ or contract with any person who is a current or former employee or independent contractor of Company or any other SURF'S UP restaurant at any time during the twelve-month period immediately prior thereto.

L. Contribute to the Brand Fund. Contribute to the brand fund (the "Brand Fund") for such advertising and marketing programs as the Company in its sole discretion from time to time deems appropriate. The Company shall direct all advertising and marketing programs financed by the Brand Fund, with sole discretion over the creative concepts, materials and endorsements used therein, and the geographic, market and media placement and allocation thereof. Franchisee agrees to contribute to the Brand Fund Fifty Dollars (\$50.00) per week. Brand Fund contributions shall be paid together with the Royalty Fee due hereunder.

1. Franchisee agrees that the Brand Fund may be used to pay the costs of preparing advertising materials and administering national, regional and local advertising programs and public relations activities. These programs and activities may include, without limitation, creating direct mail and media materials, formulating advertising and marketing programs, developing and maintaining website and internet-based advertising and marketing programs, intranet development and ongoing operation, toll-free locator services, email systems and services, creation and management of loyalty program(s), employing advertising agencies to assist therewith, research and development for future

potential products or services, events or charitable sponsorships, and providing brochures and other advertising and marketing materials for SURF'S UP restaurants, and participating in any national or regional trade shows that Company, in its sole discretion, deems appropriate. Through the Brand Fund, the Company may furnish Franchisee with approved advertising and marketing materials on the same terms and conditions as such materials are furnished to other SURF'S UP restaurants. The Brand Fund shall be accounted for separately from the other funds of the Company and shall not be used to defray the Company's general operating expenses, except for such reasonable salaries, administrative costs and overhead as the Company may incur in activities reasonably related to the administration of the Brand Fund and its advertising and marketing programs (including, without limitation, conducting market and product/service research, preparing advertising and marketing materials and collecting and accounting for contributions to the Brand Fund). The Company shall be authorized to spend in any fiscal year an amount greater or less than the aggregate contribution of all SURF'S UP restaurants to the Brand Fund in that year; and the Brand Fund may borrow from the Company or other lenders to cover deficits of the Brand Fund or cause the Brand Fund to invest any surplus for future use by the Brand Fund. A report of the receipts and disbursements of the Brand Fund, which may be audited, shall be prepared annually and shall be made available to Franchisee upon written request. The cost of preparing the report shall be paid by the Brand Fund. Franchisee understands and acknowledges that the Brand Fund is intended to maximize general public recognition and patronage of the Marks and SURF'S UP restaurants for the benefit of all SURF'S UP restaurants and that the Company undertakes no obligation in administering the Brand Fund to ensure that expenditures which are proportionate or equivalent to Franchisee's contributions are made for the market area of the Franchised Business or that any SURF'S UP restaurant benefits directly or pro rata from the conduct of marketing programs or the placement of advertising. Except as expressly provided in this Section, the Company assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Brand Fund.

2. The Company shall also be allowed to cause the Brand Fund to be incorporated or operated through an entity separate from the Company at such time as the Company deems appropriate; such entity shall have the same rights and duties as the Company does pursuant to this Section. Upon thirty days prior written notice to Franchisee, the Company shall have the right, in its sole discretion, (i) to suspend contributions to and operation of the Brand Fund for one or more periods that Company determines to be appropriate or (ii) to terminate the Brand Fund. The Company shall distribute all unspent monies of the Brand Fund which was terminated to the Company, its affiliates and franchisees in proportion to their respective contributions to the Brand Fund during the preceding twelve-month period. The Company shall have the right to reinstate the Brand Fund upon the same terms and conditions as set forth in this Agreement, upon thirty days prior written notice to Franchisee.

3. Franchisee shall spend within one month before and one month after the opening of the Franchised Business a minimum of \$3,000 on local advertising, marketing and promotion of the opening of the Franchised Business in accordance with an opening marketing plan approved by the Company. These grand opening expenditures are in addition to the Brand Fund contributions specified above.

4. Provided that a majority of the SURF'S UP locations in Franchisee's ad-coverage area agree to participate in the program, Franchisee shall participate in and contribute its share to additional advertising and promotional programs in Franchisee's ad-coverage area. The cost of the program shall be allocated among the locations in such area and each location's share shall be in proportion to its sales during the preceding twelve (12) month period. "Ad-coverage area" shall be defined as the area covered by the advertising medium (television, radio or other media) as recognized in the industry. At the time a program is submitted, Company shall submit a list of all operating locations within the ad-coverage area.

5. In addition to Franchisee's obligations to pay into the Brand Fund and to pay for the grand opening expenditures, as set forth above, Franchisee agrees to expend quarterly on local advertising and promotions of the Franchised Business and the Marks in each fiscal year of the Company

at least two percent (2%) of Franchisee's Gross Sales. Amounts contributed to the ad-coverage area advertising and promotions requirement pursuant to the prior paragraph shall be credited towards Franchisee's requirement for local advertising and promotions under this paragraph. Expenditures in any fiscal year in excess of such minimum advertising requirement shall not be credited against minimum advertising requirements for any other fiscal year. The Company shall have the right to review Franchisee's books and records from time to time to determine Franchisee's expenditures for such required advertising and promotion. If the Company determines that Franchisee has not spent the requisite amount, the Company may require Franchisee to pay such unexpended amounts to the Brand Fund.

6. For purposes of the foregoing minimum advertising requirements, advertising expenditures shall include contributions to Company-approved advertising cooperatives, and amounts expended for advertising media such as television, radio, newspaper, billboards, magazines, posters, direct mail, social media marketing if approved by the Company, program booklet advertising, collateral promotional and novelty items, advertising on public vehicles, and, if not provided by the Company, the cost of producing approved materials necessary to participate in these media, including advertising agency commissions related to the production of such advertising. Advertising expenditures shall not include payments for items which the Company, in its reasonable judgment, deems inappropriate for meeting the minimum advertising requirements, including, without limitation, payments in connection with permanent on-premises signs, lighting, purchasing or maintaining vehicles, even though such vehicles may display the Marks, and other payments.

7. Prior to their use by Franchisee, samples of all local advertising, promotion and public relations materials not prepared or previously approved by the Company shall be submitted to the Company for approval, which shall not be unreasonably withheld. If written disapproval is not received by Franchisee within fourteen (14) days from the date of receipt by the Company of such materials, the Company shall be deemed to have given the required approval. Franchisee shall not use any advertising, promotion or public relations materials that the Company has disapproved.

8. Company may establish, acquire, or host any website(s) to advertise, market, and promote SURF'S UP restaurants, the products and services that they offer and sell, and/or a SURF'S UP franchise opportunity (each a "Franchise System Website"). Company may (but is not required to) provide Franchisee with a webpage on a Franchise System Website that references Franchisee's Franchised Business for informational purposes only. If Company provides Franchisee with a webpage on a Franchise System Website, Franchisee must: (i) provide Company the information and materials Company requests to develop, update, and modify Franchisee's webpage; (ii) notify Company whenever any information on Franchisee's webpage is not accurate; and (iii) if, from time to time, Company gives Franchisee permission to modify Franchisee's webpage, notify Company whenever Franchisee changes the content of Franchisee's webpage about what was changed and when. Company will own all intellectual property and other rights in all Franchise System Websites, including Franchisee's webpage and all information it contains (including the domain name, any associated URL or email address, any website analytical data, and any personal or business data that visitors supply).

Company may use Brand Fund assets to develop, maintain and update any Franchise System Website. Company periodically may update and modify any Franchise System Website (including Franchisee's webpage). Franchisee acknowledges that Company has final approval rights over all information on any Franchise System Website (including Franchisee's webpage). Company may implement and periodically modify system standards relating to any Franchise System Website.

Even if Company provides Franchisee a webpage on a Franchise System Website, Company will only maintain this webpage while Franchisee is in full compliance with this Agreement and all system standards which Company implements (including without limitation those relating to Franchise System Websites). If Franchisee is in default of any obligation under this Agreement or Company's system standards, then Company may temporarily remove Franchisee's webpage from any Franchise System Website (or all Franchise System Websites) until Franchisee fully cures the default. Company will

permanently remove Franchisee's webpage from all Franchise System Websites upon this Agreement's expiration or termination.

Company may require Franchisee to provide notice of any Franchise System Website in the advertising, marketing, and promotional materials that Franchisee develops for Franchisee's Franchised Business in the manner Company designates. Company reserves the sole right to sell the products and services sold by SURF'S UP restaurants on the internet through Franchise System Websites. Franchisee agrees that Franchisee will not sell any SURF'S UP products or services to customers on a website through the internet or through any alternative channels of distribution without the Company's prior written consent, which Franchisee acknowledges and agrees Company may withdraw at any time.

Company reserves the right to require Franchisee to obtain from Company and use an email address associated with Company's registered domain name. If Company requires Franchisee to obtain and use such an email address, Franchisee must do so according to Company's then-current terms and conditions.

Except as provided above, or as approved by Company in writing, Franchisee may not develop, maintain or authorize any website, domain name, URL address, email address, other online presence or other electronic medium that mentions Franchisee's Franchised Business, links to any Franchise System Website or displays any of the Marks, or engage in any promotional or similar activities, whether directly or indirectly, through or on the internet, or any other similar proprietary or common carrier electronic delivery system. If Company approves the use of any such websites, other online presences or electronic mediums, including social networking websites (such as LinkedIn®, Twitter®, Instagram®, Facebook®, or YouTube®) in the operation of Franchisee's Franchised Business, or the posting of messages relating to Franchisee's Franchised Business on other websites, Franchisee will do so only in accordance with Company's guidelines. Company reserves the right to require Company's pre-approval of any message Franchisee composes for a social networking website or commentary for any other website before Franchisee posts such message or commentary.

M. Use the Marks Properly. Use the Marks as the sole identification of the Franchised Business, provided that Franchisee shall identify himself as the independent owner thereof in the manner prescribed by the Company. Franchisee shall not use any Marks as part of any company or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may Franchisee use any Marks in connection with the sale of any unauthorized service or product or in any other manner not expressly authorized in writing by the Company. Franchisee agrees to display the Marks in the manner prescribed by the Company on or in connection with signs, posters, displays, service contracts, stationery and other forms Company designates. Further, Franchisee agrees to give such notices of trademark or service mark registrations and copyrights as the Company specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law. All bank accounts, licenses, permits or other similar documents shall contain the actual name of the person or entity owning the Franchised Business and may contain "d/b/a SURF'S UP". Any sign face bearing the Marks shall remain the property of the Company even though the Franchisee may have paid a third party to make the sign faces.

1. Franchisee shall immediately notify the Company in writing of any apparent infringement of or challenge to Franchisee's use of any Marks, or claim by any person of any rights in any Marks or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee shall not communicate with any person other than the Company and its counsel in connection with any such infringement, challenge or claim. The Company and its affiliates shall have sole discretion to take such action as they deem appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Marks. Franchisee agrees to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of the Company's counsel, or the counsel of the Company's affiliates, be necessary or advisable to protect

and maintain the interests of the Company and its affiliates in any such litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding or to otherwise protect and maintain the interests of the Company and its affiliates in the Marks.

2. The Company agrees to indemnify Franchisee against, and to reimburse Franchisee for, all damages for which Franchisee is held liable in any proceeding in which Franchisee's use of any Marks, pursuant to and in compliance with this Agreement, is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by Franchisee in the defense of any such claim brought against Franchisee or in any such proceeding in which Franchisee is named as a party, provided that Franchisee has timely notified the Company of such claim or proceeding and has otherwise complied with this Agreement and that the Company shall have the right to defend any such claim. If the Company does undertake to defend such claim, then the Company shall have no obligation to indemnify or reimburse Franchisee for any fees or disbursements of counsel Franchisee retains.

3. If it becomes advisable at any time, in the Company's sole discretion, for the Company and/or Franchisee to modify or discontinue use of any Marks, and/or use one or more additional or substitute trademarks or service marks, Franchisee agrees to comply therewith a reasonable time after notice thereof by the Company, and the sole liability and obligation of the Company and its affiliates in any such event shall be to reimburse Franchisee for the out-of-pocket costs of complying with this obligation.

4. Franchisee acknowledges the Company's prior rights in and to the Marks and that Franchisee's right to use the Marks is derived solely from this Agreement and is limited to the conduct of Franchisee's business pursuant to and in compliance with this Agreement and all applicable specifications, standards and operating procedures prescribed by the Company from time to time during the term of this Agreement. Any unauthorized use of the Marks by Franchisee shall constitute an infringement of the rights of the Company in and to the Marks. Franchisee agrees that all usage of the Marks by Franchisee and any goodwill established thereby shall inure to the exclusive benefit of the Company, and Franchisee acknowledges that this Agreement does not confer any goodwill or other interest in the Marks upon Franchisee. All provisions of this Agreement applicable to the Marks shall apply to any additional trademarks, service marks, logo forms and commercial symbols hereafter authorized for use by and licensed to Franchisee pursuant to this Agreement.

5. Any improvements or additions to the System, website or any other documents or information pertaining to or relating to the System or the Franchised Business, or any new trade names, trade and service marks (whether claimed under common law or from federal or state agencies), logos, or commercial symbols related to the Franchised Business or any advertising and promotional ideas or inventions related to the Franchised Business (collectively, the "Improvements") conceived or developed or used by Franchisee shall become Company's property. Franchisee agrees to assign and does hereby assign to Company, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. Franchisee shall fully disclose the Improvements to Company, without disclosure of the Improvements to others, and shall obtain Company's written approval prior to using such Improvements. Any such Improvement may be used by Company and all of Company's other businesses without any obligation to Franchisee for royalties or other fees. Company may, at Company's discretion, apply for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and Franchisee shall cooperate with Company in securing such rights. Company may also consider such Improvements as Company's property and trade secrets. In return, Company shall, in accordance with the other terms of this Agreement, authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. All Improvements created by Franchisee or any other person or entity retained or employed by Franchisee are Company's property, and Company shall be entitled to use and license others to use such Improvements unencumbered by moral rights. If any of the Improvements are copyrightable materials, they shall be works made for hire within the meaning of

the United States Copyright Act and, to the extent the copyrightable materials are not works made for hire or rights in the copyrightable materials do not automatically accrue to Company, Franchisee irrevocably assigns and agrees to assign to Company, and Company's successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such copyrighted materials, which Franchisee and the author of such copyrighted materials warrant and represent as being created by and wholly original with the author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure Company's right in the Improvements as required in this Section.

6. Company shall be entitled to use and publish in printed and digital publications and on websites the name, likeness and voice of Franchisee and its Agents for purposes of promoting the franchise, the Franchisee, the Company and its services and products, including all photos and audio and video recordings of Franchisee and its Agents, and Franchisee hereby irrevocably consents thereto. Franchisee acknowledges that Company will own all right, title and interest, to the extent allowed by law, in all rights of integrity, disclosure and publication and any other rights that may be known as or referred to as "moral rights," "artist's rights," "publicity rights" or the like associated with such photos and audio and video recordings, and assigns and transfers unto Company the full and exclusive right, title and interest to such rights. Franchisee agrees and irrevocably authorizes Company to edit, alter, copy, exhibit, publish or distribute any photograph or audio or video of Franchisee for any lawful purpose. Franchisee agrees and waives any rights to royalties or any other compensation related to Company's use of any photograph, audio or video of Franchisee. Franchisee agrees to hold harmless and forever discharges Company from all claims, demands, and causes of action which Franchisee may have in connection with this authorization. For purposes of this Agreement, the term "Agents" means Franchisee's principals, directors, officers, shareholders, members, managers and employees.

N. Methods of Payment and Data Security. Maintain, at all times, credit-card relationships with the credit and debit card issuers or sponsors, check or credit verification services, gift card providers, financial-center services, merchant service providers, and electronic-funds-transfer systems (together, "Credit Card Vendors") that Company may periodically designate as mandatory. The term "Credit Card Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Pay"). Franchisee agrees not to use any Credit Card Vendor for which Company has not given Franchisee Company's prior written approval or as to which Company has revoked Company's earlier approval. Company has the right to modify Company's requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke Company's approval of any service provider. Franchisee must also accept checks and other methods of payment which we specify. Company may require Franchisee to obtain such services through Company or Company's affiliates.

Franchisee must at all times ensure that Franchisee is in compliance with the applicable regulations and requirements issued by the credit card processing companies and banking industries. Franchisee agrees to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that Company may reasonably specify. Among other things, Franchisee agrees to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

O. Make Prompt Payment of All Amounts Due. Make prompt payment of all amounts due to the Company and its affiliates and to suppliers, vendors, lessors, utilities and any landlord of the Franchised Business. Royalty Fees, Brand Fund contributions, and any other amounts Franchisee owes to the Company or its affiliates shall bear interest, compounded from the date due until fully paid, at the rate of two percent per month; provided however, that in the event such rate exceeds the maximum rate allowable by applicable law, such amounts will bear interest at such maximum rate. Franchisee shall also pay the Company and its affiliates a late fee of the greater of \$150 or the amount stated in the

Operations Manual for every notification or demand for payment, or for non-sufficient funds payments by check or electronic transfer, or for failure to timely provide required reports and financial statements, or for any other violation of this Agreement. Franchisee acknowledges that the interest and late fee do not constitute the Company's agreement to accept payments after they are due and are in addition to any other remedy available to the Company, including without limitation default and termination of this Agreement. Time is of the essence of this Agreement. The Company may require, currently or in the future, all Royalty Fees, Brand Fund contributions, ad-coverage area contributions, and any other amounts which Franchisee owes to the Company or its affiliates to be paid by or through an electronic depository transfer account as further described in the Operations Manual. Payments for all amounts shall be in accordance with the procedures set forth in the Operations Manual. The Company shall have sole discretion to apply any payments made by Franchisee to any of Franchisee's amounts due to the Company or its affiliates, including, without limitation, any amounts Franchisee may owe as Brand Fund contributions or other advertising fees. Franchisee agrees that Franchisee will not, for any reason whatsoever, including without limitation on grounds of the alleged nonperformance by the Company or its affiliates of any obligations hereunder, set off against or withhold payment of any Royalty Fee, Brand Fund contribution, or any other amounts due to the Company or its affiliates.

1. To secure Franchisee's performance under this Agreement, Franchisee hereby grants to Company a security interest in and to all of Franchisee's tangible and intangible property used to operate the Franchised Business including without limitation all Franchisee's equipment, accounts, deposit accounts, inventory, investment property, general intangibles, and money. Company shall record appropriate financing statements to protect and perfect its rights as a secured party. Except with Company's prior written consent, which it shall not unreasonably withhold, Franchisee will not grant any person or business entity a security interest in Franchisee's tangible or intangible assets of the Franchised Business. Company agrees to subordinate its security interest if requested by a lender providing financing to Franchisee provided that such lender: (i) agrees to provide Company with written notice in the case of Franchisee's default at the same time that the lender serves Franchisee with such notice of default; (ii) provides Company the right, but not the obligation, to cure the default under the loan or financing agreement; (iii) notifies Company if the lender assigns its interest in the loan or financing to a third party, who the lender must require to take subject to these restrictions; (iv) provides Company with a copy of the loan or financing documents which may not be materially modified at any time without Company's prior written consent so that Company may confirm that any changes do not materially impair its rights provided this section; and (v) does not take a primary security interest in Company's Marks or intellectual property or any equipment or materials bearing the Company's Marks or intellectual property. It will be Franchisee's obligation to ensure that any loan or financing arrangements contain the above conditions and no such failure will constitute a waiver of Company's rights in this section.

P. Ongoing Training. Shall participate, if Company requires, in up to five days per calendar year of refresher training in the operations and marketing of the Franchised Business at Franchisee's expense. The refresher training would be at a location which the Company selects. The refresher training may or may not take place at an annual convention of franchisees.

Q. Convention. Shall attend, if Company requires, a national business meeting or convention of franchisees for up to four days once per calendar year at Franchisee's expense. The convention would be at a location which the Company selects.

R. Advisory Council. Franchisee shall participate actively in a Regional Advisory Franchisee Council ("Council") and participate in all Council programs, for Franchisee's particular Council, approved by Company. Such Council may be formed by Company, in its sole discretion, at any time that more than one franchisee conducts a Franchised Business in any given region, the boundaries of which will be determined by Company in its sole discretion. The purposes of the Council(s) include, but are not limited to, exchanging ideas and problem-solving methods, advising Company on expenditures for system-wide marketing, public relations and advertising, and coordinating franchisee efforts. Franchisee shall pay all assessments levied by the Council, and Company has the right to enforce this obligation. Amounts and

expenditures may vary from time to time due to variations in Council participation and costs as determined by a particular Council and as approved by Company.

S. Software Program. If Company develops and custom designs or designates or requires a software program and/or hardware system for conducting accounting, inventory or point-of-sale functions and/or other activities related to the Franchised Business (hereinafter "Software Program"), Franchisee agrees to implement the Software Program into the Franchised Business, and to comply with all specifications and standards prescribed by Company regarding the Software Program as provided from time to time in the Company manuals. At such time as Company requires the implementation of such Software Program, Franchisee shall only utilize the Software Program as prescribed by Company. At such time as Company requires the implementation of such Software Program, Franchisee shall be required to purchase, lease or license the designated Software Program, to purchase or lease specified computer hardware compatible with Company's Software Program requirements and contract for on-going service, maintenance and support for such hardware and Software Program at terms designated by Company or its suppliers.

1. COMPANY HEREBY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, AS TO ANY ASPECT OF THE SOFTWARE PROGRAM, ANY OTHER SOFTWARE AND ANY COMPUTER EQUIPMENT MADE AVAILABLE TO FRANCHISEE BY COMPANY OR SUGGESTED OR REQUIRED TO BE USED BY FRANCHISEE PURSUANT TO THIS AGREEMENT, THEIR OPERATION OR THE SERVICES TO BE PERFORMED BY COMPANY HEREUNDER, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN, CONDITION, CAPACITY, PERFORMANCE, TITLE, AND NON-INFRINGEMENT OF THIRD PARTY RIGHTS. IT IS SPECIFICALLY UNDERSTOOD AND AGREED THAT THE SOFTWARE PROGRAM, ANY OTHER SOFTWARE AND ANY COMPUTER EQUIPMENT MADE AVAILABLE BY COMPANY TO FRANCHISEE PURSUANT TO THIS AGREEMENT ARE MADE AVAILABLE ON AN AS-IS BASIS. IN NO EVENT SHALL COMPANY BE LIABLE (WHETHER IN CONTRACT, WARRANTY, TORT OR OTHERWISE) TO FRANCHISEE, THIRD PARTIES OR ANY OTHER PERSON CLAIMING THROUGH OR UNDER FRANCHISEE, FOR ANY DAMAGES OR EXPENSES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF REVENUES, LOSS OF SAVINGS, LOSS OF USE, LOSS OR CORRUPTION OF DATA OR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, ARISING OUT OF OR IN CONNECTION WITH ANY USE, OR INABILITY TO USE, THE SOFTWARE PROGRAM, ANY OTHER SOFTWARE AND ANY COMPUTER EQUIPMENT MADE AVAILABLE BY COMPANY TO FRANCHISEE PURSUANT TO THIS AGREEMENT, WHETHER CAUSED BY DEFECT, NEGLIGENCE, BREACH OF WARRANTY, DELAY IN DELIVERY OR OTHERWISE, EVEN IF COMPANY HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR EXPENSES. FURTHER, NO OBLIGATION OR LIABILITY SHALL ARISE OR FLOW OUT OF COMPANY'S OR COMPANY'S DESIGNATED SUPPLIER'S RENDERING OF TECHNICAL OR OTHER ADVICE OR SERVICE IN CONNECTION WITH THE SOFTWARE PROGRAM, ANY OTHER SOFTWARE AND ANY COMPUTER EQUIPMENT MADE AVAILABLE BY COMPANY TO FRANCHISEE PURSUANT TO THIS AGREEMENT. FRANCHISEE EXCLUSIVELY BEARS FULL AND COMPLETE LIABILITY AND RESPONSIBILITY FOR ITS USE AND RELIANCE ON THE SOFTWARE PROGRAM, ANY OTHER SOFTWARE AND ANY COMPUTER EQUIPMENT MADE AVAILABLE BY COMPANY TO FRANCHISEE PURSUANT TO THIS AGREEMENT, EVEN IF SUCH USE WERE TO PRODUCE INCORRECT INFORMATION OR ERRONEOUS RESULTS. IN NO EVENT SHALL COMPANY'S TOTAL LIABILITY FOR FRANCHISEE'S USE OF THE SOFTWARE PROGRAM, ANY OTHER SOFTWARE AND ANY COMPUTER EQUIPMENT MADE AVAILABLE BY COMPANY TO FRANCHISEE PURSUANT TO THIS AGREEMENT EXCEED TWO THOUSAND DOLLARS.

T. Approved Products, Distributors and Suppliers. The reputation and goodwill of Franchised Businesses is based upon, and can be maintained only by, the sale of distinctive, high quality food products and beverages and the presentation, packaging, service and delivery of such products in an efficient and appealing manner. Company has or will develop various food products, ingredients, spices,

seasonings, coatings, batters, mixes, preparation methods, cooking methods, beverages and product mixes which will be prepared by or for Company according to Company's secret recipes and formulas. Company has or will develop standards and specifications for other food products, ingredients, spices, seasonings, coatings, batters, mixes, preparation methods, cooking methods, beverages, materials and supplies incorporated in or used in the preparation, cooking, serving, packaging and delivery of prepared food products authorized for sale at the Franchised Businesses. Company has and will periodically approve suppliers and distributors of the foregoing products that meet its standards and requirements, including, without limitation, standards and requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations and customer relations. Franchisee agrees that the Franchised Business will: (1) purchase Company's seasonings, product mixes and other products developed by Company pursuant to a secret recipe or formula, only from Company or a third party licensed by Company to prepare and sell such products; and (2) purchase from distributors and other suppliers approved by Company all other goods, food products, ingredients, spices, seasonings, coatings, batters, mixes, beverages, materials and supplies used in the preparation of the food products, and equipment, menus, forms, paper and plastic products, packaging or other materials that meet Company's standards and specifications for the same. Company may from time to time modify the list of approved brands and/or suppliers, and Franchisee shall not, after receipt in writing of such modification, reorder any brand from any supplier which is no longer approved. Company may approve a single distributor or other supplier for any product and may approve a distributor or other supplier only as to certain products. Company may concentrate purchases with one or more distributors or suppliers to obtain lower prices and/or the best advertising support and/or services for any group of locations franchised or operated by Company. Approval of a distributor or other supplier may be conditioned on requirements relating to the frequency of delivery, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such distributor or other supplier by Company. Franchisee shall notify Company and submit to Company along with the Company's then-current fee for each person which the Company provides for this determination plus reasonable expenses, not to exceed \$5,000, such information, specifications, and samples as Company requests if the Franchised Business proposes to purchase any food products, ingredients, spices, seasonings, coatings, batters, mixes, beverages, menus, equipment, forms, paper or plastic products, packaging, utensils, or other materials from a distributor or other supplier who has not been previously approved by Company. Company shall notify Franchisee within six months of Company's receiving all requested information whether the Franchised Business is authorized to purchase such products from such distributor or other supplier. Company may impose reasonable inspection and supervision fees on approved suppliers.

U. Technology Services. Franchisee shall pay to Company a Technology Fee which is currently \$50 per week. The first payment shall be due on the first Tuesday of the week after the Franchised Business opens for business. The Technology Fee is currently used to provide Franchisee with technology related services including without limitation website maintenance and email address costs. Company may increase the amount of the Technology Fee as necessary to compensate for the ongoing technology related services and benefits provided to Franchisee. In addition to the services provided by the Technology Fee, Franchisee agrees to pay the providers of other required or recommended technology services and products on time and according to the terms provided by such suppliers.

V. Catering and Delivery Service. Franchisee agrees that the Franchised Business shall offer catering and delivery services. Company shall have the right to prescribe from time to time the boundaries beyond which the Franchised Business may not offer catering or delivery services and the standards and specifications for catering and delivery in order to preserve the quality and freshness of food products when delivered.

6. Term. Commencing upon the date of this Agreement, the term of this Agreement is ten (10) years, unless terminated prior thereto pursuant to the provisions hereof. Franchisee may, at Franchisee's option, renew this franchise term for three additional five (5) year terms subject to the following conditions which must be met prior to each renewal: (i) Franchisee shall have delivered to the Company written notice of Franchisee's desire to exercise Franchisee's option to renew at least six (6)

months, but no more than twelve (12) months prior to the expiration of the term of this Agreement; (ii) Franchisee shall have during the entire term of this Agreement substantially complied with all of its provisions and the provisions of any other agreement between Franchisee and the Company and/or its affiliates; (iii) the Company and Franchisee (and Franchisee's shareholders or partners or members, if Franchisee is a corporation or partnership or limited liability company) shall execute the form of franchise agreement and such ancillary agreements as are then customarily used by Company in the grant of franchises (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise); (iv) Franchisee shall refurbish and remodel the premises of the Franchise Business and replace the vehicles and equipment of the Franchised Business to be in compliance with the then current standards and specifications utilized in the granting of franchises; and (v) Franchisee (and Franchisee's shareholders or partners or members, if Franchisee is a corporation or partnership or limited liability company) shall execute general releases, in form satisfactory to Company, of any and all claims against the Company and its affiliates, and their officers, directors, managers, shareholders, members, employees and agents. The franchise agreement and ancillary agreements at the time of renewal may contain materially different terms from those contained in this Agreement. Franchisee shall pay to Company a renewal fee equal to twenty percent (20%) of the then-current initial franchise fee for a non-discounted first franchise. Failure by Franchisee (and Franchisee's shareholders or partners or members, if Franchisee is a corporation or partnership or limited liability company) to sign such agreement(s) and releases within thirty (30) days after delivery thereof to Franchisee shall be deemed an election by Franchisee not to renew. If Franchisee, for any reason, abandons, surrenders, or suffers revocation or non-renewal of all or part of Franchisee's rights and privileges under this Agreement, then all such rights and privileges shall revert to the Company.

If Franchisee does not sign a new franchise agreement prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at Company's option, this Agreement may be treated either as (i) expired as of the date of expiration with Franchisee's then operating without a franchise to do so and in violation of Company's rights; or (ii) continued on a month-to-month basis ("Interim Period") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

7. Termination.

A. Termination by Franchisee. If Franchisee is in substantial compliance with this Agreement and the Company materially breaches this Agreement and fails to cure such breach within a reasonable time, which in no event shall be less than ninety (90) days, after written notice thereof is delivered to the Company, Franchisee may terminate this Agreement. Such termination shall be effective ten (10) days after delivery to the Company of notice that such breach has not been cured and Franchisee elects to terminate this Agreement. Except as described in this Section, Franchisee has no right to terminate this Agreement.

B. Termination by Company. In addition to the other provisions of this Agreement allowing termination, the Company may terminate this Agreement effective upon delivery of notice of termination to Franchisee in the following circumstances:

1. Franchisee becomes insolvent; makes an assignment for the benefit of creditors; files a voluntary petition in bankruptcy; files any pleading seeking any reorganization, liquidation or dissolution under any law; admits or fails to contest the material allegations of any such pleading filed against Franchisee; is adjudicated a bankrupt; a receiver is appointed for a substantial part of Franchisee's assets; or the claims of creditors of Franchisee or the Franchised Business are abated or subject to a moratorium under any law;

2. If Franchisee or its manager(s) fails to pass the training program for franchisees, or if Franchisee fails to provide Company with a copy of the fully executed lease for the Franchised Business within 6 months after the date of this Agreement, or if Franchisee fails to commence operating the Franchised Business within 12 months after the date of this Agreement, or if Franchisee abandons, surrenders or transfers control of the operation of the Franchised Business without the Company's prior written consent;

3. If Franchisee loses possession of the Franchised Business premises, or fails to make rental payments when due, or suffers termination of the lease;

4. If Franchisee submits to the Company on two or more separate occasions at any time during any two year period during the term of this Agreement a report, financial statement, tax return, schedule or other information or supporting record which understates the Gross Sales of the Franchised Business for any period by more than two percent;

5. If Franchisee is convicted of or pleads guilty to or no contest to a felony or other crime which substantially impairs the goodwill associated with the Marks or the System or engages in any misconduct which affects the reputation of the Franchised Business or the goodwill associated with the Marks or the System, as determined by the Company;

6. If Franchisee loses any permit or license which is a prerequisite to the operation of the Franchised Business, or if Franchisee operates the Franchised Business in a manner that presents a health or safety hazard to customers, employees, or the public;

7. If Franchisee makes a transfer or assignment of this Agreement, the assets of the Franchised Business, or Franchisee's ownership interest, which is not authorized as provided in the transferability section of this Agreement;

8. If Franchisee has received three or more notices of default during any twelve-month period, whether or not such defaults were cured;

9. If Franchisee delivers to Company three or more non-sufficient funds payments by check or electronic transfer within any twelve-month period, whether or not such checks or electronic transfers were subsequently paid;

10. If Franchisee fails to pay any amount owed to the Company or its affiliates or to Franchisee's suppliers, providers, lessors, landlords, or vendors, when the same is due and payable and does not correct such failure within ten days after written notice of such failure to comply is delivered to the Franchisee;

11. If Franchisee fails to submit reports or financial data which Company requires under this Agreement, when the same are due and does not correct such failure within thirty days after written notice of such failure to comply is delivered to Franchisee; or

12. If Franchisee fails to perform any of the terms and conditions in this Agreement not otherwise covered in Section 7.B. Paragraphs 1 through 11 above, or in the Operations Manual, or in other operational memoranda issued by the Company, or use bad faith in carrying out terms of these franchise provisions and does not correct such failure within thirty days after written notice of such failure to comply is delivered to Franchisee.

Upon the occurrence of any of the above events of default which would allow the Company to terminate this Agreement (which termination Company may or may not choose to do), Company may authorize its suppliers to withhold shipment or other provision to the Franchisee of the Company's

proprietary equipment, Software Program(s), products and services and approved equipment, products and services until such time as Franchisee has cured the event of default.

C. Cross Default. Any default by Franchisee of any other agreement between the Company and Franchisee shall be deemed a default under this Agreement, and any default by Franchisee of this Agreement shall be deemed a default under any and all other agreements between Company and Franchisee. If the nature of such default under any other agreement would have permitted the Company to terminate this Agreement had said default occurred hereunder, the Company shall have the right to terminate this Agreement as if such default has occurred hereunder. For purposes of this Section, an agreement between the Company or an affiliate of the Company and Franchisee or Franchisee's partner, shareholder, member, manager, executive officer or affiliate shall be deemed an agreement between the Company and Franchisee.

D. Appointment of Manager. Notwithstanding the provisions of Sections 7.B. and 7.C. above, in the event that Franchisee does not comply with any provision of this Agreement, the Company may, at its sole option, assign a manager to the Franchised Business on a daily basis, whose function will be to ensure compliance by Franchisee, Franchisee's employees and agents with the provisions of this Agreement, including without limitation, adherence to the standards, methods, procedures and specifications of the System and the rights and duties upon termination or expiration of this Agreement. Franchisee shall pay the Company for the services and expenses of such manager at such reasonable rate as may be established by the Company. Franchisee agrees to defend, indemnify and hold harmless the Company and its agents and employees who may act hereunder.

E. Rights and Duties Upon Termination or Expiration. Upon termination or expiration of this Agreement, all of Franchisee's rights hereunder shall terminate. Franchisee shall forthwith discontinue use of the Marks, the System, and all trade names, trademarks, service marks, trade dress, signs, colors, structures, interior and exterior decor, business methods, confidential information, printed goods and forms of advertising indicative of the Franchised Business and return the Operations Manual and the Software Program to the Company. Franchisee shall pay all amounts including without limitation all actual, liquidated and consequential damages due the Company or its affiliates, cancel Franchisee's assumed name registration, return to the Company any signs utilizing the Marks, and not represent that Franchisee formerly did business under the Marks. Franchisee shall provide the Company with the names, addresses, telephone numbers, email addresses, copies of the agreements and any other data of Franchisee's customers during the preceding three years. Franchisee shall promptly notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and any regular, classified or other telephone directory listings associated with the Marks and to authorize transfer of same to or at the direction of the Company. Franchisee acknowledges that as between the Company and Franchisee, the Company has the sole rights to and interest in all e-mail and internet addresses, websites, domain names, social media sites and search engine identifiers, and all telephone and facsimile numbers and directory listings associated with the Marks, and Franchisee authorizes the Company, and hereby appoints the Company and any officer of the Company as Franchisee's attorney-in-fact, to direct the telephone company, internet service providers, domain name registrars, social media hosts and all listing agencies to transfer same to the Company or at its direction, should Franchisee fail or refuse to do so, and the telephone company, internet service providers, domain name registrars, social media hosts and all listing agencies may accept such direction or this Agreement as conclusive of the exclusive rights of the Company in such e-mail and internet addresses, websites, domain names, social media sites and search engine identifiers, and all telephone and facsimile numbers and directory listings and its authority to direct their transfer. Upon termination or expiration of this Agreement, the Franchisee shall, at the Company's option, and without paying compensation to the Franchisee, assign to the Company, or to the Company's designee, the Franchisee's interest in any lease then in effect for the Franchisee's business premises. The Company shall notify the Franchisee of its intent to exercise this option and the identity of the designee within thirty days after termination or expiration of this Agreement. Franchisee shall furnish to the Company within thirty days after the effective date of the termination or expiration evidence satisfactory to the Company of Franchisee's compliance with the foregoing obligations.

F. Option to Purchase Assets. Upon the termination or expiration of this Agreement, the Company shall have a ninety day option to purchase from Franchisee some or all of the equipment, supplies, inventory, advertising materials and any items with Company's Marks for cash at fully depreciated book value (also expressly agreed to exclude any value for goodwill). The Company has an unrestricted right to assign this option to a third party.

G. Covenant Not to Compete. In the event of termination or expiration of this Agreement, Franchisee shall not, for a period of three (3) years after the later of (i) the date of the termination or expiration or (ii) the date on which Franchisee ceases to conduct the business conducted pursuant to this Agreement, be directly or indirectly associated as an employee, proprietor, stockholder, partner, member, agent, officer, director, consultant, representative, manager, spouse, parent, sibling or in any other capacity with, or operate, engage, own, invest in, or participate in, (1) any restaurant featuring seafood or the other food items on the then-current standard SURF'S UP menu within ten (10) miles of Franchisee's former restaurant location or (2) any restaurant featuring seafood or the other food items on the then current SURF'S UP menu within ten (10) miles of any other SURF'S UP restaurant or (3) any entity which franchises or otherwise grants to others the right to operate any restaurant featuring seafood or the other food items on the then current SURF'S UP menu. In addition, in the event of the termination or expiration of the Agreement, Franchisee shall not for the three year period as defined above (i) solicit or accept business from any former customers of the Franchised Business or (ii) solicit or employ or contract with any person who is a current or former employee or independent contractor of Franchisee, Company or any other SURF'S UP restaurant at any time during the twelve months immediately prior thereto. The three-year period referred to above shall be tolled during any period of Franchisee's noncompliance with the terms of this Agreement. In the event the duration, scope and/or geographic area set forth in this paragraph and Agreement are held to be unreasonable and therefore unenforceable by any court of competent jurisdiction, then the duration, scope and/or geographic area of the foregoing restrictions and agreements shall remain in full force and effect as to such maximum duration, scope and/or geographic area as the court shall allow.

H. Confidential Information. Franchisee acknowledges that if Franchisee discloses any aspect of the System or the Operations Manual or any other aspect of the franchise system that it could substantially harm the Company, Franchisee and other franchisees, and that such information is proprietary and confidential and a Trade Secret of Company. Franchisee agrees to secure, keep secret, and lock away the Operations Manual and any other System confidential materials. Franchisee agrees that Franchisee will maintain the absolute confidentiality of all, and not disclose any, such information during and after the term of this Agreement and that Franchisee will not use any such information in any other business or in any manner not specifically authorized or approved in writing by the Company. Franchisee agrees to require all of Franchisee's personnel to sign a confidentiality and non-competition agreement in the form prescribed by the Company.

"Trade Secret" as used herein shall also include the definition of "trade secret" adopted in Illinois law and in the Defend Trade Secrets Act of 2016 ("DTSA") as may be amended from time to time. Pursuant to the DTSA's required notification of immunity for qualified whistleblowers, the following notice is provided:

This notice is pursuant to 18 U.S.C. §1833 et al. and is intended to inform you as the Franchisee of the protections afforded to you by the Defend Trade Secrets Act of 2016 (DTSA), S. 1890, 114th Cong. § 2 (2016). While it is a violation of this Agreement and Federal law to disclose trade secrets or any confidential information in violation of a nondisclosure agreement, confidentiality agreement, and/or any other agreement between Franchisee and the Company, the DTSA was intended to provide protections for whistleblowers in the event they need to disclose information defined as a Trade Secret under 18 U.S.C. §1839.

The DTSA provides that an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal,

State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. 18 U.S.C. §1833(b)(1). Furthermore, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order. 18 U.S.C. §1833(b)(2). Any such reporting of a suspected violation of law must be done in accordance with the Company's policies, as may be adopted, modified, or rescinded from time to time.

I. Non-Disparagement. Franchisee hereby agrees not to take any action or make any statement the effect of which would be to directly or indirectly materially impair Company's goodwill or Company's rights to its intellectual property or the goodwill of its affiliates, or be materially detrimental to Company, its affiliates or its franchisees, including, but not limited to any action or statement intended, directly or indirectly, to benefit any of Company's competitors. This provision survives forever.

J. Continuing Obligations. All obligations of the Company and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement and until they are satisfied in full or by their nature expire.

8. Transferability of Interest.

A. Transfer by the Company. The Company shall have the right, in its sole discretion, to transfer or assign this Agreement and all or any part of its rights or obligations to any person or legal entity, and any designated assignee of Company shall become solely responsible for all obligations of Company under this Agreement from the date of assignment. Franchisee shall execute such documents consenting to such a transfer as Company shall request.

B. Transfer by Franchisee. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Company has granted this franchise in reliance on Franchisee's business skill, financial capacity, and personal character. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, corporation, limited liability company, or other legal entity which directly or indirectly owns any interest in Franchisee or in the Franchised Business shall sell, assign, transfer, convey, pledge, encumber, merge, or give (collectively "transfer") away any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business without the prior written consent, as set forth below, of Company. Any purported assignment or transfer not having the written consent of Company required by this Section shall be null and void and shall constitute a material breach of this Agreement, for which Company may immediately terminate without opportunity to cure pursuant to the terms of this Agreement. The Company shall not unreasonably withhold its written approval of an assignment or transfer, provided: (1) Franchisee has properly offered the Company the opportunity to exercise the right of first refusal as provided in the right of first refusal section of this Agreement, and the Company declined to exercise it; (2) The assignee or transferee has sufficient business experience, aptitude, financial resources, meets the Company's then applicable standards for franchisees; is of good moral character; will comply with the Company's standard training requirements; has received the required disclosure documents in accordance with law; and executes the then current form of franchise agreement and other agreements (which may contain materially different terms than those set forth herein) being used by the Company; (3) Upon Company's request, the assignee or transferee agrees in a form approved by the Company to be personally bound jointly and severally by all the provisions of this Agreement and assume and guarantee all of Franchisee's obligations hereunder and all other agreements between Franchisee and the Company or its affiliates to the same extent as if they had been original parties to the original agreements; (4) Upon Company's request, Franchisee shall enter into an agreement with the Company, in a form satisfactory to Company, guaranteeing full payment and

performance of the obligations of Franchisee's transferee; (5) All of Franchisee's money obligations owed to the Company, its affiliates, and the Brand Fund are fully paid and Franchisee is not otherwise in default under this Agreement; (6) The assets of the Franchised Business must be refurbished, remodeled or replaced in order to be in compliance with the then current standards and specification utilized in the granting of franchises; (7) The lessor has consented to the assignment of the lease for the Franchised Business premises to the assignee or transferee if the lease requires such a consent; (8) Franchisee pays the Company a transfer fee in an amount equal to one-half of the then-current initial franchise fee for a non-discounted first franchise, and Franchisee shall pay any and all third-party broker fees that are due in connection with the proposed transfer regardless of whether the buyer is an existing SURF'S UP franchisee or not; and (9) Franchisee (and each of Franchisee's shareholders or partners or members, if Franchisee is a corporation or a partnership or limited liability company) shall execute general releases of all claims against the Company, its affiliates, and their officers, directors, managers, shareholders, members, employees and agents.

(i) At Franchisee's request, Company may, but has no obligation to, refer to Franchisee potential buyers of Franchisee's Franchised Business. If Company refers to Franchisee the buyer of Franchisee's Franchised Business or the assets of the Franchised Business or an ownership interest in Franchisee or this Agreement, Franchisee shall pay Company a referral fee in the amount of \$25,000 at the time of closing such sale regardless of whether the buyer is an existing SURF'S UP franchisee or not.

C. Assignment to Partnership, Corporation or Limited Liability Company. If Franchisee is in full compliance with this Agreement, the Company shall not unreasonably withhold its consent to a transfer of this Agreement and the assets of the Franchised Business to a partnership or corporation or limited liability company, provided: (1) the partnership or corporation or limited liability company name does not include the words "Surf's Up" or the word "surf" and its activities are confined exclusively to operating Franchisee's Franchised Business; (2) Franchisee owns and controls all of the general partnership interests, stock, membership interests, or the equity and voting power, and provided that, in a form approved by the Company, the partnership or corporation or limited liability company assumes all of Franchisee's obligations hereunder and the partners or shareholders or members agree to be personally bound jointly and severally by all the provisions of this Agreement and assume and guarantee all of Franchisee's obligations hereunder and all other agreements to the same extent as if they had been parties to the original agreements; (3) any subsequent transfer or issuance of partnerships interests or of shares of the corporation or membership interests in the limited liability company shall be subject to Company's consent and agreement; (4) the partnership's Partnership Agreement and each partnership interest certificate, or the corporation's Articles of Incorporation and Bylaws and each stock certificate, or the limited liability company's Articles of Organization and Operating Agreement and each membership certificate shall clearly indicate that any transfer of partnership interests, shares of stock or membership interests is restricted and may be transferred subject to Company's consent and agreement only in accordance with the terms of this Agreement; and (5) Franchisee shall pay to the Company all legal expenses and other charges incurred by the Company in connection with such transfer.

D. Right of First Refusal. If Franchisee shall at any time determine to sell Franchisee's rights under this Agreement, or the assets of the Franchised Business, or Franchisee's ownership interest, in whole or part, Franchisee shall obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and shall submit an exact copy of such offer to the Company. The Company or its designee shall, for a period of thirty days from the date of delivery of such offer to the Company, have the right, exercisable by written notice to Franchisee, to purchase the interest for the price and on the terms and conditions contained in the offer, provided that any brokers', agents', or finders' fees shall be deducted from the purchase price and the Company or its designee may substitute cash for any form of payment proposed in such offer. If the Company or its designee does not exercise this right of first refusal, Franchisee may, subject to the same conditions for transfers contained in this Agreement, complete the sale to such purchaser on the terms of the bona fide offer. If the sale to such purchaser is not completed within one hundred twenty days after delivery of such offer to the Company, or if there is a

material change in the terms of the sale, the Company or its designee shall again have the right of first refusal herein provided.

E. Death or Disability. Upon the death or permanent disability of Franchisee (or Franchisee's managing shareholder, partner, or member, if Franchisee is a corporation, partnership or limited liability company), the executor, administrator, conservator, or other personal representative of such person shall transfer his interest to the heirs or beneficiaries of such person or to a third party approved by the Company within a period of one hundred eighty (180) days, so long as arrangements satisfactory to the Company are made for the continued active management of the Franchised Business. Such transfers, including without limitation, transfers by devise or inheritance or trust provisions, shall be subject to the same conditions for transfers contained in this Agreement. Franchisee shall be deemed to have a "permanent disability" if Franchisee's ability to operate or oversee the operation of the Franchised Business on a regular basis is for any reason curtailed for a continuous period of six months. In addition to the foregoing, in order to prevent any interruption of the Franchised Business and to protect the goodwill associated with the Marks and System, if Franchisee dies or becomes disabled so that Franchisee is not able to operate or oversee the operation of the Franchised Business on a regular basis, the Company may at its option operate the Franchised Business on Franchisee's behalf for so long as the Company deems necessary under the circumstances. All revenues received from the operation of the Franchised Business during such period of operation by the Company shall be kept in a separate account by the Company and the expenses of the Franchised Business including, without limitation, reasonable compensation and expenses of the Company and its agents and employees in operating the Franchised Business, shall be charged to such account. Franchisee agrees to defend, indemnify and hold harmless the Company and its agents and employees who may act hereunder.

9. ENFORCEMENT.

A. INJUNCTIONS. THE COMPANY SHALL HAVE THE RIGHT TO ENFORCE BY JUDICIAL PROCESS ANY RIGHTS IT MAY HAVE AND PURSUANT TO THE COVENANT NOT TO COMPETE PROVISIONS OF THIS AGREEMENT. FURTHER, THE COMPANY SHALL BE ENTITLED WITHOUT BOND TO THE ENTRY OF TEMPORARY, PRELIMINARY, AND PERMANENT INJUNCTIONS AND ORDERS OF SPECIFIC PERFORMANCE ENFORCING THE PROVISIONS OF THIS AGREEMENT OR ANY OTHER RELATED AGREEMENT RELATING TO FRANCHISEE'S USE OF THE MARKS, FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT AND ASSIGNMENTS OR ATTEMPTED ASSIGNMENTS OF THE FRANCHISE AND FRANCHISEE'S OWNERSHIP INTEREST. IF THE COMPANY SECURES ANY SUCH INJUNCTION OR ORDER OF SPECIFIC PERFORMANCE, FRANCHISEE AGREES TO PAY TO THE COMPANY AN AMOUNT EQUAL TO THE AGGREGATE OF COMPANY'S COSTS OF OBTAINING SUCH RELIEF, INCLUDING WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES, COSTS, AND EXPENSES AS PROVIDED IN THIS SECTION, AND ANY DAMAGES INCURRED BY THE COMPANY AS A RESULT OF THE BREACH OF ANY SUCH PROVISION.

B. MANDATORY MEDIATION. EXCEPT AS PROVIDED IN SECTION 9.C. BELOW, PRIOR TO THE INITIATION OF LITIGATION OR ARBITRATION BY EITHER PARTY PURSUANT TO THIS AGREEMENT, THE PARTIES MUST MAKE A GOOD FAITH EFFORT TO RESOLVE ANY CONTROVERSIES BETWEEN THEM BY NON-BINDING MEDIATION EITHER THROUGH A MUTUALLY ACCEPTABLE MEDIATOR OR THROUGH AN ESTABLISHED MEDIATION SERVICE SELECTED BY COMPANY (IN EITHER CASE, "MEDIATOR"). MEDIATION SHALL TAKE PLACE IN THE CHICAGO, ILLINOIS METROPOLITAN AREA. PRIOR TO MEDIATION, EACH PARTY INVOLVED IN MEDIATION SHALL SIGN THE STANDARD CONFIDENTIALITY AGREEMENT REASONABLY REQUIRED BY MEDIATOR OR A CONFIDENTIALITY AGREEMENT REASONABLY REQUIRED BY COMPANY IF THE MEDIATOR DOES NOT HAVE A STANDARD CONFIDENTIALITY AGREEMENT. NO LITIGATION OR ARBITRATION PROCEEDING MAY BE COMMENCED UNTIL THE EARLIER OF THIRTY (30) DAYS FROM THE SELECTION OF THE MEDIATOR, OR THE MUTUAL AGREEMENT BY BOTH PARTIES THAT MEDIATION HAS BEEN

UNSUCCESSFUL, OR IF THE NOTIFIED PARTY FAILS TO RESPOND TO THE REQUESTING PARTY WITHIN THIRTY (30) DAYS OF THE DELIVERY OF NOTICE REQUESTING MEDIATION. THE PARTIES WILL SHARE EQUALLY ALL FEES AND EXPENSES OF THE MEDIATOR, AND EACH PARTY SHALL BEAR ITS OWN COSTS OTHERWISE. EACH PARTY HEREBY AGREES THAT ALL STATEMENTS MADE IN THE COURSE OF MEDIATION SHALL BE STRICTLY CONFIDENTIAL, AND SHALL NOT BE DISCLOSED TO OR SHARED WITH ANY THIRD PARTIES, OTHER THAN THE MEDIATOR. EACH PARTY ALSO AGREES THAT ANY DOCUMENTS OR DATA SPECIFICALLY PREPARED FOR USE IN GOOD FAITH NEGOTIATIONS AND/OR MEDIATION SHALL NOT BE DISCLOSED TO OR SHARED WITH ANY THIRD PARTY EXCEPT THOSE PARTIES WHOSE PRESENCE IS NECESSARY TO FACILITATE THE MEDIATION PROCESS. THE PARTIES AGREE NOT TO MAKE COPIES OF ANY SUCH DOCUMENTS, AND TO RETURN THEM TO THE OTHER PARTY UPON THE CONCLUSION OF THE MEDIATION. EACH PARTY AGREES AND ACKNOWLEDGES THAT NO STATEMENTS MADE IN, OR EVIDENCE SPECIFICALLY PREPARED FOR, MEDIATION SHALL BE ADMISSIBLE FOR ANY PURPOSE IN ANY SUBSEQUENT PROCEEDINGS.

C. EXCEPTIONS TO MANDATORY MEDIATION. NOTWITHSTANDING SECTION 9.B ABOVE, COMPANY SHALL HAVE NO OBLIGATION TO MEDIATE BEFORE COMMENCING LITIGATION OR ARBITRATION IN THE FOLLOWING CIRCUMSTANCES:

1. IN THE EVENT COMPANY SEEKS THE ENTRY OF TEMPORARY AND PERMANENT INJUNCTIONS AND ORDERS OF SPECIFIC PERFORMANCE IN A COURT OF COMPETENT JURISDICTION TO: (1) ENFORCE THE PROVISIONS OF THIS AGREEMENT RELATING TO FRANCHISEE'S USE OF THE MARKS AND/OR FRANCHISEE'S NON-DISCLOSURE AND NON-COMPETITION OBLIGATIONS UNDER THIS AGREEMENT; (2) PROHIBIT ANY ACT OR OMISSION BY FRANCHISEE OR FRANCHISEE'S EMPLOYEES THAT CONSTITUTES A VIOLATION OF ANY APPLICABLE LAW, ORDINANCE OR REGULATION, CONSTITUTES A DANGER TO THE PUBLIC, OR MAY IMPAIR THE GOODWILL ASSOCIATED WITH THE MARKS OR CAUSE IRREPARABLE HARM TO COMPANY OR THE SURF'S UP FRANCHISES. FRANCHISEE AGREES TO WAIVE ANY CLAIMS FOR DAMAGES IN THE EVENT THERE IS A LATER DETERMINATION THAT AN INJUNCTION OR SPECIFIC PERFORMANCE ORDER WAS ISSUED IMPROPERLY;

2. IN THE EVENT COMPANY IS COMMENCING A PROCEEDING TO ENFORCE FRANCHISEE'S OBLIGATIONS TO PAY COMPANY UNDER THIS AGREEMENT AND TO SEEK COLLECTION OF SUCH FEES DUE AND OWING TO COMPANY, INCLUDING ATTORNEYS' FEES AND COSTS; OR

3. IN THE EVENT FRANCHISEE HAS ABANDONED THE SURF'S UP FRANCHISED BUSINESS OR HAS LOST FRANCHISEE'S RIGHT TO POSSESS THE PREMISES SO THAT THE SURF'S UP FRANCHISED BUSINESS IS NO LONGER OPERATING.

D. ARBITRATION. EXCEPT INsofar AS THE COMPANY AS PROVIDED IN SECTION 9.A. ABOVE ELECTS TO ENFORCE THIS AGREEMENT OR ANY OTHER RELATED AGREEMENT, ALL CONTROVERSIES, DISPUTES, OR CLAIMS ARISING BETWEEN THE COMPANY, ITS AFFILIATES, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, MANAGERS, AGENTS, SHAREHOLDERS, MEMBERS, EMPLOYEES AND ATTORNEYS (IN THEIR REPRESENTATIVE CAPACITY) AND FRANCHISEE (FRANCHISEE'S OWNERS, GUARANTORS, AFFILIATES AND EMPLOYEES, IF APPLICABLE) ARISING OUT OF OR RELATED TO: (1) THIS AGREEMENT OR ANY PROVISION THEREOF OR ANY RELATED AGREEMENT; (2) THE RELATIONSHIP OF THE PARTIES HERETO; (3) THE VALIDITY OF THIS AGREEMENT OR ANY RELATED AGREEMENT, OR ANY PROVISION THEREOF; OR (4) ANY SPECIFICATION, STANDARD, OR OPERATING PROCEDURE RELATING TO THE ESTABLISHMENT OR OPERATION OF THE FRANCHISE SHALL BE SUBMITTED FOR CONFIDENTIAL ARBITRATION TO BE

ADMINISTERED BY THE CHICAGO, ILLINOIS OFFICE OF THE AMERICAN ARBITRATION ASSOCIATION ON DEMAND OF EITHER PARTY. SUCH ARBITRATION PROCEEDINGS SHALL BE CONDUCTED IN THE CITY WHERE COMPANY'S HEADQUARTERS ARE LOCATED WHEN THE PROCEEDINGS ARE CONDUCTED AND, EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, WILL BE HEARD BY THREE (3) ARBITRATORS EACH QUALIFIED BY HAVING AT LEAST FIVE (5) YEARS EXPERIENCE IN FRANCHISING AND IN ACCORDANCE WITH THE THEN CURRENT COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION. EACH PARTY SHALL SELECT ONE QUALIFIED ARBITRATOR, AND THE TWO SO DESIGNATED SHALL SELECT A THIRD QUALIFIED ARBITRATOR. IF EITHER PARTY SHALL FAIL TO DESIGNATE A QUALIFIED ARBITRATOR WITHIN SEVEN (7) DAYS AFTER ARBITRATION IS REQUESTED, OR IF THE TWO QUALIFIED ARBITRATORS SHALL FAIL TO SELECT A THIRD QUALIFIED ARBITRATOR WITHIN FOURTEEN (14) DAYS AFTER ARBITRATION IS REQUESTED, THEN A QUALIFIED ARBITRATOR SHALL BE SELECTED BY THE AMERICAN ARBITRATION ASSOCIATION UPON APPLICATION OF EITHER PARTY.

EXCEPT AS LIMITED BY THIS AGREEMENT, THE ARBITRATORS SHALL HAVE THE RIGHT TO AWARD OR INCLUDE IN THE AWARD ANY RELIEF WHICH THEY DEEM PROPER IN THE CIRCUMSTANCES, INCLUDING WITHOUT LIMITATION, MONEY DAMAGES (WITH INTEREST ON UNPAID AMOUNTS FROM DATE DUE), SPECIFIC PERFORMANCE, INJUNCTIVE RELIEF, ATTORNEYS' FEES AND COSTS IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT, PROVIDED THAT THE ARBITRATORS WILL NOT HAVE THE RIGHT TO DECLARE ANY MARK GENERIC OR OTHERWISE INVALID OR TO AWARD EXEMPLARY OR PUNITIVE DAMAGES. THE AWARD AND DECISION OF THE MAJORITY OF THE ARBITRATORS SHALL BE CONCLUSIVE AND BINDING UPON ALL PARTIES HERETO AND JUDGMENT UPON THE AWARD MAY BE ENTERED IN ANY COURT OF COMPETENT JURISDICTION, AND EACH PARTY HERETO WAIVES ANY RIGHT TO CONTEST THE VALIDITY OR ENFORCEABILITY OF SUCH AWARD.

THE PARTIES FURTHER AGREE TO BE BOUND BY THE PROVISIONS OF ANY APPLICABLE LIMITATION ON THE PERIOD OF TIME IN WHICH CLAIMS MUST BE BROUGHT UNDER APPLICABLE LAW OR THIS AGREEMENT, WHICHEVER EXPIRES EARLIER. THE PARTIES FURTHER AGREE THAT IN CONNECTION WITH ANY SUCH ARBITRATION PROCEEDING EACH SHALL FILE ANY COMPULSORY COUNTERCLAIM (AS DEFINED BY RULE 13 OF THE FEDERAL RULES OF CIVIL PROCEDURE) WITHIN THE SAME PROCEEDING AS THE CLAIM TO WHICH IT RELATES WITHIN THIRTY DAYS OF THE DATE OF THE FILING OF THE CLAIM TO WHICH IT RELATES. ANY SUCH CLAIM WHICH IS NOT SUBMITTED OR FILED AS DESCRIBED ABOVE WILL BE FOREVER BARRED. THIS PROVISION SHALL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO AND NOTWITHSTANDING EXPIRATION OR TERMINATION OF THIS AGREEMENT.

THE COMPANY AND FRANCHISEE AGREE THAT ARBITRATION SHALL BE CONDUCTED ON AN INDIVIDUAL, NOT CLASS-WIDE BASIS, AND THAT AN ARBITRATION PROCEEDING BETWEEN THE COMPANY AND ITS AFFILIATES AND THEIR RESPECTIVE SHAREHOLDERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES AND FRANCHISEE (AND/OR FRANCHISEE'S OWNERS, GUARANTORS, AFFILIATES AND EMPLOYEES, IF APPLICABLE) MAY NOT BE CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING BETWEEN THE COMPANY AND ITS AFFILIATES AND ANY OTHER PERSON, NOR SHALL THE ARBITRATOR OR COURT BE EMPOWERED TO ORDER SUCH CONSOLIDATION.

E. COSTS AND ATTORNEYS FEES. IF A CLAIM FOR AMOUNTS OWED BY FRANCHISEE TO THE COMPANY OR ITS AFFILIATES IS ASSERTED IN ANY LEGAL PROCEEDING BEFORE A COURT OF COMPETENT JURISDICTION OR AN ARBITRATOR, OR IF THE COMPANY OR FRANCHISEE IS REQUIRED TO ENFORCE THIS AGREEMENT IN A JUDICIAL OR ARBITRATION PROCEEDING, THE PARTY PREVAILING IN SUCH PROCEEDING SHALL BE ENTITLED TO RECOVER FROM THE OTHER ITS COSTS AND EXPENSES, INCLUDING WITHOUT

LIMITATION, ARBITRATION FEES, COURT COSTS, FEES FOR IN-HOUSE OR OUTSIDE ATTORNEYS AND PARALEGALS, MANAGEMENT PREPARATION TIME, WITNESS FEES, COLLECTION AGENCY FEES, ACCOUNTING FEES AND ARBITRATOR FEES, WHETHER INCURRED PRIOR TO, IN PREPARATION FOR OR IN CONTEMPLATION OF THE FILING OF SUCH PROCEEDING. IF THE COMPANY IS REQUIRED TO ENGAGE A COLLECTION AGENCY OR LEGAL COUNSEL IN CONNECTION WITH ANY FAILURE BY FRANCHISEE TO PAY WHEN DUE AMOUNTS DUE THE COMPANY, OR TO SUBMIT WHEN DUE ANY REPORTS, INFORMATION, OR SUPPORTING RECORDS, OR IN CONNECTION WITH ANY FAILURE TO OTHERWISE COMPLY WITH THIS AGREEMENT, FRANCHISEE SHALL REIMBURSE THE COMPANY FOR ANY OF THE ABOVE LISTED COSTS AND EXPENSES INCURRED BY IT.

F. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL. THE COMPANY AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY (I) ACTUAL DAMAGES SUSTAINED BY IT AND (II) TRADEMARK LAW TREBLE DAMAGES. THE COMPANY AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM.

G. LIMITATION OF CLAIMS. EXCEPT FOR CLAIMS ARISING FROM UNDERREPORTING OF GROSS SALES BY FRANCHISEE OR NONPAYMENT OF AMOUNTS OWED BY FRANCHISEE TO THE COMPANY OR ITS AFFILIATES PURSUANT TO THIS AGREEMENT, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP OF THE COMPANY AND FRANCHISEE IN CONNECTION WITH FRANCHISEE'S OPERATION OF THE BUSINESS SHALL BE BARRED UNLESS AN ACTION OR PROCEEDING IS COMMENCED WITHIN ONE YEAR FROM THE DATE OF THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIMS.

H. GOVERNING LAW/CONSENT TO JURISDICTION. EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTION 1051 ET. SEQ.) AND EXCEPT THAT ALL ISSUES RELATING TO ARBITRABILITY OR THE ENFORCEMENT OR INTERPRETATION OF THE AGREEMENT TO ARBITRATE SET FORTH ABOVE IN THIS SECTION SHALL BE GOVERNED BY THE UNITED STATES ARBITRATION ACT (9 U.S.C. SECTION 1 ET. SEQ.) AND THE FEDERAL COMMON LAW RELATING TO ARBITRATION, THIS AGREEMENT AND THE FRANCHISE SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS (WITHOUT REFERENCE TO ITS CHOICE OF LAW AND CONFLICT OF LAW RULES), EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE SHALL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH. FRANCHISEE AGREES THAT THE COMPANY MAY INSTITUTE ANY ACTION AGAINST FRANCHISEE ARISING OUT OF OR RELATING TO THIS AGREEMENT (WHICH IS NOT REQUIRED TO BE ARBITRATED HEREUNDER OR AS TO WHICH ARBITRATION IS WAIVED) IN ANY STATE OR FEDERAL COURT OF GENERAL JURISDICTION OVER OAK PARK, ILLINOIS (OR, IF COMPANY'S HEADQUARTERS IS NO LONGER IN OAK PARK, ILLINOIS, THEN IN SUCH COUNTY WHERE COMPANY'S HEADQUARTERS IS LOCATED WHEN THE PROCEEDINGS ARE CONDUCTED), AND FRANCHISEE IRREVOCABLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND WAIVES ANY OBJECTION FRANCHISEE MAY HAVE TO EITHER THE JURISDICTION OR VENUE OF SUCH COURT.

I. WAIVER OF CONSUMER RIGHTS. FRANCHISEE HEREBY WAIVES ANY RIGHTS FRANCHISEE MAY HAVE UNDER THE TEXAS DECEPTIVE TRADE PRACTICES CONSUMER PROTECTION ACT, SECTION 17.41, ET SEQ., BUSINESS AND COMMERCE CODE,

AND UNDER ANY OTHER SIMILAR LAW OF TEXAS OR ANY OTHER JURISDICTION THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS.

10. Independent Contractor. The Company and Franchisee are independent contractors. This Agreement does not create a fiduciary relationship between the Company and Franchisee.

A. Franchisee is not and shall not represent himself to be the agent, joint venturer, partner or employee of the Company, or to be related to the Company other than as its independent franchisee. The Company is not a joint employer of the Franchisee's employees. Franchisee shall conspicuously identify himself at the Franchised Business and on the vehicles of the Franchised Business and in all dealings with suppliers and customers, as the owner of the Franchised Business. No representations shall be made or acts taken by Franchisee which could establish any apparent relationship of agency, joint venture, partnership or employment, and the Company shall not be bound in any manner whatsoever by any agreements, warranties or representations made by Franchisee to any other person nor with respect to any other action of Franchisee.

B. The Company shall have no liability for any sales, use, excise, income, property, employment or other taxes levied upon the Franchised Business or its assets or in connection with the sales made or business conducted by the Franchised Business. All royalty fees, brand fund contributions and other charges referred to in this Agreement are quoted exclusive of any value added, sales or other tax chargeable thereon, and Franchisee shall pay any such tax as required by law. The Company shall not be obligated or liable for any injury or death of any person or damage to any property caused by Franchisee's action, failure to act, negligence or willful conduct, nor for any liability of Franchisee.

C. Franchisee shall defend, indemnify and save the Company and its affiliates and their shareholders, members, managers, directors, officers, employees and agents harmless from all fines, taxes, suits, proceedings, claims, demands or actions of any nature or kind whatsoever, directly or indirectly arising out of, or in any manner whatsoever associated or connected with Franchisee's operation of the Franchised Business and against any and all damages, costs, expenses and fees (including without limitation, attorneys', accountants', and experts' fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) incurred by or on behalf of any of the foregoing in the investigation or defense of any and all such fines, taxes, suits, proceedings, claims, demands or actions. The Company shall have the option to defend any such claim against it. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

11. General Provisions.

A. This Agreement shall be binding upon the parties and their respective executors, administrators, heirs, assigns and successors in interest. All notices, requests, demands, and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when tendered for delivery if delivered by hand, or one day after the date of deposit if deposited with a commercial delivery service which guarantees next day delivery, or two days after deposit if mailed certified mail, return receipt requested, postage prepaid, addressed to the appropriate party at their respective addresses above or at such other place as the party entitled to notice may designate by notice given in the same manner to the other. Time is of the essence of this Agreement and all provisions shall be so interpreted. If any applicable law or rule requires a greater prior notice of the termination of or election not to renew this Agreement, or the taking of some other action than is required under this Agreement, the prior notice or other requirements required by this law or rule shall be substituted for the requirements of this Agreement. The obligations and authorizations hereunder shall be joint and several. The invalidity of any provision of this Agreement shall not impair the validity of any other provision. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable, that provision will be deemed severable and this Agreement may be enforced with that provision severed or as modified by the court. In the case of any questions of ambiguity relating to any provisions contained

herein, there shall not be any construction against the drafter of the document. The preamble and recitals set forth above are hereby incorporated into and made a contractual part of the covenants of this Agreement. The exhibits and schedules referred to in this Agreement are attached hereto, made a part hereof, and are incorporated herein by reference.

B. The headings and captions in this Agreement are inserted for convenience only and shall not constitute a part hereof or affect the construction or interpretation of any provision of this Agreement. Whenever required by context, the masculine pronouns shall include the feminine and neuter genders and the singular shall include the plural and vice versa. No waiver of or failure to enforce any of the provisions, terms, conditions, or obligations herein by any party shall be construed as a waiver of any subsequent breach of such provision, term, condition, or obligation of this Agreement or of any other provision, term, condition, or obligation hereunder, whether the same or different nature. Subsequent acceptance by the Company of the payments due it hereunder shall not be deemed to be a waiver by the Company of a preceding breach by Franchisee. If there develops a custom or practice which is at variance with the terms of this Agreement, the Company will not be deemed to have waived its right to demand exact compliance with any of the terms of this Agreement at a later time. Franchisee acknowledges that the Company has, and will in the future enter into license or franchise agreements with third parties pursuant to which such third parties are licensed to use the Marks and otherwise receive the benefits of the System (the "Other Agreements"). Franchisee acknowledges that the provisions of the Other Agreements have or may vary substantially from those contained in this Agreement. No action taken by Company with respect to any one or more of the Other Agreements or any party thereto shall create a course of conduct which may be relied upon or asserted by Franchisee under this Agreement as a modification to this Agreement or otherwise. Company shall not bear any liability whatsoever to Franchisee under this Agreement by reason of Company's failure to waive any of the provisions of this Agreement, or to give a consent or approval hereunder even though Company may have waived such provisions or similar provisions or given similar consents or approvals under any one or more of the Other Agreements. The rights of the Company and Franchisee hereunder are cumulative and no exercise or enforcement by the Company or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by the Company or Franchisee of any other right or remedy hereunder or which the Company or Franchisee are entitled by law to enforce. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement. The parties agree to do or cause to be done all acts or things necessary to implement and carry into effect this Agreement to its full extent.

C. If by virtue of the community property laws of any state, Franchisee's spouse is deemed to have any property interest in this Agreement, Franchisee's ownership interest, or the Franchised Business, the Company will have the right to require Franchisee's spouse to consent and join in all of the terms and conditions of this Agreement, any related agreements and any amendments thereto.

D. This Agreement contains the sole and only agreement between the parties as to the matters, privileges, rights, titles, interests, duties, obligations, and performances herein set forth; provided, however, that nothing in this Agreement or any related agreement is intended to disclaim any representation made in the Franchise Disclosure Document provided to Franchisee. All prior negotiations, verbal or written, being integrated herein and hereby, and same shall only be changed, altered, modified, amended, supplemented or novated by a writing signed by all the parties hereto. This Agreement may be executed in more than one counterpart, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Further, the parties agree that this Agreement may be executed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. Without limitation, in addition to electronically produced signatures, "electronic signatures" shall include faxed versions of an original signature or electronically scanned and transmitted versions (e.g. via pdf) of an original signature.

E. The parties acknowledge and agree that Franchisee does not have the right to terminate this Agreement except as provided in Section 7.A. or as otherwise agreed by the parties. Franchisee further acknowledges and agrees that, in the event of any termination of this Agreement by

Franchisee that is not in accordance with the terms of Section 7.A., or any termination of this Agreement by Company in accordance with the terms of Section 7.B. prior to its expiration date, such termination may result in lost future revenue and profits to Company, harm to the goodwill associated with the Marks, and increased costs to Company to re-develop or re-franchise the market in which the Franchised Business is located. Accordingly, in the event that Franchisee terminates this Agreement other than in accordance with the terms of Section 7.A., or if Company terminates this Agreement pursuant to the terms of Section 7.B., then Franchisee shall pay to Company by the effective date of such termination, as liquidated damages, that amount which is calculated by multiplying the average weekly amount of Royalty Fees and Brand Fund Contributions due and payable during the fifty-two weeks prior to the termination by the number of weeks then remaining in the term of this Agreement. The parties hereby acknowledge and agree that the actual damages that would be incurred by Company in the event of any breach or early termination of this Agreement would be difficult to calculate and that the liquidated damages provided for in this Agreement are fair and reasonable under the circumstances and are not a penalty. The parties further acknowledge and agree that the liquidated damages specified in this paragraph are only intended to compensate Company for the early termination of this Agreement and Company's loss of revenue resulting therefrom, but not for any other breach of this Agreement by Franchisee or any other damages incurred by Company, and all remedies applicable thereto remain available to Company.

F. Franchisee and its owners agree to comply, and to assist Company to the fullest extent possible in its efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and its owners certify, represent, and warrant that none of Franchisee's property or interests is subject to being blocked under, and that Franchisee and its owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

G. The terms and conditions of the State Specific Addenda attached hereto are incorporated herein.

12. Acknowledgments. Franchisee hereby acknowledges that Franchisee received the Company's franchise disclosure document at or prior to Franchisee's first personal meeting with Company and at least fourteen calendar days prior to the signing of this Agreement. Franchisee further acknowledges that Franchisee received a copy of this Agreement and any related agreements at least seven calendar days prior to signing them. Franchisee acknowledges that Franchisee has read and understands the franchise disclosure document and this Agreement. Franchisee acknowledges that Franchisee has had the time and opportunity to obtain the advice and assistance of independent attorneys, accountants and other professional advisors and that all of Franchisee's questions regarding the Franchised Business have been answered to Franchisee's satisfaction prior to Franchisee's signing of this Agreement. Franchisee acknowledges that Franchisee understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Company's high standards of quality and service and the uniformity of those standards at all Franchised Businesses in order to protect and preserve the goodwill of the Marks. Franchisee acknowledges that Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognized that, like any other business, the nature of the business conducted by franchisees may evolve and change over time, that an investment in a franchise involves business risks and that the success of the venture is largely dependent upon Franchisee's business abilities and efforts. Franchisee acknowledges that neither Company nor any of its agents has made any oral, written or visual representations or projections of actual or potential sales, earnings, income, gross or net profits or success of the business venture contemplated by this Agreement. Franchisee acknowledges that Franchisee has not received or relied on any representations about the franchise by Company, or its officers, directors, managers, members, employees or agents, that are contrary to the statements made in Company's franchise disclosure document or to the terms herein.

Franchisee acknowledges that in all of Franchisee's dealings with Company, the officers, directors, managers, members, employees and agents of Company act only in a representative capacity, not in an individual capacity. Franchisee further acknowledges that this Agreement and all business dealings between Franchisee and such persons as a result of this Agreement are solely between Franchisee and Company. Franchisee acknowledges that Company reserves the right, without accountability to Franchisee, to receive and retain commissions, rebates, allowances and other similar amounts received by Company from any supplier who has been approved by Company from time to time in connection with the supply of goods, fixtures, furnishings, equipment, signs, supplies, and other products or services for the Franchised Business. Franchisee acknowledges that the covenants not to compete set forth in this Agreement are fair, reasonable and will not impose any undue hardship on Franchisee, since Franchisee has other considerable skills, experience and education which afford Franchisee the opportunity to derive income from other endeavors. Franchisee affirms that all information set forth in any and all applications, financial statements and submissions to Company is true, complete and accurate in all respects, with Franchisee expressly acknowledging that Company is relying upon the truthfulness, completeness and accuracy of such information. Each party to this Agreement states that he has no legal claims against the Company or any of its affiliates and releases the Company and its affiliates and their respective officers, directors, managers, members, agents and employees from any damage, expense, claim or actions of the past.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the date first above written.

SURF'S UP FRANCHISING CORPORATION

FRANCHISEE

FRANCHISEE

By: _____
Eric Roy, Jr., President

By: **X** _____
Print Name: _____

By: **X** _____
Print Name: _____

SURF'S UP®

SCHEDULE A

TO THE SURF'S UP FRANCHISE AGREEMENT
DATED: _____
BETWEEN THE UNDERSIGNED PARTIES

FRANCHISE LOCATION AND PROTECTED TERRITORY

As provided in the above franchise agreement, the following information is now available and is hereby specified for inclusion in the franchise agreement.

1. **Franchise Location.** The franchise location is _____

_____.

2. **Protected Area.** The Protected Area is the geographic area described as follows:

_____.

The centers of the respective streets (freeways, expressways, turnpikes, political boundaries) and other dividers shall be considered the boundaries. If political boundaries are used to describe the area, the political limits are those represented on the map provided by the Franchisee for this Franchise Agreement. Changes of political limits will have no effect on the boundaries as set forth in this description or on the referenced map. If Schedule A is not completed or if no description of the Protected Area is completed in the space provided above, then the provisions regarding protected area as described in the Franchise Agreement shall apply.

SURF'S UP FRANCHISING CORPORATION

FRANCHISEE

FRANCHISEE

By: _____
Eric Roy, Jr., President

By: _____
Print Name: _____

By: _____
Print Name: _____

SURF'S UP®

SCHEDULE B **LEASE RIDER**

This Lease Rider is executed as of this ____ day of _____, 20____, by and between _____ (the "Tenant") and _____ ("Landlord") as a Rider to the lease (as amended, renewed, and/or extended from time to time, the "Lease") for the Premises located at _____, in the City of _____, State of _____ (the "Premises"), dated as of _____.

WHEREAS, the Tenant's principals, _____ and _____, have executed a franchise agreement (the "Franchise Agreement") with Surf's Up Franchising Corporation, an Illinois corporation (the "Franchisor"), for the operation of a Surf's Up restaurant at the Premises, and as a requirement thereof, the Lease for the Premises must include the provisions contained in this Rider; and

WHEREAS, Landlord, Franchisor and the Tenant agree that the terms contained herein shall supersede any terms to the contrary set forth in the Lease;

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord, Franchisor and the Tenant hereby agree as follows:

1. The Premises may be used only for the operation of a Surf's Up restaurant.
2. Landlord shall deliver to the Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to the Tenant, but no later than thirty (30) days before a termination of the Lease would become effective.
3. The Franchisor shall have the right, but not the obligation, upon giving prior written notice of its election to the Tenant and Landlord, to enter the Premises to cure any breach of the Lease, and if so stated in the notice, to also succeed to the Tenant's rights, title, and interests thereunder.
4. Notwithstanding anything to the contrary contained in the Lease, and subject to Paragraph 1 of this Rider, the Tenant shall have the absolute right to sublet, assign or otherwise transfer its interest in the Lease to the Franchisor or its affiliate, or to a company with which the Tenant or the Franchisor may merge or consolidate, without Landlord's approval, written or otherwise, without any increase in rent (except as provided in the Lease), without a material change in any other terms of the Lease, and without execution of any additional guaranty of the obligations under the assigned Lease.
5. Subject to Paragraph 1 of this Rider, the Tenant shall, if requested by the Franchisor, assign to the Franchisor (or its affiliate or to a company with which the Tenant or the Franchisor may merge or consolidate), and Landlord hereby irrevocably and unconditionally consents to such assignment, all of the Tenant's rights, title, and interest to and under the Lease upon (i) any termination of the Lease or the Franchise Agreement or (ii) if no subsequent Franchise Agreement is executed; but no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without execution of a renewal Franchise Agreement; and (b) the Franchisor (or its affiliate or a company with which the Tenant or the Franchisor may merge or consolidate), notifies the Tenant and Landlord in writing that it assumes the Tenant's obligations under the Lease.

6. In addition to any prior written consent of the Landlord that may be required by the terms of the Lease: (a) the Lease may not be modified, amended, renewed or extended in any manner or assigned by the Tenant without the Franchisor's prior written consent; (b) the Premises may not be altered or modified in any way without the Franchisor's prior written consent; and (c) the Premises may not be sublet, subdivided or used for any purpose other than for the operation of a Surf's Up restaurant without the Franchisor's prior written consent.

7. The Tenant and Landlord acknowledge and agree that the Franchisor (or its affiliate or a company with which the Tenant or the Franchisor may merge or consolidate) shall have no liability or obligation whatsoever under the Lease unless and until the Franchisor (or its affiliate or a company with which the Tenant or the Franchisor may merge or consolidate) assumes the Lease in writing pursuant to Paragraphs 3, 4 or 5 above. The Franchisor (or its affiliate or a company with which the Tenant or the Franchisor may merge or consolidate) shall assume all of the Tenant's obligations under the Lease from and after the date of assignment, but shall have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment.

8. If the Franchisor (or its affiliate or a company with which the Tenant or the Franchisor may merge or consolidate) assumes the Lease, as above provided, the Franchisor (or its affiliate or a company with which the Tenant or the Franchisor may merge or consolidate) may further assign or sublet the Lease to another person or entity to operate the Surf's Up restaurant at the Premises, subject to Landlord's prior written consent which consent shall not be unreasonably withheld or delayed. No such consent shall be required if the Lease is assigned or sublet to another Surf's Up restaurant franchisee. The Franchisor (or its affiliate or the company with which the Franchisor may merge or consolidate) shall be fully released from any and all liability to Landlord in the event that the Lease is assigned or sublet to another Surf's Up restaurant franchisee. Landlord agrees to execute such further documentation to confirm its consent to the assignments permitted under this Rider as the Franchisor (or its affiliate or a company with which the Tenant or the Franchisor may merge or consolidate) may request.

9. If the Franchise Agreement expires or is terminated during the Term of the Lease, Landlord shall be able to exercise its right to terminate the Lease and/or to exercise its other remedies under the Lease, unless the Lease is assumed by the Franchisor (or its affiliate or a company with which the Tenant or the Franchisor may merge or consolidate) within thirty (30) days of the termination or expiration of the Franchise Agreement.

10. If the Lease expires or is terminated for any reason, the Franchisor may, upon prior written notice to Landlord, enter the Premises and remove any signs or other articles bearing any trade names, logos, trade-marks that are part of the System and de-identify the leased Premises as a Surf's Up restaurant (including, without limitation, removing any Surf's Up restaurant trade dress features and/or fixtures), without legal process and without being guilty of trespass.

11. Landlord and the Franchisor may rely upon any notice from either of them regarding the status of the Lease or of the Franchise Agreement; they shall have no duty to perform any independent investigation to verify the Tenant's rights under the Lease or the Franchise Agreement; and, the Tenant agrees to indemnify and hold the Franchisor (and its affiliates and company with which the Franchisor may merge or consolidate) harmless from any and all claims, expenses and attorneys' fees arising out of the Lease and the reliance upon the Franchisor's or Landlord's representations regarding the Tenant's status, the status of the Franchisor or the status of the Franchise Agreement.

12. Landlord shall make available to the Franchisor all information which it collects or produces related to sales of the Surf's Up restaurant and the way in which the Surf's Up restaurant is operated. The Tenant consents to Landlord providing all such information to the Franchisor.

13. Copies of any and all notices required or permitted hereby or by the Lease shall also be sent to the Franchisor at 205 North Ridgeland Avenue, Oak Park, Illinois 60302, Attn: President or such other address as the Franchisor shall specify by written notice to Landlord. Any and all notices to Landlord shall be to the address contained in the Lease or such other address as the Landlord shall specify by written notice to Franchisor.

14. Landlord and Tenant acknowledge that Franchisor (or its affiliate or a company with which the Tenant or the Franchisor may merge or consolidate) is an intended third party beneficiary of the Lease and shall be entitled to enforce any provisions set forth herein benefiting Franchisor (or its affiliate or a company with which the Tenant or the Franchisor may merge or consolidate), subject to the conditions set forth in this Rider.

15. Under the Franchise Agreement, any lease or any modification or renewal of the Lease for the Premises of the Surf's Up restaurant is subject to the Franchisor's approval.

IN WITNESS WHEREOF, the undersigned parties have executed this Lease Rider.

LANDLORD:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SURF'S UP FRANCHISING CORPORATION

By: _____

Name: Eric Roy, Jr.

Title: President

Date: _____

TENANT:

By: _____

Name: _____

Date: _____

RECEIPT OF FRANCHISE-RELATED DOCUMENTS

SURF'S UP FRANCHISE SYSTEM

The undersigned does hereby acknowledge receipt of the following documents, in form for execution, relating to a SURF'S UP franchise of Surf's Up Franchising Corporation.

THE PROPOSED FRANCHISEE MUST INITIAL ON THE LINE NEXT TO THE FOLLOWING APPLICABLE DOCUMENT(S):

X_____ ☒ Franchise Agreement
with State Specific Addenda
_____ ☐ Other, Specify _____.

I further acknowledge that it is my responsibility to review all such documents personally or to have my attorney review such documents so that I am fully familiar with the transaction contemplated by these documents prior to the execution of any document.

A FEDERAL TRADE COMMISSION RULE REQUIRES THAT WE PROVIDE FRANCHISEE WITH THE FRANCHISE-RELATED DOCUMENTS NOTED ABOVE AT LEAST SEVEN CALENDAR DAYS PRIOR TO THE DATE THEY ARE TO BE EXECUTED. PLEASE DO NOT SIGN OR RETURN THESE DOCUMENTS UNTIL SEVEN CALENDAR DAYS HAVE ELAPSED FROM THE DATE OF THIS RECEIPT.

Signed: **X**_____
Print Name:_____
Date Received: **X**_____

Signed: **X**_____
Print Name:_____
Date Received: **X**_____

STATE SPECIFIC ADDENDA TO
FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following modifications are made to the Surf's Up Franchising Corporation Franchise Disclosure Document and may supersede, to the extent required by valid applicable state law, certain portions of the Franchise Agreement.

CALIFORNIA

Franchisor's website, www.surfsuprestaurants.com, has not been reviewed or approved by the California Department of Corporations. Any complaints concerning the website may be directed to the California Department of Corporations at www.corp.ca.gov.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF A FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

§ 31225 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

Franchisee must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California Code of Regulations for the sale of alcoholic beverages.

Item 3 of the Franchise Disclosure Document is revised to include the following:

Under California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or a plea of nolo contendere.

Neither franchisor, nor any person identified in Item 2 above, 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, 15 U.S.C. § 78a, et seq.) suspending or expelling such person from membership in such association or exchange.

Item 17 of the Franchise Disclosure Document is revised to include the following:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning 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. §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.

The Franchise Agreement requires application of the laws of a state other than the State of California. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

FRANCHISOR INITIALS _____
FRANCHISE AGREEMENT

FRANCHISEE INITIALS
SU\STATE SPECIFIC ADDENDA 3.DOCX

The Franchise Agreement requires binding arbitration. The arbitration will occur at the forum indicated in Item 17 with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.4, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement states that franchisee must sign a general release if franchisee transfers its franchise or renews or signs a successor Franchise Agreement. California Corporations Code § 31512 voids a waiver of franchisee's rights under the Franchise Investment Law (California Corporations Code §§ 31000 – 31516). Business and Professional Code § 20010 voids a waiver of franchisee's rights under the Franchise Relations Act (Business and Professionals Code §§ 20000 – 20043).

FLORIDA

The State of Florida has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

ILLINOIS

Item 3 of the Franchise Disclosure Document is amended as follows:

On November 16, 2020 we entered into an Assurance of Voluntary Compliance with the State of Illinois. No. 20-AVC-F005. We agreed to refrain from offering and selling franchises in Illinois without being properly registered, to offer rescission to any current Illinois franchisees who bought while we were not properly registered, and to pay \$6,000 to the State of Illinois.

Item 5 of the Franchise Disclosure Document and sections of the Franchise Agreement are amended as follows:

The payments for all initial franchise fees shall be deferred until Franchisor has met its obligations to franchisee and franchisee has commenced doing business. This financial assurance requirement has been imposed by the Office of the Illinois Attorney General due to Franchisor's current financial condition.

Item 17 of the Franchise Disclosure Document and sections of the Franchise Agreement are amended as follows:

Your rights upon termination and non-renewal of a Franchise Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

Illinois law governs the agreements between the parties to this franchise.

Illinois Franchise Disclosure Act paragraph 705/27 provides that no action shall be maintained under Section 26 of the Act to enforce any liability created by the Act unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after franchisee becomes aware of facts or circumstances reasonably indicating that franchisee may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.

Illinois Franchise Disclosure Act paragraph 705/41 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of the State of Illinois 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 the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.

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 Michigan Franchise Investment 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:

- (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

If the Franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the Franchisor shall, at the request of a Franchisee, arrange for the escrow of initial investment and other funds paid by the Franchisee or Subfranchisor until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the Franchise Offering are fulfilled. At the option of the Franchisor, a surety bond may be provided in place of escrow.

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.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection
Attention: Franchise Section
525 West Ottawa Street
G. Mennen Williams Building. 1st Floor
Lansing, Michigan 48933
(517) 335-7567

FRANCHISOR INITIALS _____
FRANCHISE AGREEMENT

FRANCHISEE INITIALS
SU\STATE SPECIFIC ADDENDA 3.DOCX

Note: Notwithstanding paragraph (f) above, franchisor intends to, and franchisee agrees that franchisor and franchisee will, enforce fully the provisions of the arbitration section of our agreements. Franchisor and franchisee believe that paragraph (f) above is unconstitutional and cannot preclude franchisor and franchisee from enforcing the arbitration provisions.

MINNESOTA

The Franchise Disclosure Document and Franchise Agreement are modified to the extent required by Minnesota law.

Minnesota Statutes, Section 80C.21 and Minnesota Rules 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 (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) 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, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

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.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

WISCONSIN

The Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, supersedes any provisions of the franchise agreement inconsistent with that law.

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state specific addenda, if any, supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of _____, 20____, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

Dated this _____ day of _____, 20____.

**SURF'S UP
FRANCHISING CORPORATION**

FRANCHISEE

FRANCHISEE

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____

By: _____
Print Name: _____

Exhibit F

GENERAL RELEASE

The Franchisee, jointly and severally, for Franchisee and each and all of Franchisee's officers, directors, shareholders, members, employees, agents, successors and assigns does hereby remise, release, forever discharge, and covenant not to sue Franchisor and its respective representatives, officers, directors, shareholders, members, employees, agents, attorneys, affiliated entities, successors and assigns from any actions, causes of action, claims, demands, statutes, arbitrations, expenses, damages and liabilities, whether at law or in equity, existing or arising prior to the date hereof, known as well as unknown, which the Franchisee has ever had.

Notwithstanding any terms of this General Release to the contrary, this General Release hereby expressly excludes claims arising from representations in the Franchise Disclosure Document and its exhibits and amendments.

Date: _____

Franchisee

SURF'S UP
FRANCHISING CORPORATION
Franchisor

By: _____
Name: _____

By: _____
Name: _____
Title: _____

SURF'S UP

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Illinois	December 15, 2020
Indiana	December 16, 2020
Michigan	December 16, 2020
Wisconsin	December 15, 2020

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 H

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 Surf's Up Franchising Corporation offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island 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.

Michigan, Oregon and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Surf's Up Franchising Corporation 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 identified on Exhibit A.

The franchisor is Surf's Up Franchising Corporation located at 205 N. Ridgeland Avenue, Oak Park, Illinois 60302. Its telephone number is (708) 925-7839.

Issuance Date: September 2, 2020.

The name, principal business address and telephone number of each franchise seller offering the franchise: Eric Roy, Jr., Surf's Up Franchising Corporation located at 205 N. Ridgeland Avenue, Oak Park, Illinois 60302 (708) 925-7839; and _____

[Any broker or other franchise seller involved in a particular franchise transaction must be disclosed here before the disclosure document is given to the prospective franchisee.]

Surf's Up Franchising Corporation authorizes the respective state agencies identified in Exhibit B to receive service of process for it in the particular state.

I have received a disclosure document dated September 2, 2020 that included the following Exhibits:

Exhibit A	State Administrators
Exhibit B	Agents for Service of Process
Exhibit C	Franchisee Information
Exhibit D	Financial Statements
Exhibit E	Franchise Agreement with State Specific Addenda
Exhibit F	General Release
Exhibit G	State Effective Dates
Exhibit H	Receipts

Date

Signature

Printed Name

Date

Signature

Printed Name

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_____ Date	_____ Signature	_____ Printed Name
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_____ Date	_____ Signature	_____ Printed Name
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