FRANCHISE DISCLOSURE DOCUMENT

SURF'N'FRIES USA, LLC
a Texas limited liability company
5550 Granite Parkway, Suite 195
Plano, Texas 75024
(415) 341-2769
info@surfnfries.com
www.surfnfries.com

You will operate a chicken and fries quick service concept specializing and serving fresh scoop-shaped French fries, proprietary chicken sandwiches, various proteins, deserts, proprietary loaded fries, sauces, breakfast and lunch sandwiches and other food products and beverages. We offer four operational models from which you may select to franchise: (1) a drive thru restaurant facility "Restaurant", (2) a store-in-a-store subleased facility "SIS", (3) a stand-alone KIOSK facility "KIOSK", and (4) a remote mobile unit "Food Truck"; all of which operate under the trademark SURFIN' CHICKEN. Each model option is also generally referred to as an "Outlet" in this disclosure document.

The total investment range necessary to develop a single franchise model (which also includes the amount of the related initial franchise fee that must be paid to us or our affiliates) is as follows: (1) Restaurant, $187,400 to $522,300, including the $30,000 initial franchises fee, (2) SIS, $145,900 to $305,633, including the $25,000 initial franchises fee, (3) KIOSK, $58,300 to $126,800, including the $15,000 initial franchises fee, and (4) Food Truck $57,600 to $166,800, including the $20,000 initial franchises fee.

If you are acquiring development rights under our multi-unit development program you will sign a development agreement that requires you to open multiple franchises by selecting from the four offered models, and pay a development fee equal to 100% of the selected model's initial franchisee for the first franchise, plus 50% of the selected model's reduced initial franchise fee for the additional franchises (see Item 5). For example, the development fee for five: (1) Restaurants equals 80,000 [calculated as $30,000 plus $12,500 x 4], (2) SIS facility equals $65,000 [calculated as $25,000 plus $10,000 x 4], (3) KIOSKs equals $35,000 [calculated as $15,000 plus $5,000 x 4], and (4) Food Trucks $40,000 [calculated as $20,000 plus $5,000 x4]. Should you elect to agree to develop multiple non-same model franchises the development fee will be adjusted accordingly to account for each multi-model scenario.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Carrie Sams at (415) 341-2769, or SURFIN' CHICKEN 5550 Granite Parkway, Suite 195, Plano, Texas 75024.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this Franchise 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.

Date of Issuance: June 7, 2022

How To Use This Franchise Disclosure Document

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 form others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A 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 SURFIN' CHICKEN 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 SURFIN' CHICKEN franchisee?	Item 20 or Exhibit E 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.

Suppler 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 G.

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

Special Risks to Consider About *This* Franchise

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

1. <u>Out-of-State Resolution</u>. The Development Agreement and the Franchise Agreement require you to resolve disputes with the franchisor by mediation and/or litigation in Texas. Out-of-state arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate and litigate with us in Texas rather than in your home state.

2. <u>Spousal Liability</u>. Your spouse must sign a document that makes your spouse liable for all financial obligations under the Development Agreement and Franchise Agreement even through your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. <u>Franchisor's Financial Condition</u>. The franchisor's most recent audited financial statements reflect that current liabilities exceed current assets. This means that the franchisor may not have the financial resources to provide services or support to you.

4. <u>Operating History</u>. The 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 in a system with a longer operating history.

5. <u>Going Concern</u>. The auditor's report on the franchisor's financial statements expresses substantial doubt about the franchisor's ability to remain in business. This means that the franchisor may not have the financial resources to provide services or 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.

SURF'N'FRIES USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

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

To simplify the language in this disclosure document, the term "we" means SURF'N'FRIES USA, LLC, the franchisor. In this disclosure document, the term "you" includes the franchisee and individuals who are personally responsible for the franchisee's obligations, such as the owner of a sole proprietorship and the general partners of a partnership franchisee. These individuals are personally bound to the franchise agreement by virtue of their position with the franchisee.

If the franchisee will operate through a corporation, limited liability company, or limited partnership, the term "you" does not include the franchisee's owners or partners. The term "Owners" refers to anyone with a beneficial ownership in the franchisee, but who is not personally responsible for the franchisee's obligations. "Owners" include shareholders of a corporation, members of a limited liability company, and limited partners of a limited partnership. As described in Item 15, if the franchisee is a corporation, limited liability company, or limited partnership, the franchisee's "Owners" must sign a personal guaranty and agree to be personally bound to the franchise agreement.

The Franchisor and Any Parents, Predecessors, and Affiliates

We are a Texas limited liability company that was formed on November 23, 2020. We do business only under our company name and under the name "SURFIN' CHICKEN", and maintain our principal place of business at 5550 Granite Parkway, Suite 195, Plano, Texas 75024. We have no predecessor. Our agents for service of process in the states that require franchise registration are listed in Exhibit H.

We grant franchises through the four distinctly different operational models described below, each of which specializes in serving fresh scoop shaped French fries, proprietary chicken sandwiches, various proteins, deserts, proprietary loaded fries, sauces and other food products and beverages under the tradename SURFIN' CHICKEN, and business system. We call each the "Franchised Business". We have been offering franchises of the type described in this disclosure document since March, 2021. Previously we offered franchises under the tradename "SURF 'N' FRIES", however we no longer offer franchises under that tradename, and have never offered franchises in any other line of business.

We have never operated a SURFIN' CHICKEN business

Description of the Franchised Business

We franchise the right to operate each operational model (each referred to as an "Outlet") according to our proprietary business format and system ("System"), which includes our distinctive exterior and interior design, decor, and color scheme; furnishings; proprietary ordering procedures; special recipes and menu items; proprietary food preparation techniques; packaging and presentation standards; community and social networking presence and protocols; specifications, policies, and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management, and financial control; training and assistance; advertising and promotional programs; and other standards, specifications, techniques, and procedures that we designate for developing, operating, and managing an Outlet, all of which we may change, improve, and further develop.

Outlets are identified by the SURFIN' CHICKEN service mark and other proprietary trademarks, service marks, indicia of origin, and trade dress that we designate to identify businesses operating according to our System ("Marks").

If you choose to open a single franchise you may select any one of the following four models: (1) a drive thru restaurant facility "Restaurant", (2) a store-in-a-store subleased facility "SIS", (3) a stand-alone KIOSK facility "KIOSK", or (4) a remote mobile unit "Food Truck".

If we award you multi-unit development rights, you must sign our Development Agreement (see Exhibit B) and commit to develop a minimum of three Outlets and we will mutually establish a development timetable. Each Outlet will operate according to the terms of a separate Franchise Agreement. Your first Outlet will operate according to the terms of our current Franchise Agreement (see Exhibit C). Your second and each additional Outlet developed under the Development Agreement will operate according to the terms of the Franchise

Agreement being offered to new franchisees at that time, which may be materially different than the current form of Franchise Agreement included in this disclosure document.

Market and Competition

The market for the products and services that you will offer is well-established and highly competitive.

Your Outlet will compete with casual and fast casual restaurants, full service restaurants, drive thru restaurants, store-in-store food options, supermarkets, KIOSKS, food trucks and other meal option providers. Competitors may be locally-owned or large, regional or national chains.

The Franchised Business will also compete with other food service businesses and retail businesses for management personnel and, in some cases, highly sought-after commercial real estate.

Industry Specific Regulation

The food and restaurant industry is heavily regulated. Many of the federal, state, and local laws, rules, and regulations that apply to business generally, such as the federal and state anti-discrimination laws, federal wage and hour laws, National Labor Relations Act, and the Occupational Safety and Health Act, also apply to restaurants. However, other federal, state, and local laws, rules, and regulations have particular applicability to restaurants, such as construction requirements and zoning.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and state and local health departments administer and enforce laws and regulations that govern food preparation and service, and restaurant sanitation conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations.

In addition, the Menu Labeling Provisions of the Patient Protection and Affordable Health Care Act require certain restaurants and retail food establishments to post caloric information on menus and menu boards and to make available additional written nutrition information to consumers upon request. State and local governments also may have their own regulations.

The Federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide, and particulate matters, including caps on omissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

You should consider these laws and regulations when evaluating your purchase of a franchise.

ITEM 2
BUSINESS EXPERIENCE

Carrie Sams – President and Chief Operating Officer

Carrie Sams has served as our President and Chief Operating Officer in Dallas, Texas since our inception in November 2020. Prior to joining us, from 2017 to 2020, she served as Chief Development Officer and Principal Partner of the NTAC Group in Newport Beach, California. Prior to this she served as Director with Jamba Juice from 2007 to 2017 in Dallas, Texas.

Carrie Sams – Chief Executive Officer

Carrie Sams has served as our Chief Executive Officer in Plano, Texas since our inception in November 2020. She has served as Chief Development Officer and Partner for NTAC Group from January 2017 to October 2020. She also served as Director of Jamba Juice in Dallas, Texas from January 2007 to January 2017.

Ranae Biggerstaff- Head of Development

Ms. Biggerstaff has been with Surfin' Chicken in Plano, Texas since July 2021 where she currently holds the position of Head of Development. Previously she was with Wetzels Pretzels in Pasadena, California as a Development Consultant from December 2018 to April 2020.

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

Initial Franchise Fee

The initial franchise fee for each of the following franchise models is (1) Restaurant: $30,000 for the first franchise, and $25,000 for each additional franchise, (2) SIS: $25,000 for the first SIS, and $20,000 for each additional SIS, (3) KIOSK: $15,000 for the first KIOSK, and $10,000 for each additional KIOSK, and (4) Food Truck: $20,000 for the first Food Truck, and $10,000 for each additional Food Truck. The initial franchise fee is due upon execution of the Franchise Agreement, is calculated uniformly for all franchisees, and is nonrefundable upon payment.

Development Fee

If we award you multi-unit development rights to develop more than one Outlet, you must sign our Development Agreement (see Exhibit B) and you must pay the applicable development fee calculated as 100% of the selected model's initial franchise fee, plus 50% of the selected model's reduced initial franchise fee as shown above, for each additional franchise. For example, if you elect to develop five Outlets, the development fee will be as follows: (1) Restaurant: 80,000 [calculated as $30,000 plus $12,500 x 4], (2) SIS: $65,000 [calculated as $25,000 plus $10,000 x 4], (3) KIOSK: $35,000 [calculated as $15,000 plus $5,000 x 4], and (4) Food Truck: $40,000 [calculated as $20,000 plus $5,000 x4].

When you sign the Development Agreement, you will sign the Franchise Agreement for the first Outlet, and we will credit the applicable portion of the development fee to satisfy payment in full for the related initial franchise fee. When you sign each additional Franchise Agreement under the Development Agreement, we will credit the applicable portion of your development fee payment toward 50% payment of the initial franchise fee due, and you will pay us the remaining 50% initial franchise fee balance at that time. The development fee is calculated uniformly for all franchisees and is nonrefundable upon payment.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	(1) Restaurant: 5% of Gross Sales (2) SIS: 6% of Gross Sales (3) KIOSK: 8% of Gross Sales (4) Food Truck: 7% of Gross sales	Monthly	You must pay your applicable Royalty fee directly to us on or the first day of each month (unless this day is a weekend or holiday, then on the business day before). See Note 2 for definition of Gross Sales.
Marketing Fee Contribution	(1) Restaurant: Currently 2% (2) SIS: currently 0%; right to collect up to 2% (3) KIOSK: currently 2%; (4) Food Truck: currently 2%;	Monthly	You must pay the Marketing Fee Contribution in the same manner and time frame as the Royalty fee.
Marketing Co-Op	Up to 5% of Gross Sales, currently 0% for all models.	As directed by the co-op	We have the right to establish local or regional advertising cooperatives. The maximum contribution that a co-op may require is up to 5% of gross sales.
Local Advertising /Required Spending	3% of Gross Sales for all models	Monthly	We require franchisees to spend at least 3% of Gross Sales each month on marketing the Franchised Business locally.
Replacement / Additional Training fee	Currently, $250 per person per day not to exceed $500 per person per day.	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.
On-Site Training Cancellation Fee	Our then-current on-site training cancellation fee	Upon demand	May vary depending upon the type of scheduled training program and how far in advance you notify us in writing of the cancellation.
Approval Of Products Or Suppliers	All reasonable costs of evaluation, approximately $500-$1,000	Time of evaluation	You pay us the costs we expend in our evaluation of new suppliers you wish to purchase from or products you wish to purchase.

Type of Fee	Amount	Due Date	Remarks
Software Subscription	Up to $1000 per month.	As invoiced	We require you to use certain software as described in Item 11. You pay subscription fees directly to the software supplier, and not to us.
Non-Compliance Fee	$500	On demand	We may charge you $500 if your Franchised Business is not in compliance with our System specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you $250 per week until you correct such non-compliance.
Reimbursement Fee	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us for the amount we spend on your behalf plus 10% as a reimbursement fee.
Late Fee	$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient Funds Fee	$30 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs Of Collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special Support Fee	Our then-current fee, plus our expenses. Currently, $600 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for our designated representative(s) providing onsite support).
Customer Complaint Resolution	Our actual expenses		We may take any action we deem appropriate to resolve a customer complaint about your Franchised Business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.

Type of Fee	Amount	Due Date	Remarks
Records/Audit Costs	All costs and expenses associated with audit, approximately $1,500 - $5,000	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any 4-week period.
Special Inspection Fee	Currently $600, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your Franchised Business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any System specification.
Non-Compliance Cure Costs And Fee	Our out-of-pocket costs and internal cost allocation, plus 10%	On demand	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Transfer Fee (Controlling Interest)	$10,000 plus any broker fees and other out-of-pocket costs we incur	When transfer occurs	Payable if you transfer controlling interest in the Franchised Business.
Transfer Fee (Non-Controlling Interest)	$5,000	When transfer occurs	Payable if you transfer non-controlling interest in the Franchised Business. If you are a sole proprietor or general partnership, we do not currently charge a transfer fee for convenience of ownership to a corporation, limited liability company, or other entity controlled by the same individual(s) as long as you do so within the first 12 months of operation of the Franchised Business..

Type of Fee	Amount	Due Date	Remarks
Transfer Fee (Convenience Of Ownership)	Up to $2,500, currently $0	When transfer occurs	If you are a sole proprietor or general partnership, we do not currently charge a transfer fee for convenience of ownership to a corporation, limited liability company, or other entity controlled by the same individual(s) as long as you do so within the first 12 months of operation of the Franchised Business. Otherwise we charge the then-current transfer fee for this type of transfer.
Liquidated Damages	An amount equal to Royalty fees and Marketing Fee Contributions for the lesser of (i) 2 years or (ii) the remaining weeks of the franchise term.	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.
Indemnity	Our actual costs and losses from any legal action related to the operation of your Franchised Business	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your Franchised Business (unless caused by our misconduct or negligence).
Prevailing Party's Legal Costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.
Deficiency Fee	$1,500 plus cost of reinspection and cost of enforcement	No more than 3 days following demand	Applies if you are in default to this agreement

Type of Fee	Amount	Due Date	Remarks
Technology Fee[3]	Currently not implemented but when implemented $150 per month	Monthly	Not currently imposed but we reserve the right to impose such a fee upon thirty (30) days' notice to you. Technology fee covers cost of developing, acquiring, implementing and licensing Internet and communication technologies for the benefit franchisees and the System. Will be debited automatically from your bank account by ACH or other means designated by us. Technology Fee is subject to increase by an amount not to exceed 15% of the prior year's Technology Fee.
Customer Rewards, And Gift Cards	Currently not implemented by us but may be implemented in future	As invoiced	Fees for access management of customer rewards, and/or gift card system and redemption.

Notes:

(1) All fees and expenses described above are non-refundable and, unless otherwise indicated, we impose all fees uniformly, and all fees are payable to us via electronic funds transfer. The stated amounts may be subject to increases based on changes in market conditions, our cost to provide the services, and/or future policy changes. We have no present plans to increase the amounts provided in this Item 6, but reserve the right to do so upon written notice to you.

(2) Gross Sales is the total selling price of all services and products and all income of every other kind and nature related to your Outlet including income related to catering operations and special events and the full value of meals provided to your bona fide employees as a benefit of their employment, whether for cash or credit and regardless of collection in the case of credit. Gross Sales is not reduced by the amount of any discounts on products or services sold to employees, family members, or other businesses you own or control or by the amount paid to, collected by, or shared with third-party food ordering and delivery systems with which we allow the Outlet to do business. Gross Sales does not include (i) receipts from any public telephone, vending machine, or video games, if any, installed in your Outlet, except for your share of the revenues; (ii) sales (or similar) taxes that you collect from your customers if you transmit them to the appropriate taxing authority; (iii) proceeds from isolated sales of trade fixtures that are not part of the products and services you offer and that do not have any material effect on the operation of your Outlet; (iv) tips or gratuities paid directly by customers to your employees or paid to you and then turned over to these employees by you in lieu of direct tips or gratuities; or (v) returns to shippers or manufacturers. Gross Sales also does not include proceeds from the sale of gift certificates or stored value cards (all proceeds from the sale of gift certificates and stored value cards belong to us), but it does include the redemption value of gift certificates and stored value cards at the time purchases are made. You are responsible for the accurate reporting of gift certificate and stored value card sales and the corresponding impact on Gross Sales. You have until 30 days after the end of our fiscal year to notify us of any errors you made in calculating Gross Sales as those errors relate to the reporting of gift certificate and stored value card sales. "Selling Price" is defined as the non-discounted, regular menu price Gross Revenue includes all barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided by the vendor, supplier or customer. Such transactions will be valued at the full retail value of goods and services bartered in exchange for the good or services provided to you. Gross Revenues also includes the proceeds of any business interruption insurance paid to you. Gross revenue also includes any payments you receive from vendors. Chargebacks are not deducted from Gross Revenues.

(3) Currently we do not require that you pay us a technology fee for the services we provide but we reserve the right to impose such a fee upon thirty (30) days' notice to you. This fee will be debited automatically from your bank

account by ACH or other means designated by us. Technology Fee is subject to increase by an amount not to exceed 15% of the prior year's Technology Fee. We reserve the right to enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology plus a reasonable administrative fee.

Development Agreement

Type of Fee	Amount	Due Date	Remarks
Transfer For Convenience	No fee to transfer for convenience of ownership or non-controlling interest, except reimbursement of our attorneys' fees	When transfer is requested	Transfer for convenience of ownership is when an individual franchisee assigns his or her rights to a corporation, limited liability company, or other entity controlled by the same individual.
Transfer Fee	For all other transfers besides transfer for convenience, you must pay a transfer fee in the amount of $10,000 plus any broker fees and other out-of-pocket costs we incur		This fee is non-refundable.
Indemnification	Varies according to loss	On demand	You must defend and indemnify us against certain losses relating to your actions.

ITEM 7
ESTIMATED INITIAL INVESTMENT

RESTAURANT MODEL

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee[1]	$30,000	Check or wire transfer	At signing of Franchise Agreement	Us
Rent and Lease Security Deposit[2]	$3,000 to $25,000	Per lease	Monthly	Landlord
Utilities[2]	$100 to $1,000	As arranged	As invoiced	Utility providers
Leasehold Improvements[2]	$30,000 to $125,000	As arranged	As invoiced	Contractors
Market Introduction Advertising Program	$25,000	As arranged	As invoiced	Vendors and suppliers
Furniture, Fixtures, and Equipment[3]	$50,000 to $175,000	As arranged	As invoiced	Vendors and suppliers

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Computer Systems	$4,500 to $35,000	As arranged	As invoiced	Vendors and suppliers
Insurance[4]	$1,000 to $3,000	As arranged	Before beginning operations	Insurance company
Signage[5]	$7,000 to $25,000	As arranged	As invoiced	Vendors
Uniform	$300	As arranged	As invoiced	Vendors
Office Expenses	$1,000 to $2,000	As arranged	As invoiced	Vendors
Inventory	$10,000 to $20,000	As arranged	As invoiced	Vendors
Licenses and Permits	$3,000 to $5,000	As arranged	As incurred	Government
Professional Fees (lawyer, accountant, etc.)	$1,000 to $3,000	As arranged	As incurred	Professional service firms
Travel, lodging and meals for initial training [6]	$1,500 to $3,000	As arranged	As incurred	Airlines, hotels, and restaurants
Additional funds (3 months)[7]	$20,000 to $45,000	As incurred	As necessary	Employees, suppliers, utilities
Total	$187,400 to $522,300			

SIS MODEL

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee[1]	$25,000	Check or wire transfer	At signing of Franchise Agreement	Us
Rent and Lease Security Deposit[2]	$1,500 to $8,333	Per lease	Monthly	Landlord
Utilities[2]	$100 to $1,000	As arranged	As invoiced	Utility providers
Leasehold Improvements[2]	$5,000 to $25,000	As arranged	As invoiced	Contractors
Market Introduction Advertising Program	$5,000	As arranged	As invoiced	Vendors and suppliers
Furniture, Fixtures, and Equipment[3]	$60,000 to $100,000	As arranged	As invoiced	Vendors and suppliers
Computer Systems	$4,500 to $35,000	As arranged	As invoiced	Vendors and suppliers
Insurance[4]	$1,000 to $3,000	As arranged	Before beginning operations	Insurance company

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Signage[5]	$7,000 $25,000	As arranged	As invoiced	Vendor
Uniform	$300	As arranged	As invoiced	Vendors
Office Expenses	$1,000 to $2,000	As arranged	As invoiced	Vendors
Inventory	$10,000 to $20,000	As arranged	As invoiced	Vendors
Licenses and Permits	$3,000 to $5,000	As arranged	As incurred	Government
Professional Fees (lawyer, accountant, etc.)	$1,000 to $3,000	As arranged	As incurred	Professional service firms
Travel, lodging and meals for initial training [6]	$1,500 to $3,000	As arranged	As incurred	Airlines, hotels, and restaurants
Additional funds (3 months)[7]	$20,000 to $45,000	Varies	Varies	Employees, suppliers, utilities
Total	$145,900 to $305,633			

KIOSK MODEL

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee[1]	$15,000	Check or wire transfer	At signing of Franchise Agreement	Us
Rent and Lease Security Deposit[2]	$1,000 to $10,000	Per lease	Monthly	Landlord
Market Introduction Advertising Program	$5,000	As arranged	As invoiced	Vendors and suppliers
Computer Systems	$4,500 to $35,000	As arranged	As invoiced	Vendors and suppliers
Insurance[4]	$500 to $2,000	As arranged	Before beginning operations	Insurance company
Signage[5]	$3,500 to $5,000	As arranged	As invoiced	Vendor
Uniform	$300	As arranged	As invoiced	Vendors
Office Expenses	$0 to $500	As arranged	As invoiced	Vendors
Inventory	$10,000	As arranged	As invoiced	Vendors
Licenses and Permits	$1,000 to $3,000	As arranged	As incurred	Government
Professional Fees (lawyer, accountant, etc.)	$1,000 to $3,000	As arranged	As incurred	Professional service firms
Travel, lodging and meals for initial training[6]	$1,500 to $3,000	As arranged	As incurred	Airlines, hotels, and restaurants

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Additional funds (3 months)[7]	$15,000 to $35,000	Varies	Varies	Employees, suppliers, utilities
Total	$58,300 to $126,800			

FOOD TRUCK MODEL

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee[1]	$20,000	Check or wire transfer	At signing of Franchise Agreement	Us
Vehicle	$0 to $50,000			
Market Introduction Advertising Program	$1,000	As arranged	As invoiced	Vendors and suppliers
Computer Systems	$4,500 to $35,000	As arranged	As invoiced	Vendors and suppliers
Insurance[4]	$300 to $2,000	As arranged	Before beginning operations	Insurance company
Signage[5]	$3,500 to $5,500	As arranged	As invoiced	Vendor
Uniform	$300	As arranged	As invoiced	Vendors
Office Expenses	$0 to $500	As arranged	As invoiced	Vendors
Inventory	$10,000	As arranged	As invoiced	Vendors
Licenses and Permits	$500 to $1,500	As arranged	As incurred	Government
Professional Fees (lawyer, accountant, etc.)	$1,000 to $3,000	As arranged	As incurred	Professional service firms
Travel, lodging and meals for initial training[6]	$1,500 to $3,000	As arranged	As incurred	Airlines, hotels, and restaurants
Additional funds (3 months)[7]	$15,000 to $35,000	Varies	Varies	Employees, suppliers, utilities
Total	$57,600 to $166,800			

ALL MODELS

DEVELOPMENT FEE ONLY

Type of expenditure	Amount[1]	Method of payment	When due	To whom payment is to be made
Restaurant: Development Fee for Five Outlets	$60,000	Check or wire transfer	At signing of Development Agreement	Us
SIS: Development Fee for Five Outlets	$50,000	Check or wire transfer	At signing of Development Agreement	Us
KIOSK: Development Fee for Five Outlets	$30,000	Check or wire transfer	At signing of Development Agreement	Us
Food Truck: Development Fee for Five Outlets	$40,000	Check	At signing of Franchise Agreement	Us

Notes:

1. See Item 5 for more information about initial franchise fees and development fees. The development fee referenced for each model is based on a commitment to develop five franchises. We do not offer any financing of the Initial Investment (See Item 10). All payments are payable to us and are nonrefundable unless otherwise stated.

2. When applicable, our estimates in this table assume you pay one month rent plus a security deposit and utility deposits before you open for business. For this to occur, you would need to negotiate a "free rent" period for the time it takes to build out your business. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. You must lease commercial retail space with 1,300 to 3,000 square feet for a Restaurant. If you operate a SIS Outlet model, you must lease commercial retail space with 800 to 2,000 square feet. The monthly rent for a SIS may be a flat charge, or a percentage of total sales, whichever is higher. The monthly rent for a SIS must be paid no later than the 27th day of each month for the upcoming months' rent, and must be paid electronically via Automated Clearing House (ACH). Further, the real estate cost for your SIS Outlet may vary depending on the lease negotiated for the retail space. Commercial real estate costs vary greatly depending on geographic location and whether the property is a free-standing location, or strip center or mall location. These figures do not factor in common area maintenance charges or any other charges that may be imposed under your lease. Your construction costs vary widely, depending upon the location, design, configuration and condition of the premises. The high figure represents the estimated cost of building out a "vanilla box" space, and includes the cost of adding or upgrading the HVAC system, installing a grease trap and floor drains, restrooms, and utilities.

3. These represent the estimated costs of purchasing required furniture and fixtures and decor items for your franchised business.

4. See Item 8 for more information about insurance requirements. These amounts reflect an estimated down payment of your annual premiums, equal to one month's payment of premium charges.

5. These include signage menu boards, and graphics.

6. See Item 11 for more information about our initial training program. The amounts in the chart represent the estimated out-of-pocket costs (including travel to and from the training site, one double-occupancy hotel room, and dining expenses) for two individuals to attend training.

7. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. In formulating the amount required for additional funds, we relied on the following

factors, basis, and experience: the development of a SURFIN' CHICKEN business by our affiliate, and our general knowledge of the industry. This estimate does not include Technology Fee as it is currently not imposed by us. These amounts are estimates only, and we cannot assure you that you will not have additional expenses. We base these estimates on our franchisees' experience in starting their business during our last two fiscal years.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Approved or Designated Suppliers; Purchases According to Specifications

You must purchase only from us or from designated sources, as applicable, all: (1) fixtures, furniture, equipment, interior and exterior signage, graphics, decor, trade dress, and Outlet design consulting services; (2) food products, spices, and ingredients whether or not they are developed by or for us through a special recipe, formula, or specifications; (3) all fountain and bottled beverages; (4) advertising, point-of-purchase materials, and other printed promotional and marketing materials; (5) gift certificates and stored value cards; (6) stationery, business cards, contracts, and forms; (7) bags, packaging, and supplies bearing our Marks; and (8) all other goods and/or services as we require. In addition to approved suppliers, we may require you to buy your requirements of food, spices, ingredients, and supplies from affiliated or third-party distributors. Information concerning approved and designated suppliers will be communicated to you via the Manual. Currently neither we nor any affiliate is currently an approved supplier. None of our officers owns an interest in any other privately-held supplier or a material interest in any publicly-held supplier.

You must purchase (1) the computer hardware and software and (2) uniforms, shirts, memorabilia, and all merchandise and items intended for retail sale (whether or not bearing our Marks), that we require from us or our approved, third-party vendor. You must purchase or lease the point-of-sale software and hardware, and related software and hardware based on our specification and from our approved supplier or vendor. See Item 11 for more information about pos, computer hardware, and software requirements.

If you propose to purchase from an unapproved source any items for use in your Outlet for which we have identified, designated, or approved supplier(s), you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers upon written notice to you, or by updating our Manual.

You may purchase items and services for which we have not identified approved suppliers from any supplier, if the items and services meet our specifications. These specifications may include brand requirements. If brand requirements have been identified, you may purchase and use only approved brands.

Franchised Location and Lease

Within 240 days following execution of a franchise agreement for either a Restaurant, SIS, or KIOSK Outlet, you must acquire a site that meets our site selection criteria and that we approve. If we have not agreed upon a site within this time period we may elect to terminate the franchise at our discretion. If the Restaurant, SIS, or KIOSK, occupies a space under a commercial lease, the lease must contain terms that we specify. (See Lease Rider attached as Attachment F to the Franchise Agreement.).

If you are granted an SIS Outlet you must execute a SIS agreement in a form attached hereto and incorporated here in as Attachment H ("SIS Agreement"). Your SIS Outlet must be open for operation by the Opening Date. You must further abide by all tenant space requirements per the premise lease agreement and all terms as outlined in the SIS Agreement. Your failure to comply under the SIS Agreement will be a default of your Franchise Agreement subject to our right to terminate your Franchise Agreement.

With respect to a Food Truck Outlet, you must begin operation of the franchise within 180 days following execution of the franchise agreement.

Insurance

You must obtain and maintain insurance policies protecting you and us and our affiliates as additional insureds on a primary non-contributory basis. The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which the Outlet is located and with a rating of “A” or better by the A.M. Best Company’s rating guide. These policies must include the coverage that we require, which currently includes:

(a) “all risk” property insurance with replacement cost coverage, including business interruption insurance, customarily obtained by similar businesses in the Outlet’s principal trade area for at least 12 months of income;

(b) For all business models, Restaurant, SIS, KIOSK, or Food Truck you must maintain a comprehensive general liability insurance, including products and contractual, in an amount of not less than $1,000,000 combined single limit per occurrence and $2,000,000 aggregate limit (umbrella limits may be used to satisfy this requirement;

(c) Only for a Food Truck Outlet you must also maintain an automobile liability coverage, including coverage of owned, leased, non-owned, and hired vehicles with coverage in amounts not less than $1,000,000 combined single limit;

(d) For a Restaurant you must maintain a worker’s compensation insurance for injured workers satisfactory to us with employers’ liability limits of $1,000,000 or higher as applicable under state law. For all other business models, such as SIS, KIOSK, or Food Truck you must maintain a workers’ compensation insurance in amounts required by applicable law;

(e) For all business models, Restaurant, SIS, KIOSK, or Food Truck you must maintain an employment practices liability insurance in an amount not less than $500,000, and

(f) data/privacy breaches in an amount not less than $500,000. You and your insurers must agree to waive rights of subrogation against us and our affiliates.

(g) We reserve the right to require you to obtain insurance policies to protect against cybersecurity threats, and accordingly, to require that we are named as additional insured on these cybersecurity insurance policies.

At least 10 days before you are required to carry insurance, and after that at least 30 days before the expiration of any policy, you must deliver to us certificates of insurance evidencing the proper types and minimum amounts of required coverage, and evidence of the waiver. You must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

We reserve the right to unilaterally modify the minimum coverage requirements set forth above as market or industry conditions warrant. Your state or local government agencies and/or your landlord may require additional coverage.

Revenue Derived from Franchisee Purchases and Leases

We and our affiliates will derive revenue from your purchases and leases to the extent that you buy products or services from us, our affiliate, or our designated suppliers. We receive payments or material benefits from suppliers based on your purchases or leases of equipment, inventory, and operating supplies used in operating your Outlet day-to-day. During our fiscal year ending December 31, 2021, neither we nor our affiliates received any revenue as result of these types of purchases or leases by franchisees.

Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that your purchases and leases from us or our designated suppliers will be approximately 50% to 80% of your total initial investment (not including the initial franchise fee) and approximately 50% to 80% of your ongoing purchases and leases in the operation of the Franchised Business.

Description of Purchasing Cooperatives; Purchasing Arrangements

We may negotiate purchase arrangements with primary suppliers for the benefit of franchisees. If we negotiate a purchase agreement for the region where your Outlet is located, you must participate in the purchasing program. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers. You may receive some benefits from participating in the purchasing arrangement from the supplier directly, in the form of rebates or otherwise.

Currently, no purchasing or distribution cooperatives exist in the franchise system.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section(s) in Franchise Agreement	Section(s) in Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 3.1., 3.2., and 3.3	Not applicable	Items 8 and 11
b. Pre-opening purchases/leases	Sections 3.4, 6.5., 6.6., 10.1., 10.2., and 11.2	Not applicable	Items 5, 6, 7, 8, and 11
c. Site development and other pre-opening requirements	Sections 3.4. and 5.1	Section 4	Items 1, 7, 8, and 11
d. Initial and ongoing training	Sections 5.1. and 5.4	Not applicable	Items 6, 7, and 11
e. Opening	Sections 3.5. and 5.2	Section 4.4	Items 7 and 11
f. Fees	Sections 4 and 9; Attachment A	Section 3; Attachment A	Items 5, 6, 8, and 11
g. Compliance with standards and policies/Manual	Section 8	Not applicable	Items 8, 11, 14, and 16
h. Trademarks and proprietary information	Section 7	Not applicable	Items 11, 13, and 14
i. Restrictions on products/services offered	Section 6.4, 6.5, 6.6	Not applicable	Items 8 and 16
j. Warranty and customer service requirements	Not applicable	Not applicable	Item 16
k. Territorial development and sales quotas	Not applicable	Section 4	Item 12
l. Ongoing product/service purchases	Sections 6.5. and 6.6	Not applicable	Items 8, 11, and 16
m. Maintenance, appearance, and remodeling requirements	Section 8.2	Not applicable	Item 8
n. Insurance	Sections 11.2	Not applicable	Items 7 and 8
o. Advertising	Section 9	Not applicable	Items 6, 8, and 11
p. Indemnification	Section 11.3	Section 7.2.	Item 6
q. Owner's participation/ management/staffing	Section 6.2	Section 5	Items 1, 11, and 15

Obligation	Section(s) in Franchise Agreement	Section(s) in Development Agreement	Disclosure Document Item
r. Records and reports	Sections 10.4., 10.5., and 10.6	Not applicable	Item 11
s. Inspections and audits	Sections 6.9. and 10.7	Not applicable	Items 6 and 11
t. Transfer	Section 12	Section 8.	Items 6, 12, and 17
u. Renewal or extension of rights	Sections 2.2, 2.3	Not applicable	Items 6, 12, and 17
v. Post-termination obligations	Sections 14.1 and 15.2	Section 2.2. and 10.2.	Item 17
w. Noncompetition covenants	Section 15	Section 10.	Item 17
x. Dispute resolution	Section 19	Section 14.	Item 17
y. Guaranty	Attachment C and Attachment D-2	Attachment C and Attachment D-2	Item 15

ITEM 10
FINANCING

We do not offer direct or indirect financing, and we do not guarantee your notes, leases, or other obligations.

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

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

Before you open your Franchised Business, we or our designee will:

1. With respect to a Restaurant, SIS, or KIOSK:

    (a) Provide you site selection assistance by providing geographic market data or for SIS location provide lease availability per you request or if we believe it to be necessary (Franchise Agreement, Section 3.1.).

    (b) Review your proposed site for compliance with our site selection guidelines and approve or deny your site approval request within 30 days after receiving your site information (Franchise Agreement, Section 3.2.).

    (c) Provide you with a set of our standard building plans and specifications and/or standard recommended floor plans and our specifications for required décor (Franchise Agreement Section 3.4).

2. With respect to all Models we will:

    (a) Establish your Designated Area or Designated Trade Route as it applies to the Model you franchise (Franchise Agreement, Attachment A Key Terms, Section 1.2, and Section 3.1).

    (b) Provide you access to our Brand Standards Manual ("Manual") (Franchise Agreement, Section 8.1.).

    (c) Provide you a list of specifications and any designated suppliers and approved suppliers (Franchise Agreement, Section 6.6.3.).

    (d) Conduct an initial training program (Franchise Agreement, Section 5.1.).

(e) Provide you pre-opening consultation and opening assistance (Franchise Agreement, Sections 3.1.2., 3.4.1., 5.2.).

(f) Review and approve your market introduction advertising program plan and materials (Franchise Agreement, Section 9.9.).

During the operation of the Franchised Business, we or our designee will:

1. Provide ongoing consultation and offer remedial or additional training at your request or at our option (Franchise Agreement, Section 5.3. and 5.4.).

2. Give you any advice and written materials we may develop on the techniques of managing and operating an Outlets (Franchise Agreement, Section 5.3. and 8.1.).

3. Develop products or services you will offer to your customers (Franchise Agreement 6.4., 6.7.).

4. Give you updated lists of designated and approved suppliers, as we deem appropriate (Franchise Agreement, Section 6.6.3.).

5. Administer the Marketing Fee Contribution monies and provide any advertising and promotional materials we develop for local advertising (Franchise Agreement, Section 9.3.).

6. Provide you access to proprietary software programs (if any) that may be developed by us or on our behalf for use in the System. We reserve the right to charge a reasonable license fee (Franchise Agreement, Section 10.2.).

7. Maintain a website for the SURFIN' CHICKEN brand, which will include your business information and telephone number.

<u>Advertising</u>

Our advertising program for the products and services offered by Outlets currently consists primarily of social media programs and local marketing efforts coordinated at the Outlet level by individual franchisees. These activities may include both marketing inside the Outlet to current customers, as well as external efforts. In addition, some marketing activities are coordinated by us for the benefit of all Outlets in our franchise network. These efforts may include activities such as "limited time offer" menu items, public relations, social media, email marketing, and loyalty programs. Our advertising materials currently are created in-house and with the help of an outside advertising agency. You may develop your own advertising and marketing materials, at your own expense, subject to the requirements described below. We are not required to spend any specific amount of advertising in the area or territory where your Franchised Business is located. We have no other obligation to conduct advertising.

We must approve all of your promotional and marketing materials before you may use them, whether in paper, electronic, or digital format. To obtain approval, you must submit to us samples of the proposed materials and notify us of the intended media. We will use good faith efforts to approve or disapprove your materials within 14 days from the date we receive them. You may not use the materials until they are approved, and we have the right to disapprove materials that we have previously approved. We reserve the right to use the marketing material provided by you for any purpose, without any payment to you.

You must participate in any and all sales, public relations, advertising, and purchasing programs or promotional programs (including, without limitation, product give-away promotions and social media initiatives) we require and pay the associated costs. These costs are not included in other advertising programs described below.

Each year, you must spend 3% of the Restaurant's Gross Sales each month on local advertising-related expenditures ("Local Advertising"). You must develop a market introduction advertising program and obtain our approval of the plan at least 30 days before the projected opening date of your business. Upon 30 days written notice, we may increase these requirements.

<u>Market Introduction Advertising Program</u>

Unless we agree otherwise, within 30 days of opening the Outlet, you must carry out a market introduction advertising program that promotes the opening of the Outlet. Your advertising program must comply with our standards, which may include, but are not limited to, the requirement of certain materials and media, the length of the promotion, and the amount you must spend, which is currently required to be at least $25,000 for Restaurant, $5,000 for SIS, $5,000 for KIOSK, and $1,000 for Food Truck. We must approve, in advance, all advertising items, methods, and media you use in connection with your opening promotion.

Marketing Fee

If you operate a Restaurant, KIOSK, or Food Truck Outlet you must contribute a Marketing Fee Contribution equal to 2% of Gross Sales of your Franchised Business. Currently the Marketing Fee Contribution for a SIS Outlet is 0%; however, we retain the right, upon written notice to you, to require you to contribute a monthly Marketing Fee Contribution not to exceed 2% of Gross Sales of the SIS Outlet.

We may use Marketing Fee Contribution monies to pay for: the costs of maintaining, administering, directing, preparing, and producing advertising. This includes the cost associated with developing, maintaining, and updating our Website, of preparing and producing television, radio, magazine, newspaper advertising campaigns, sweepstakes and other promotions, and point-of-sale advertising, menus, and menu boards, and other sales aids and promotional items and materials; direct mail and outdoor billboard advertising; public relations activities; endorsement costs; employing advertising agencies, including external marketing consultants; and costs of our personnel and other departmental costs for advertising that we administer or prepare internally.

We will administer the Marketing Fee Contribution monies. We will not use Marketing Fee Contribution monies for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared using Marketing Fee Contribution monies (including Internet advertising) information concerning franchise opportunities, and a portion of Marketing Fee Contribution monies may be used to create and maintain one or more pages on our Website devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates. Any Marketing Fee Contribution monies that are not spent in the year they are collected will remain for use during the next year.

Although not contractually required to do so, we anticipate that each SURFIN' CHICKEN business owned by us or an affiliate of ours will submit Marketing Fee Contributions on the same basis as our franchisees owned Outlets. Upon your reasonable request, we will provide you an annual unaudited statement of Marketing Fee Contribution monies and expenditures. We are not obligated to spend Marketing Fee Contribution monies or any other marketing monies on the placement of advertising in your Designated Area or Designated Trade Route, or to ensure that your Outlet benefits directly or on a pro rata basis from the expenditure of Marketing Fee Contribution monies. We did not collect or spend any Marketing Fee Contributions during our prior fiscal year.

Local Advertising

Currently, in each calendar year during the term of the Franchise Agreement, you must spend at least 3% of Gross Sales to promote the Outlet in your market area. We reserve the right to require you to contribute all or a portion of your local advertising dollars towards your Marketing Fee Contribution requirement and/or to an advertising Co-op, described below. You will be given credit for having made your required local advertising expenditures when these substitute contributions are made by you.

Advertising Co-op; Advertising Council

We do not currently have any local or regional advertising cooperatives. However, we have the right to require you to participate in a local or regional advertising cooperative. We can designate any geographic area in which two or more affiliate-owned or franchised Outlets are located as a region for a franchisee advertising Co-op. If we do, the Co-op must be organized and governed as we determine, and the Co-op must pay any fees associated with organizing the Co-op, including attorneys' fees and state filing fees. Any Co-ops we authorize will be for the exclusive purpose of administering advertising programs and developing promotional materials for use by members in local advertising. If a Co-op is established for an area in which any of your Outlet is located, you must become a member of the Co-op and participate in the Co-op by contributing the amounts required by the Co-op's governing documents, and you must comply with the bylaws of the Co-op. The Co-op will have the right to establish its own fees. The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% and not more than 5% of gross sales. You must also submit to the Co-op and to us all statements and reports that we or the Co-op may require. Co-op contributions will be maintained and administered under the Co-op's governing documents, and the Co-op will be operated solely as a conduit for the collection and expenditure of advertising contributions. We may require you to pay your required Co-op contributions to us via electronic funds transfer. If we do, we will then submit your contributions to the Co-op on your behalf. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine.

We have the sole right to form, change, dissolve, and merge any Co-op and to create and amend any organizational and governing documents of any Co-op. Once established, we may terminate and/or dissolve the Co-op at any time. The Co-op will not be terminated, however, until all monies in the Co-op have been expended for authorized purposes or returned to contributing Restaurants (whether franchised or affiliate-owned), without interest, on the basis determined by a majority vote of its members. Each Co-op must prepare annual, unaudited financial statements, which will be made available to contributing Co-op members.

No advertising council has been established for the franchise system.

Marketing and Promotions

All marketing and promotion must be conducted in a professional and dignified manner and must conform to our specified standards and requirements. All marketing and promotional materials, including product identification materials, point-of-purchase promotional materials, promotion memorabilia, and merchandise and prizes, will either be provided for you, or be made available to you for purchase through us.

We may create and license to you, social media accounts, e-mail marketing software accounts and other electronic accounts that use the Marks or any portion of them, used by you with any Internet directory, website, platform, or similar item in the operation of your Franchised Business. You may not create websites, social media accounts, e-mail marketing software accounts or other comparable accounts outside of those which we license to you.

You will operate your Franchised Business so that it is clearly identified and advertised as a SURFIN' CHICKEN franchise. You will use the trademark "SURFIN' CHICKEN" and the other Marks which now or hereafter may form a part of the System, on all signs, suppliers, business cards, uniforms, advertising materials, Technology platforms, signs and other articles in the identical combination and manner as we may prescribe in writing and you will supply to us samples and photographs of the same up on our request. You will comply with all trademark, trade name, service mark and copyright notice marking requirements and you will supply to us samples or photographs upon our request.

Computer and Electronic Cash Register Systems

The Franchise Agreement requires that you use only the point of sale cash registers and computer systems and equipment that we prescribe for Outlets ("POS System") and that you adhere to our requirements for use. The POS System will include all necessary hardware to run business, such as an iPad/laptop. The POS System will generate or store data such as inventory, scheduling, employee, customer and accounting information.

Requirements may include connection to remote servers, off-site electronic repositories, and high-speed Internet connections. We may require you to add to your POS System memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software, replace or upgrade your POS System (software and hardware) and other computers, and enter into maintenance agreements for the POS System and other computers. We will provide you 90 days advance written notice of any changes to our POS System requirements. You must acquire, install, and maintain such anti-virus and anti-spyware software as we require, and must adopt and implement such Internet user policies as we may prescribe for purposes of avoiding, blocking, and eliminating viruses and other conditions that interfere with the operation of the POS System. We anticipate the cost of purchasing all required computer hardware and software systems to be approximately $4,500 - $35,000.

You must: (a) use any proprietary software programs, system documentation manuals, and other proprietary materials that we require in connection with the operation of the Outlet; (b) input and maintain in your computer such data and information as we prescribe; and (c) purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever we adopt new or upgraded programs, manuals, and materials system-wide. We may require you to enter into such contract with a third party for POS subscription. You must enter into all software license agreements, "terms of use" agreements, and software and hardware maintenance agreements, in the form and manner we prescribe, and pay all fees imposed under the agreements.

You must acquire and use, from the date the Franchise Agreement is signed until the expiration or termination of the Franchise Agreement, a valid email address. You must provide us notice of any changes to your email address and provide us the new or revised email address immediately upon its acquisition.

We may independently poll your Gross Sales and other information input and compiled by your POS System from a remote location. We also may require that you connect to a Web-based application that enables us to independently access and poll the information on your POS System and other computer systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

Neither we, nor affiliates, nor any third parties must provide ongoing maintenance, repairs, upgrades, or updates to your POS System or other computer equipment. Except as described above, there are currently no optional or required maintenance/upgrade contracts for the POS System or other computer equipment. You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

You must, at all times, be compliant with all applicable and current Payment Card Industry Data Security Standards ("PCI DSS") requirements and other data security policies that we may implement. For more information about PCI DSS, you may visit https://www.pcisecuritystandards.org/.

Information Systems/Technologies

Approved information systems. We may designate the information system used in your Franchised business, including the computer hardware, software other equipment and enhancements (the "Information System"). If you suspect or know of a security breach, you must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the franchise business unless otherwise directed by us.

You are solely responsible for protecting yourself from disruptions, Internet Access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us or our affiliates as the direct or indirect result of such disruptions, security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Franchise Business, unless otherwise directed by us.

Indemnification: You hereby release and agree to hold us and our affiliates and our respective officers and directors, harmless from and against any and all claims, liability, damages or causes of action of any nature arising from or in connection with the installation, maintenance or operation of the Information System and its billing and payment processing, except to the extent arising from such party's gross negligence or intentional acts.

Ownership Information All of the information we or our affiliates obtain from you or about your Franchised Business, and all information in your records or our concerning the members of your Franchised Business ("the Information") and all revenues we derive from the Information will be our property. However, you may at any time during the term of this Agreement use in the operation of your Franchised Business (but for no other purpose), to the extent lawful and at your sole risk and responsibility, any information that you acquire from third parties in operating your Franchised Business, such as customer data. The information (except for information you provide to us or our affiliates with respect to you and your affiliates, including your respective officers, directors, shareholders, partners or equity members of your entity) will become our property which we may use for any reason as we deem necessary or appropriate in our discretion. You hereby authorize your payment processor to release the information to us at any time. Following termination or expiration of this Agreement you will no longer use any of the Information, except to comply with your post-term obligations under this Agreement and you authorize your payment processor to release the Information exclusively to us and/or our designees.

Training

At least 60 days prior to opening each of your Stores, you must also complete our initial training program. Training for the Operating Principal, the Store Manager is included in the Initial Franchise Fee. At our option, this training course may occur at any of the training locations in the United States that we designate during the Term. You are solely responsible for all costs and expenses, including travel, wages, dining, and lodging in connection with the training. If you desire to have additional personnel participate in the training program, we may provide initial training to such additional personnel at any of our scheduled initial training courses at our then-current fee upon commencement of the training program, which is currently $500.00 per day per trainer (maximum 8 hours per day) plus any reasonable out-of-pocket

Our training is administered under the supervision of Carrie Sams, who has over 10 years of experience in the field of training and restaurant operations and has been with us for since our inception in 2020. Training will also be conducted by qualified members of our staff, including management personnel and employees. Instruction materials come from a variety of sources, and will include information taken from our Manual and many other tools and materials that you will be expected to use in your daily operations.

The subjects covered and other information relevant to our initial training program conducted in the are described below.

INITIAL TRAINING PROGRAM

Subject	Classroom Training Hours	On-the-Job Training Hours	Location
Orientation	1	0	Dallas, Texas or another location we designate
Experience	1	0	Dallas, Texas or another location we designate
Labor Control, Operations Forms, Procedures, Recipes, Customer Service, Cost of Goods Management, Floor Control	Restaurant – 3 hours SIS- 3 hours KIOSK – 1 hours Food Truck – 1 hours	Restaurant – 4 hours SIS- 4 hours KIOSK – 1 hours Food Truck – 1 hours	Dallas, Texas or another location we designate
Intro to Kitchen; Equipment, Ingredients, Receiving Orders	1	4	Dallas, Texas or another location we designate
POS System, Cashier Training	2	2	Dallas, Texas or another location we designate
Prep & Frying Training Make Line Training; Order Finishing	3	13	Dallas, Texas or another location we designate
Cleaning and Safety Procedures	1	2	Dallas, Texas or another location we designate
Marketing; Administration; Certifications	Restaurant – 2 hours SIS- 2 hours KIOSK – 1 hours Food Truck – 1 hours	1	Dallas, Texas or another location we designate
TOTAL HOURS OF TRAINING:	14	26	

Our initial training program is subject to change, without notice, to reflect updates in the materials, methods, and manuals and changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the trainees.

At our request, your Operating Principal, District Manager (if applicable), Outlet Manager, and other of your employees that we designate must attend additional courses, seminars, and training programs that we may reasonably require. We or third-party providers, as applicable, may charge a reasonable tuition or attendance fee for these additional courses, seminars, or other training programs. You are responsible for all training-related costs and expenses including salary, travel, lodging, and dining costs for all of your employees who attend training.

Training classes will be scheduled in accordance with the new Outlet opening timeline outlined in the our Manual. We reserve the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program. The instructional materials consist of the Manual and other materials, video, print, discussions, and on-the-job demonstration and practice.

Your Franchised Business must at all times be under your on-site Operating Principal's supervision or under the on-site supervision of your District Manager or Outlet Manager who has completed our training program.

<u>On-site Training Cancellation Fees</u>

If our representative is scheduled to conduct an on-site training program at your Franchised Business and you subsequently cancel the scheduled training program, then you must pay us our then current on -site training cancellation fee ("On-Site Cancellation Fee"). The On-Site Training Cancellation Fee may vary depending upon the type of scheduled training program and how far in advance you notify us in writing of the cancellation.

<u>Nature and Assistance of Training</u>

You agree that we are not obligated to provide any training or assistance to your particular level of satisfaction, but as a function of our experience, knowledge and judgment. You also acknowledge that we are not obligated to provide any services to you that are not set forth in this agreement. If you believe we have failed to adequately provide any pre-opening services to you or to your employees, whether with respect to site selection, purchase of equipment and supplies, training or any other matters affecting the establishment of your Franchised Business, you must notify us in writing within 30 days following the opening of your Franchised Business or you will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by us were sufficient and satisfactory in your judgment and complied with all representations made to you.

<u>Brand Standards Manual</u>

We will provide you online access to our Brand Standards Manual. Your access to the Manual through our Intranet does not grant you ownership of the Manual or any of its contents. A copy of the current table of contents of the Manual is attached as <u>Exhibit F</u>. We consider the contents of the Manual to be proprietary, you must treat them as confidential, and you may not make any copies of the Manual. Our Manual currently contains 115 pages.

<u>Site Selection and Opening</u>

Restaurant, SIS, or KIOSK:

When you sign the Franchise Agreement, we will agree on a "Designated Area" within which you may locate your Outlet. You must identify and on obtain an acceptable site for the Outlet within 180 days after the Effective Date of the Franchise Agreement. For each proposed site that you identify, you must deliver to us an application request packet in a form that we prescribe, including information about the site or the trade route as we may reasonably request to perform our evaluation. We will approve or refuse to approve your proposed site within 30 days of receiving all requested information. Our failure to provide notification within this time period will not be considered either approval or disapproval.

The criteria that we use to evaluate a retail site include general location and neighborhood, demographics, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms. If you fail to comply with your obligation to identify a site that is acceptable to us, develop, and open the franchise by the Opening Date, defined below, and unless we agree to extend the deadline in writing, you will be in default and we may terminate your franchise agreement.

We are not obligated to assist you in conforming the premises of your retail site to local ordinances and building codes and obtaining any required permits to operate your Outlet. This will be your responsibility.

We anticipate that a Restaurant, SIS, or KIOSK Outlet will open for business in 3 to 6 months after the Franchise Agreement is signed or a franchisee pays consideration for the franchise. Factors which may affect the length of time between signing of the Franchise Agreement and opening for business include the time necessary to find a location which we will accept; obtain a lease, obtain any financing you need; obtain required permits and governmental agency approvals; fulfill local ordinance requirements; complete construction, remodeling, alteration, and improvement of the approved location, including the installation of fixtures, equipment, and signs; to complete our initial training program and to complete the hiring and training of personnel. Delays in construction may be caused by inclement weather, material or labor shortages, labor actions, slow deliveries, equipment shortages, and other similar factors.

When the retail site is selected and approved by us, we will mutually agree on an "Opening Date" for the Outlet. Your Opening Date will be the date your Outlet actually opens for business, but the Opening Date must be no later than 365 days from the Effective Date of your Franchise Agreement. If you are unable to open your Outlet within 365 days from the Effective Date, we may, but we are not obligated to, extend your Opening Date deadline in our sole discretion, if you have sent an extension request to us, in writing, at least 60 days prior to 365 days from the Effective Date. If you do not open the Outlet by the Opening Date, and/or do not request and/or receive an extension, we may unilaterally terminate the Franchise Agreement. If you are granted an SIS Outlet, your SIS Outlet must be open by the Opening Date. You must further abide by all tenant space requirements and also abide by certain stipulations that apply to the opening and operating of an SIS Outlet and execute the Franchisor's form of SIS Agreement, attached as Attachment H to the Franchise Agreement.

We generally do not own or lease premises to you that you will use in operation of your Outlet.

Food Truck:

With respect to a Food Truck, we will agree on a "Designated Trade Route" when you sign the Franchise Agreement. You must begin operation of the Franchised Business within 120 days after you successfully complete the initial training program. The criteria that we use to evaluate a Food Truck Designated Trade Route include general route, neighborhood the route goes through, demographics, traffic patterns, parking, and any other criteria we deem necessary. Your Opening Date will be the date your Outlet actually opens for business, but the Opening Date must be no later than 180 days from the Effective Date of your Franchise Agreement. If you are unable to open your Outlet within this time period, we may, but we are not obligated to, extend your Opening Date deadline in our sole discretion, if you have sent an extension request to us, in writing, at least 60 days prior to 120 days from the Effective Date. If you do not open the Outlet by the Opening Date, and/or do not request and/or receive an extension, we may unilaterally terminate the Franchise Agreement.

If you have been granted develop rights, when you sign the Development Agreement we will agree on a "Development Area" in which you may locate your Outlets. You must comply with each applicable requirement described above for each Outlet you develop.

ITEM 12
TERRITORY

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

Franchise Agreement

Restaurant, SIS, or KIOSK:

You will operate the Restaurant, SIS, or KIOSK from a location that you select and that we approve. You must select a site from within the non-exclusive Site Selection Area identified in the Franchise Agreement; however, we may use other boundaries (such as counties or other political boundaries, streets, geographical features, or trade area). The exact Site Selection Area granted to you will be specified in your Franchise Agreement. The Site Selection Area will exclude any existing or future designated area of another SURFIN' CHICKEN franchisee that is or may be within the Site Selection Area and will exclude any Reserved Area. Upon identifying an approved location for the Outlet any rights associated with the territory granted as Site Selection Area will terminate.

Once the location of the Restaurant, SIS, or KIOSK is identified, your Franchise Agreement will grant to you a protected territory in which you will operate your Franchised Business "Designated Area". If you and your affiliates are in compliance with the Franchise Agreement and any other agreement you have with us or our affiliates, except as described below, we and our affiliates will not establish or authorize anyone except you to establish an SURFIN' CHICKEN franchise within the Designated Area specified in the Franchise Agreement. Generally, the Designated Area for (1) a Restaurant will be a geographic area which is a circle having the Restaurant's front entrance as its center and a radius of one mile or population of approximate 50,000 – 100,000 people, (2) a SIS will be within the confines of the retail facility in which it is located, and (3) a KIOSK will be within the confines of the retail facility in which it is located.

In densely populated urban areas, the Designated Area will be less and may be as small as an office or retail building in these types of areas. If you are granted the right to operate an Outlet in a Reserved Area, no Designated Area will be granted for that Outlet. You are not restricted from soliciting or accepting orders from consumers outside of your Designated Area, except with respect to Reserved Areas and the channels of distribution described below, or if we limit the area in which you can provide catering services.

You do not have the right to relocate your Franchised Business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee's Outlet on case-by-case basis, considering factors such as changes in demographics, profitability of your current Outlet, or a loss of your premises due to circumstances beyond your control. There are no circumstances that permit us to modify your Designated Area. Under the Franchise Agreement you may not relocate your Outlet without our prior written consent. Under the Franchise Agreement, you do not have any right of first refusal to obtain additional Outlets.

Food Truck:

If you choose to operate a Food Truck, prior to signing the Franchise Agreement, we will mutually agree on the specific boundaries that comprise the Designated Trade Route. The Designated Trade Route will exclude any existing SURFIN' CHICKEN or franchisee designated trade route, or existing or future Reserved Area.

You are not restricted from soliciting or accepting orders from consumers outside of your Designated Trade Route, except with respect to Reserved Areas and the channels of distribution described below, or if we limit the area in which you can provide catering services.

You do not have the right to change your Designated Trade Route without our prior written consent, and we have no obligation to approve any request the change your Designated Trade Route. Our policy is to approve reconfiguration of a franchisee's Designated Trade Route on case-by-case basis, considering factors such as changes in demographics, profitability of your current Outlet, or a loss of your Designated Trade Route due to circumstances beyond your control, such as natural disasters including flood, earthquake or other damages, and riots. There are no circumstances that permit us to modify your Designated Trade Route.

All Outlets:

Continuation of your protection of your Designated Area and/or Designated Trade Route does not depend on your achieving a certain sales volume, market penetration, or other contingency. Further, if you or any of your affiliates on the one hand are in default of any agreement between us and any of our affiliates on the other hand, and such default(s) is not cured within any applicable cure period, such default(s) will be considered a default(s) under the Franchise Agreement and will provide an independent basis for termination of the Development Agreement. Under the Franchise Agreement, you do not have any right of first refusal to obtain additional Outlets.

Franchisor's Reservation of Rights

We retain all other rights in and outside the Designated Area and/or Designated Trade Route. This means that we can: (a) operate, and license others to operate a Outlet that is different model than the one operated by you at any location whether inside or outside of the Designated Area and/or Designated Trade Route and in any Reserved Area whether located inside or outside the Designated Area and/or Designated Trade Route, (b) operate, and license others to operate, Outlet that is same model as the one operated by you at any location outside the Designated Area and/or Designated Trade Route and in any Reserved Area (whether located inside or outside the Designated Area and/or Designated Trade Route), including Outlets that are in, adjacent to ,or surrounded by the Designated Area and/or Designated Trade Route, (c) advertise and promote the System in the Designated Area and/or Designated Trade Route, (d) operate, and license others to operate, Outlets at any locations in any Reserved Area, including Reserved Areas that are in the Designated Area and/or Designated Trade Route, (e) to operate, and license others to operate, other outlets, restaurant, ghost kitchens, or other food service business utilizing trademarks other than SURFIN' CHICKEN inside and outside the Designated Area and/or Designated Trade Route and in any Reserved Area (whether located inside or outside the Development Area), (f) to operate, and license others to operate, ghost kitchens that are delivery only ("Ghost Kitchens") at any location inside or outside the Designated Area and/or Designated Trade Route, including Ghost Kitchens that are adjacent to or surrounded by the Designated Area and/or Designated Trade Route under the Marks, and (g) to engage, directly or indirectly, at wholesale, retail, or otherwise, in the production, distribution, license, and sale of any and all food, beverages, or other services and products, under the Marks or under other names or marks through any method of distribution, other than a SURFIN' CHICKEN Restaurant, regardless of the competitive impact, and including, but not limited to, from vending machines and kiosks, food trucks, grocery stores, and other food retailers and through mail order catalogs and the Internet, regardless of the proximity to, or the competitive impact on, Outlets developed by you in the Designated Area and/or Designated Trade Route. There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We are not required to compensate you if we exercise any of the rights specified above. You are not restricted from soliciting or accepting orders from consumers except with respect to Reserved Areas and alternate channels of distribution, or if we limit the area in which you can provide catering services, except that we reserve the right to control all internet-based marketing.

"Reserved Area" means the enclosed area of retail sales establishments, including without limitation, shopping malls, grocery stores, and retailers that are part of regional or national chains; food courts; airports; hospitals; cafeterias; commissaries; schools and universities; hotels; office buildings; stadiums; arenas; ballparks; festivals; fairs; casino; nightclub; public facility; airline (in-flight services), military bases; ghost kitchen, and other mass gathering locations or events. A Reserved Area also is any facility for which food and/or beverage service rights are contracted to a third party or parties (including designated roadways and adjacent facilities).

Development Agreement

Under the Development Agreement, we grant you the right to develop a specified number and specific type of Outlets within the Development Area specified in the Development Agreement. We will determine the Development Area and insert it in the Development Agreement before you sign the Development Agreement. Under the Development Agreement, your right to develop additional outlets is subject to (1) you must comply with the mutually-agreed development schedule, (2) you must have sufficient financial and organizational capacity to develop, open, operate, and manage each additional SURFIN' CHICKEN business, (3) you must be in compliance with all brand requirements at your open SURFIN' CHICKEN business(es), and (4) you must not be in default under any other agreement with us.

We will approve the location of future sites and territories for those sites, using our then-current standards for sites and territories. You are not obligated to develop additional outlets under the Development Agreement. If you do not meet your development schedule in the Development Agreement, we have the right to terminate your right to develop additional outlets.

If you sign a Development Agreement, you do not receive an exclusive territory as a developer. Therefore, with respect to a Development Agreement, we make the following disclosure: You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

If you are in compliance with the Development Agreement and any other agreement you have with us or our affiliates, except as described below, we and our affiliates will not establish or authorize anyone except you to establish a Outlet of the same type operated by you within the Development Area specified in the Development Agreement during the term of the Development Agreement. Except for development rights granted under a Development Agreement, we do not grant any rights of first refusal to obtain additional Outlets.

You must enter into the then-current Franchise Agreement for each type of Outlet that you open and operate. It is possible that the then-current Franchise Agreement for future Outlets may be materially difference than that contained in this disclosure document. The Development Agreement does not grant you any rights in or to the Marks.

We retain all other rights in and outside the Development Area. This means that we can: (a) operate, and license others to operate a Outlet that is different model than the one operated by you at any location whether inside or outside of the Development Area and in any Reserved Area whether located inside or outside the Development Area, (b) operate, and license others to operate, Outlets at any location outside the Development Area and in any Reserved Area (whether located inside or outside the Development Area), including Outlets that are in, adjacent to or surrounded by the Development Area, (c) advertise and promote the System in the Development Area, (d) operate, and license others to operate, Outlets at any locations in any Reserved Area, including Reserved Areas that are in the Development Area, (e) to operate, and license others to operate, other outlets, restaurant, ghost kitchens, or other food service business utilizing trademarks other than SURFIN' CHICKEN inside and outside the Development Area and in any Reserved Area (whether located inside or outside the Development Area), (f) to operate, and license others to operate, SURFIN' CHICKEN ghost kitchen that are delivery only ("Ghost Kitchens") at any location inside or outside the Development Area, including Ghost Kitchens that are adjacent to or surrounded by the Designated Area and/or Designated Trade Route, and (g) to engage, directly or indirectly, at wholesale, retail, or otherwise, in the production, distribution, license, and sale of any and all food, beverages, or other services and products, under the Marks or under other names or marks through any method of distribution, other than a SURFIN' CHICKEN or Restaurant, regardless of the competitive impact, and including, but not limited to, from vending machines and kiosks, food trucks, grocery stores, and other food retailers and through mail order catalogs and the Internet, regardless of the proximity to, or the competitive impact on, Restaurants developed by Developer in the Development Area.

Continuation of your protection of your Development Area does not depend on your achieving a certain sales volume, market penetration, or other contingency. If you fail to comply with the Development Schedule, or otherwise materially default under the Development Agreement, then we may (in addition to our other remedies) terminate or modify your development rights, reduce the size of your Development Area, or reduce the number of Outlets that you may develop. Further, if you or any of your affiliates on the one hand are in default of any agreement between us and any of our affiliates on the other hand, and such default(s) is not cured within any applicable cure period, such default(s) will be considered a default(s) under the Development Agreement and will provide an independent basis for termination of the Development Agreement. When the Development Agreement expires or is terminated, you cannot develop additional Outlets in the Development Area, unless you enter into a new or amended Development Agreement with us, at our discretion.

ITEM 13
TRADEMARKS

We have applied to register the following principal trademarks on the Principal Register of the USPTO ("USPTO"):

Mark	Serial Number	Application Date	International Class
SURFIN' CHICKEN ORIGINAL CHICKEN AND FRIES	97010594	September 3, 2021	043
SURFIN' CHICKEN	97060565	October 5, 2021	043
SURFIN' CHICKEN ORIGINAL CHICKEN AND FRIES	97060576	October 5, 2021	043

Surf 'N' Fries USA, LLC, does not have a federal registration for the marks listed in the chart above. Therefore, these trademarks do not have many legal benefits and rights as a federally registered trademark. If our right to use the SURFIN' CHICKEN trademarks is challenged, you may have to change to alternative trademarks, which may increase your expense.

There is no presently effective determination of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks which is relevant to their ownership, use, or licensing.

We know of no superior prior rights or infringing use that could materially affect your use of the Marks, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

We are not obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition.

You must immediately notify us of any infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Principals must agree not to communicate with any person other than us, any designated affiliate, and our or their counsel about any infringement, challenge, or claim. We, or our affiliates, have sole discretion to take any action we deem appropriate and the right to exclusively control any litigation or Patent and Trademark Office (or other) proceeding from any infringement, challenge, or claim concerning any of the Marks. You must execute all instruments and documents and give us any assistance that, in our counsel's or our affiliates' counsel's opinion, may be necessary or advisable to protect and maintain our interests or those of our affiliates in any litigation or proceeding or to otherwise protect and maintain our or their interest in the Marks.

You may use only the Marks that we designate, must use them only in the manner that we authorize and permit, and must use them with the symbols, "®", "™", or "SM", as appropriate. You may use the Marks only in connection with the operation and promotion of the Franchised Business, and only in the manner we prescribe. You may not use the Marks or any part of the Marks in your corporate name, and may not use them to incur any obligation or indebtedness on our behalf. You must also follow our instructions for identifying yourself as a franchisee and for filing and maintaining the requisite trade name or fictitious name registrations. You must execute any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your Principals may take any action that would prejudice or interfere with the validity of our rights with respect to the Marks and may not contest the validity of our interest in the Marks or assist others to do so.

You may not use the Marks or any part or derivative of the Mark on the Internet, except as expressly permitted in writing. This prohibition includes use of the Marks or any derivative of the Marks as part of any URL or domain name, including but not limited to any gaming Website, social networking Website, or marketing/discounting Website; as part of any user name; or as part of any unauthorized email address.

We have the right to substitute different trade names, service marks, trademarks, and indicia of origin for the Marks if the Marks can no longer be used, or if we determine, in our sole discretion, that the substitution will be beneficial to the System. If we do, we may require you to discontinue or modify your use of any Mark or use one or more additional or substitute Marks at your expense.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any patents that are material to the franchise, nor do we have any pending patent applications. We do claim copyright protection and proprietary rights in the original materials used in the System, including our menus, Manual, bulletins, correspondence, and communications with our franchisees, training, advertising, and promotional materials, the content and design of our Website, and other written materials relating to the operation of Outlets and the System ("Copyrighted Works").

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Franchise Agreement, or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use, or licensing of the copyrights. You may not use any of our copyrighted works on the Internet without our written permission. This includes display of the copyrighted works on commercial, gaming, marketing, promotional, or social networking Website.

You and your employees must maintain the confidentiality of all information contained in the Manual and other information that we consider confidential, proprietary, or trade secret information. "Confidential Information" means all trade secrets, the Standards, and other elements of the System; all customer information; all information contained in the Manual; our proprietary recipes and standards and specifications for product preparation, packaging and service; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Franchise Agreement, and all other information that we designate.

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

The Franchised Business must be supervised on-site by an Operating Principal. If the franchisee is an individual or general partnership, the Operating Principal will be the individual franchisee or one of the general partners. If the franchisee is a business entity, the Operating Principal must hold at least a 10% equity interest in the business entity. Unless we approve the appointment of a District Manager, the Operating Principal must successfully complete our initial training program and must devote full-time efforts to the management and operation of the Franchised Business. We must approve your Operating Principal as meeting our qualifications for the position. If your Operating Principal ceases to serve in, or no longer qualifies for, the position, you must designate a replacement Operating Principal within 30 days. Your replacement Operating Principal must meet the same criteria as your preceding Operating Principal. You and your Operating Principal must attend our convention.

If you and/or your affiliate(s) operate more than one Outlet, and if the Operating Principal will not devote full-time efforts to the management and operation of the Outlet, then, in addition to the Operating Principal, you must appoint an individual to serve as your District Manager. Your District Manager need not have an equity interest in the franchise, but must have completed our initial training program to our satisfaction and must live in the market where the majority of your Outlets are located. Your District Manager must devote his or her full time efforts to Outlet operations and management and may not engage in any other business or activity that requires substantial management responsibility or time commitment. We must approve your District Manager as meeting our qualifications for the position. If your District Manager ceases to serve in, or no longer qualifies for, the position, you must designate a replacement District Manager within 30 days. Your replacement District Manager must meet the same criteria as your preceding District Manager.

If the franchisee is a business entity, each Owner must sign a Personal Guaranty substantially in the form attached as Attachment C to the Franchise Agreement and Attachment C to the Development Agreement. Any person we designate, including but not limited to spouses of Owners who are not also Owners and your District Manager, if applicable, must sign our Principals' Undertaking, Attachment D-2, and any individual who attends our initial training program who has not signed our Personal Guaranty or our Principals' Undertaking must sign a confidentiality and noncompetition agreement substantially in the form attached as Attachment D-1 to the Franchise Agreement. The term "Owner" means each individual or entity holding a beneficial ownership in the franchisee. It includes all current and future shareholders of a corporation, all current and future members of a limited liability company, all current and future general and limited partners of a limited partnership, and the grantor and current or future trustee of the trust.

We do not impose any anti-poaching restrictions that prohibits you, or any other franchisee, from soliciting or hiring any person currently employed or previously employed within the System. However, if you hire another franchisee's employees within one year of the employee attending our training program, you are required to reimburse the other franchisee the then-current training fee and its costs associated with sending that employee to training.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all menu items that we require for the type of Outlet you franchise, and only those menu items that we have approved, and in the method or manner we determine, including dine-in, carry-out, catering, and delivery, which may include the use of third-party delivery service providers. You must prepare, package, and serve all menu items according to our recipes, standards, and procedures for preparation, presentation, and service as communicated to you from time to time via the Manual or other written directives. Our standards and procedures may include, without limitation, adherence to recipes (including use of prescribed ingredients and prescribed measure of ingredients), use of containers and paper goods bearing the Marks, packaging procedures, product holding times, and other standards for displaying for sale menu items and other merchandise. We may add, eliminate, or modify authorized goods and services, in our sole discretion, including but not limited to limiting the geographical area in which you can provide catering services. There are no contractual limitations on our rights to make these changes.

You must participate in all market research programs that we require for the type of Outlet you franchise, which includes test-marketing new products, purchasing a reasonable quantity of new products for test-marketing, and promoting the sale of the new products. You must provide us with timely reports and test results for all such programs.

You may not co-brand with another concept, or offer or provide catering or delivery services from the Outlet without our prior written consent. You may not ship SURFIN' CHIKEN products, regardless of the destination, without our prior written consent, nor distribute SURFIN' CHIKEN products through wholesale channels, such as supermarkets, convenience stores, or other retailers, or through food service providers such as commissaries or airlines through in-flight services.

We have the right to establish maximum, minimum, or other retail pricing requirements to the extent permitted by law.

You may not permit any vending, game or gaming machines, payphones, automatic teller machines, Internet kiosks, or other mechanical or electrical devices in a Restaurant or SIS Outlet, except for those we require or approve.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the Franchise Agreement, the Development Agreement, and related agreements. You should read these provisions in the Franchise Agreement and the Development Agreement attached to this disclosure document.

<u>Franchise Agreement</u>

Provisions	Section in Franchise Agreement	Summary
a. Length of the franchise term	Restaurant: Section 2.1. SIS: 2.1. KIOSK: 2.1. Food Truck: 2.1.	The Initial Term is: 10 years for Restaurant; 5 years for SIS; 5 years for KIOSK; 5 years for Food Truck from date of signing the franchise agreement.
b. Renewal or extension of the term	Restaurant: Section 2.2. SIS: 2.2. KIOSK: 2.2. Food Truck: 2.2.	You can renew for two additional, consecutive, 5-year term if our requirements are met.

Provisions	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	Section 2.2.	Your renewal right permits you to remain as a franchisee after the initial term of your Franchise Agreement expires. However, to remain a franchisee, you must meet all required conditions to renew, including signing our then-current form of Franchise Agreement, which may be materially different than the form attached to this disclosure document. Other requirements are: You must have complied with your obligations during the Term; satisfied all monetary obligations to us; provided us with your notice of intent to renew; not be in default under the Franchise Agreement or any other agreements; demonstrate that you have the right to remain in possession of the Restaurant, SIS, and KIOSK premises or leased vehicle for Food Truck operation; must, at our request, renovate or modernize your Outlet to comply with our then-current standards for a new Outlet; comply with the then-current qualifications and training requirements; pay the Renewal Fee; and each Owner must sign a general release.
d. Termination by franchisee	Not applicable	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with cause	Section 13.	We can terminate if you materially default under your Franchise Agreement, any other individual Franchise Agreement, SIS Agreement, or any other agreement between you and us. In the event of the death or permanent incapacity of an owner, we may terminate if you fail to adhere to the applicable transfer requirements. If you sign a Development Agreement, termination of your Development Agreement does not give us the right to terminate your franchise agreement. However, if your franchise agreement is terminated, we have the right to terminate your Development Agreement.

Provisions	Section in Franchise Agreement	Summary
g. “Cause” defined – curable defaults	Sections 13.3., 13.4., 13.5., and 13.6.	You have 10 days to cure non-payment of fees, 30 days to cure non-compliance with laws and defaults not listed in Sections 13.1. and 13.2., and in the case of a breach or default in the performance of your obligations under any other agreement between you and us, the notice and cure provisions of the other agreement will control. You have six months to transfer the interest of an owner in the event of death or permanent disability.
h. “Cause” defined – non-curable defaults	Sections 13.1. and 13.2.	Non curable defaults: Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy, foreclosure, insolvency, failure to successfully complete training, slander or libel of us; abandonment of your Outlet, failure to maintain the right to operate the Outlet more than 5 consecutive days; failure to relocate and open, or reopen, your Outlet if closed due to an event of Force Majeure, repeated defaults, even if cured, plea of no contest or conviction of a felony, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; unapproved transfer or attempt to transfer, failure to comply with confidentiality and noncompetition requirements, misrepresentations in your franchise application, failure to comply with Crisis Management Event procedures, understating your Gross Sales or required payments, poor operations that lead to an imminent threat to public health or safety, knowingly maintaining false books or records, offering unapproved products or services, purchasing products from unapproved suppliers, refusal to cooperate with our business inspection, failure to pass two or more quality assurance inspections within any rolling 12-month period, violation of Outlet operations policies within any rolling 12-month period, failure to participate in advertising or marketing programs, failure to maintain required hours two or more times within any rolling 12-month period, or we deliver three or more notices of default to you in any rolling 12-month period.

Provisions	Section in Franchise Agreement	Summary
i. Franchisee's obligations on termination/nonrenewal	Section 14.	You must cease use of our trademarks, de-identify, pay all amounts due to us, and return the Manual to us. We may, at our option, assume all telephone numbers for the Outlet. We may, at our option, assume your lease and purchase certain Outlet assets. You must, at our option, cancel or assign to us your rights to any Internet websites or web pages or email addresses which contain our Marks. See also "r" below.
j. Assignment of contract by franchisor	Section 12.1.	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Sections 12.2., 12.3., 12.6., 12.7., and 12.8.	Includes transfer of the Franchise Agreement, changes in ownership of the franchisee entity, transfers of assets, private and public offerings, and transfer upon death or permanent disability.
l. Franchisor approval of transfer by franchisee	Sections 12.2. and 12.3.	Transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for franchisor approval of transfer	Sections 12.2. and 12.3.	Transfer for Convenience: new business entity formed solely to operate the Outlet; you provide us required Business Entity formation documents; you are in compliance with your Franchise Agreement and all other agreements with us; you pay our reasonable attorneys' fees. Transfer by Franchisee and/or Owners: you provide us notice and transfer documents; you are in compliance with your Franchise Agreement and all other agreements with us and you pay us all monies owed; new franchisee must qualify, complete training, sign a new Franchise Agreement in our then-current form; sign a general release; you must refurbish the Outlet to then current system specifications (including remodel if applicable), and pay the transfer fee and our reasonable attorneys' fees; additional requirements apply to business entities. If transfer is among Owners, must meet all requirements above except new Franchise Agreement will not be signed and remaining Owners will sign our then-current form of personal guaranty. (See also "r" below.)
n. Franchisor's right of first refusal to acquire franchisee's business	Section 12.7.	We can match any bona fide offer for your business.
o. Franchisor's option to purchase your business	Section 14.2.	We have the option to purchase some or all of your equipment, furnishings, and fixtures on expiration or termination of your Franchise Agreement, at their then-current fair market value.

Provisions	Section in Franchise Agreement	Summary
p. Death or disability of franchisee	Section 12.8.	Same requirements as for transfer in "m" above, except there is no transfer fee. If your interest is not transferred to a new principal operator acceptable to us within nine months following your (or a major member, partner, or shareholder's) death or permanent disability, your Franchise Agreement may be terminated.
q. Non-competition covenants during the term of the franchise	Section 15.1.	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with (other than a Outlet operated under a valid Franchise Agreement with us) any casual, fast-casual, or quick-service restaurant, store inside store, kiosk, cart, or food truck, that offers quick service chicken and fries, or any other items similar to SURFIN' CHIKEN menu items at any location within the U.S., its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks; you may not divert any present or prospective customer of ours to a competitor.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.2.	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in a casual, fast-casual, or quick-service restaurant, food truck, kiosk, store inside store, or cart that offers quick service chicken and fries as primary menu items or that derives more than 25% of its revenue from the sale of quick service chicken and fries at your former Outlet location or within a 5-mile radius of your former Outlet or within a 5-mile radius of any other Outlet for a period of two years following expiration, termination, or transfer. If you are a multi-Outlet operator, this restriction does not affect your right to continue to operate your remaining Outlets for which you have a valid Franchise Agreement with us.
s. Modification of the agreement	Section 18.1.	Must be in writing and signed by all parties, unless the Franchise Agreement allows us to make unilateral changes. This provision does not limit our right to modify the Manual or system specifications.

Provisions	Section in Franchise Agreement	Summary
t. Integration/merger clause	Section 18.1.	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of the disclosure document and the Franchise Agreement and other related written agreements between you and us may not be enforceable. Nothing in the Franchise Agreement or any other related written agreement is intended to disclaim representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Section 19.	Prior to any litigation most claims, controversies, or disputes from or relating to the Franchise Agreement must be first mediated, except for actions seeking injunctive relief and actions we bring which are related to or based on our Marks or Confidential Information or on your failure to pay fees.
v. Choice of forum	Section 19.	Mediation at the AAA offices in the city in which we maintain our principal place of business at the time of mediation (currently Collin County, Texas). Venue for any other proceeding is the court serving the judicial district in which we maintain our principal place of business at the time the action is initiated (subject to state law). Currently Collin County, Texas.
w. Choice of law	Section 19.1.	Subject to state law, the Franchise Agreement is to be interpreted and construed under Texas law (without giving effect to any conflict of laws) except that any law regulating the offer or sale of franchises, business opportunities, or similar interests, or governing the relationship between us and you, will not apply unless its jurisdictional requirements are met independently. See the State Specific Addenda attached to this disclosure document.

Development Agreement

Provision	Section in Development Agreement	Summary
a. Length of the Agreement term	Section 2.1.	The period beginning on the effective date and ending on the earlier of: (i) the date on which you have completed your development obligations, or (ii) 12:00 midnight CST on the last day specified in the development schedule described in the Development Agreement.
b. Renewal or extension of the term	Section 4.3.	Unless we consent in writing, you may not open more than the total number of Outlets comprising

Provision		Section in Development Agreement	Summary
			your Development Obligation. You do not have the right to renew your Development Agreement.
c.	Requirements for Developer to renew or extend	Not applicable	Not applicable.
d.	Termination by Developer	Not applicable	Not applicable.
e.	Termination by the franchisor without cause	Not applicable	Not applicable.
f.	Termination by the franchisor with "cause"	Sections 9.1., 9.2., 9.3., 9.4., 9.5., and 9.6	We can terminate if you materially default under your Development Agreement, an individual Franchise Agreement, or any other agreement between you or your affiliate and us. In the event of the death or permanent incapacity of an owner, we may terminate if you fail to adhere to the applicable transfer requirements.
g.	"Cause" defined - curable defaults	Sections 9.3., 9.4., 9.5., and 9.6.	You have 10 days to cure a failure to pay fees and 30 days to cure any other default, and in the case of a breach or default in the performance of your obligations under any Franchise or other agreement between you and us or any of our affiliates (cross-default), the notice and cure provisions of the Franchise Agreement or other agreement will control. You have six months to transfer the interest of an owner in the event of death or permanent incapacity.
h.	"Cause" defined – non-curable defaults	Sections 9.1. and 9.2.	Non-curable defaults: misrepresentation when applying for Development Agreement; knowingly submitting false information; unapproved transfers; failure to meet development obligation; any breach of confidentiality or unfair competition described in Section 10., bankruptcy, foreclosure, insolvency, pleas of no contest to or conviction of a felony, unapproved transfers, misrepresentations in your application, or we deliver three or more notices of default to you in any rolling 12-month period.
i.	Developer's obligation on termination/non-renewal	Sections 2.2. and 10.2.	You will have no further right to develop additional Outlets which are not, at the time of termination, the subject of a then-existing Franchise Agreement between you and us. You may continue to own and operate all Outlets under then-existing Franchise Agreements; if you have no existing Outlets at the time of termination or non-renewal, you must honor all post-termination obligations.
j.	Assignment of contract by franchisor	Section 8.1.	No restrictions on our right to assign.
k.	"Transfer" by Developer – defined	Sections 8.2., 8.3., and 8.6.	Includes transfer of the Development Agreement, changes in ownership of the developer entity,

Provision	Section in Development Agreement	Summary
		changes in transfers of assets, and private and public offerings.
l. Franchisor approval of transfer by Developer	Sections 8.2., 8.3., and 8.4.	Transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for franchisor approval of transfer	Sections 8.2.and 8.3.	Transfer for Convenience: new business entity formed solely to perform development obligations; you provide us required Business Entity formation documents; you are in compliance with your Development Agreement and all other agreements with us; you pay our reasonable attorneys' fees. Transfer by Developer and/or Owners: you provide us notice and transfer documents; you are in compliance with your Development Agreement and all other agreements with us and you pay us all monies owed; new developer must qualify, complete training, sign a new Development Agreement in our then-current form; sign a general release; you must pay the transfer fee plus our reasonable attorneys' fees; additional requirements apply to business entities.
n. Franchisor's right of first refusal to acquire Developer's business	Section 8.7.	We may match any bona fide offer to purchase your business.
o. Franchisor's option to purchase Developer's business	Not applicable	Not applicable
p. Death or disability of Developer	Section 8.8.	Same requirements as for a transfer in "m" above. If your interest is not transferred within nine months following your (or a major member, partner or shareholder's) death or legal incapacity, your Development Agreement may be terminated.
q. Non-competition covenants during the term of the Agreement	Section 10.1.	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with (other than a Outlet operated under a valid Franchise Agreement with us) any casual, fast-casual, or quick-service restaurant, cart, kiosk, store inside store, or food truck that offers quick service chicken and fries, or any other items similar to SURFIN' CHIKEN menu items at any location within the U.S., its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks; you may not divert any present or prospective customer of ours to a competitor.

Provision		Section in Development Agreement	Summary
r.	Non-competition covenants after the Agreement is terminated or expires	Section 10.2.	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in a casual, fast-casual, or quick-service restaurant, kiosk, cart, store inside store, and food truck that offers quick service chicken and fries as primary menu items or that derives more than 25% of its revenue from the sale of quick service chicken and fries at your former Outlet location or within a 5-mile radius of your former Outlet or within a 5-mile radius of any other Outlet for a period of two years following expiration, termination, or transfer. If you are a multi-Outlet operator, this restriction does not affect your right to continue to operate your remaining Outlets for which you have a valid Franchise Agreement with us.
s.	Modification of the Development Agreement	Section 13.1.	Must be in writing and signed by all parties, unless the Development Agreement allows us to make unilateral changes.
t.	Integration/merger clause	Section 13.1.	Only the terms of the Development Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of the disclosure document and the Development Agreement and other related written agreements between you and us may not be enforceable. Nothing in the Development Agreement or any other related written agreement is intended to disclaim representations made in the franchise disclosure document.
u.	Dispute resolution by arbitration or mediation	Sections 14.	Prior to any litigation most claims, controversies, or disputes from or relating to the Development Agreement must be first mediated, except for actions seeking injunctive relief and actions we bring which are related to or based on our Marks or Confidential Information or on your failure to pay fees.
v.	Choice of forum	Sections 14.	Mediation at the AAA offices in the city in which we maintain our principal place of business at the time of mediation (currently Collin County, Texas). Venue for any other proceeding is the court serving the judicial district in which we maintain our principal place of business at the time the action is initiated (subject to state law). Currently Collin County, Texas.
w.	Choice of law	Section 14.	The Development Agreement is to be interpreted and construed under Texas law (without giving effect to any conflict of laws) except that any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between us and you will not apply unless its jurisdictional requirements are met independently.

Provision	Section in Development Agreement	Summary
		(subject to applicable state law)

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote the 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 any reasonable basis for the information, and if the information is included in the disclosure document. Financial information that differs from that included in Item 19 may only be given 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 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 Carrie Sams, President and Chief Operating Officer, 5550 Granite Parkway, Suite 195, Plano, Texas 75024, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEMWIDE OUTLET SUMMARY[1]
FOR YEARS 2019 TO 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at End of Year	Net Change
Franchised	2019	0	0	0
	2020	0	0	0
	2021	0	5	5
Company-Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	2019	0	0	0
	2020	0	0	0
	2021	0	5	5

Note 1: All numbers provided in this Item 20 represent all models offered by the franchisor.

Table No. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2019 TO 2021

State	Year	Number of Transfers
All States	2019	0
	2020	0
	2021	0
Totals	2019	0
	2020	0
	2021	0

Table No. 3
STATUS OF FRANCHISED OUTLETS[1]
FOR YEARS 2019 TO 2021

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operati ons - Other Reason s	Outlets at End of Year
California	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Florida	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Texas	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	4	0	0	0	0	4
Totals	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	5	0	0	0	0	5

Note 1: All numbers provided in this Item 20 represent all models offered by the franchisor.

Table No. 4

STATUS OF COMPANY-OWNED OUTLETS[1]
FOR YEARS 2019 TO 2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Florida	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Texas	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Totals	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

Note 1: All numbers provided in this Item 20 represent all models offered by the franchisor.

Table No. 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2021

State	Franchise Agreement Signed But Outlet Not Open	Projected New Franchised Outlets in Next Fiscal Year	Projected New Company owned Outlets in Next Fiscal Year
California	2	5	0
Florida	0	0	0
Nevada	0	0	0
Texas	1	5	0
Totals	3	10	0

Exhibit E reflects the name of each of our franchisees and the address and telephone numbers of their Outlets as of December 31, 2021. Exhibit E also reflects the name, city, state, and current business (or if unknown, home) telephone number of every franchisee who ceased to do business under the Franchise Agreement or had an outlet terminated, canceled, not renewed, or transferred as of December 31, 2021, or who has not communicated with us within 10 weeks of the application date of this disclosure document.

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

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise System.

Currently, there are no trademark specific franchisee associations.

ITEM 21
FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit A are our:

1. Unaudited balance sheet as of May 31, 2022 and unaudited P&L Statement for the period January 1, 2022 through May 31, 2022; and
2. Our audited Balance Sheet as of December 31, 2021 and the related Statements of Income and Cash Flows for the year then ended.

Our fiscal year ends December 31. We have not been in business for three years or more and, therefore, cannot include all the financial statements required by this Item.

ITEM 22
CONTRACTS

Attached to this disclosure document are the following contracts and their attachments:

Attached as Exhibit B is our current form of Development Agreement with all Attachments.

Attached as Exhibit C is our current form of Franchise Agreement with all Attachments.

Attached as Exhibit D is our current form of General Release (sample form).

ITEM 23
RECEIPTS

Exhibit K contains our copy and your copy of the disclosure document Receipts and are located on the last two pages of this disclosure document.

EXHIBIT A

SURF'N'FRIES USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINON WITH REGARD TO THEIR CONTENT OR FORM.

Surf N Fries USA LLC

Balance Sheet

As of December 31, 2021

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	$24,710.67
Accounts Receivable	$0.00
Other Current Assets	$7,373.31
Total Current Assets	**$32,083.98**
Fixed Assets	$100,000.00
TOTAL ASSETS	**$132,083.98**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	$124,373.31
Other Current Liabilities	$114,320.75
Total Current Liabilities	**$238,694.06**
Long-Term Liabilities	$254,510.48
Total Liabilities	**$493,204.54**
Equity	$ -361,120.56
TOTAL LIABILITIES AND EQUITY	**$132,083.98**

Surf N Fries USA LLC

Profit and Loss

January - December 2021

	TOTAL
Income	$37,989.52
GROSS PROFIT	$37,989.52
Expenses	$391,255.42
NET OPERATING INCOME	$ -353,265.90
Other Income	$0.07
NET OTHER INCOME	$0.07
NET INCOME	$ -353,265.83

Surf ‘n Fries USA, LLC

FINANCIAL STATEMENTS WITH INDEPENDENT ACCOUNTANTS’ AUDIT REPORT

For the Period 1st Jan 2021 - 31st Dec 2021

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INDEPENDENT AUDITOR`S REPORT

To the Members of
SURF 'N FRIES USA, LLC:

We have audited the accompanying financial statements of SURF 'N FRIES USA, LLC, which comprise the Balance Sheet as of December 31, 2021, and the related Statements of Income and Cash Flows for the year then ended.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SURF 'N FRIES USA, LLC as of December 31, 2021, and the results of operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

May 20, 2022

Dr. Ram Sriram | CPA, CFE, Ph.D.
Certified Public Accountant
E: ram@ramcpas.com
T: 678-463-8729

Surf 'n Fries USA, LLC

Balance Sheet **As at December 31, 2021**		**2021 [In USD]**
I. Assets		
Current Assets		
Cash and Cash Equivalents	$	24,710.67
Other Current Assets	$	7,373.31
Total Current Assets	**$**	**32,083.98**
Non-Current Assets		
Property and Equipment, net	$	100,000.00
Other Non-Current Assets	**$**	-
Total Non-Current Assets	**$**	**100,000.00**
Total Assets	**$**	**132,083.98**
II. Liabilities & Partner's Capital		
Current Liabilities		
Other Current Liabilities	$	141,119.71
Provisions	$	5,100.00
Total Current Liabilities	**$**	**146,219.71**
Non-Current Liabilities		
Bridge Loan	$	95,000.00
Deferred Income	$	254,510.48
Total Long-Term Liabilities	$	349,510.48
Total Liabilities	**$**	**495,730.19**
Partner's Capital	$	**-363,646.21**
Total Liabilities & Partner's Capital	**$**	**132,083.98**

 The accompanying notes are an integral part of the financial statements

Statement of Income **For the year ended December 31, 2021**		**2021 [In USD]**
Revenue		
Total Revenue, net	$	37,989.52
Total Revenue	**$**	**37,989.52**
Gross Profit	**$**	**37,989.52**
Operating Expenses		
Utility Expenses	$	5,911.48
Legal and Consulting Expenses	$	2,32,558.51
Bank Charges	$	293.82
Advertising & Marketing Expenses	$	17,372.43
Commissions & Fees	$	54,250.00
Other General and Administration	$	80,870.23
Total Operating Expenses	**$**	**391,256.47**
Income / (Loss) from operations	**$**	**- 353,266.95**
Other Income	$	0.07
Total Other Income	$	0.07
Other Expenses		
Interest Expenses	$	-
Depreciation and Amortization	$	-
Total Other Expenses	$	-
Income / (Loss) before Income Tax	**$**	**- 353,266.88**
Income Tax Expense	$	-
Net Income / (Loss)	**$**	**- 353,266.88**

Statement of Partner's Capital **2021 [In USD]**

Particulars	Opening Capital	Additional Partner's Capital Contribution	Partner's Share of Profit / (Loss)	Drawings & Distribution	Total
Balance at January 1, 2021	$ -10,331.33	$ -	$ -	$ -	$ -10,331.33
Capital Contribution	$ -	$ -	$ -	$ 48.00	$ -48.00
Net Income	$ -	$ -	$ -353,266.88	$ -	$ -353,266.88
Balance at December 31, 2021	**$ -10,331.33**	**$ -**	**$ -353,266.88**	**$ 48.00**	**$ -363,646.21**

Statement of Cash Flows **For the year ended December 31, 2021**		**2021 [In USD]**
Cash Flows from Operating Activities:		
Net Income /(Loss) for the year (A)	$	-353,266.88
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization		-
Income Tax Expense		-
Change in Operating Assets and Liabilities: (B)		
Changes in Current Assets		
Other Current Assets	$	-7,373.31
Deferred Income	$	229,510.48
Other Current Liabilities	$	139,492.11
Provision for Audit Fee	$	5,100.00
Working Capital (Total of (B)	$	366,729.28
Net Cash Flows used in Operating Activities: (A) + (B)	**$**	**13,462.40**
Cash flows from Investing Activities:		
Purchase of Intellectual Property	$	-100,000.00
Net Cash invested in Investing Activities (C)	**$**	**-100,000.00**
Cash flows from Financing Activities:		
Partner's Drawings	$	-48.00
Loan from SNC Inc	$	95,000.00
Net Cash Used in Financing Activities: (D)	**$**	**94,952.00**
Net Increase / (Decrease) in Cash and Cash Equivalent	$	8,414.40
Cash and Cash Equivalent at the Beginning of the Year	$	16,296.27
Cash and Cash Equivalent at the End of the Year (A+B+C+D)	**$**	**24,710.67**

1. Organization

Description of Business

SURF 'N FRIES USA, LLC (the "LLC) is a for-profit entity headquartered in the city of Dallas, TX. The LLC was incorporated on 23rd November 2020 under the Laws of the State of Texas. The objective is to carry on the business of putting fries at the center of the meal and serving it in innovative packaging that gives people the freedom to eat wherever they want.

Details of changes in the number of franchised outlets during the year:

Years	2021	2020
Franchised Outlet Opened	5	0
Franchised Outlet Closed	0	0

2. Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, these financial statements do not include any adjustments that would be required if the LLC cannot continue as a going concern

3. Significant Accounting Policies

i. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP).

ii. Revenue Recognition

The LLC generates revenue and earns a fee from a franchised store in the form of an Initial Franchise Fee & Development Fee. The LLC provides the use of trademarks, system, training and onboarding, pre-opening assistance, and store operating assistance in exchange for a Development fee. A franchise agreement establishes a store developed in one or multiple defined geographic areas and provides for a 2/10-year initial term from a store opening date. As per the franchise agreement and by applying the Topic 606, the entity recognizes revenue as follows:

a) Initial franchise fees received are recognized as deferred revenue in the year of receipt. Out of the Initial franchise fee received, revenue is transferred from the deferred revenue for the outlets that have been opened or operated. The revenue is calculated on a pro-rata basis from the date of the store open date or agreement effective date over a period of agreement period to which period it relates.

b) Out of the Development fee received, the fee related to outlets opened in the fiscal year 2021 has been considered as Revenue & the amount received towards other outlets not yet opened has been deferred. The Development Fee received is in exchange for various services provided by the Franchisor to Franchisee such as Store opening support, franchisee onboarding, store management, team member training, ongoing operational support, marketing, compliance (food safety) support.

c) Royalties from a franchised store are based on a percentage of gross revenues of the franchised store and will be recognized as and when earned. As of the year 2021, no amount is received towards Royalty & Marketing Fee.

iii. Cash & Cash Equivalents

The LLC considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Included in Cash & Cash Equivalents is cash on hand and cash in US banks.

iv. Property, Plant, & Equipment

The LLC follows the practice of capitalizing all expenditures for property, furniture, fixtures, equipment, and leasehold improvements above $500.

Depreciation of Property, Plant, and Equipment is computed on a straight line over the estimated useful lives of the assets which generally are as follows:

Buildings & improvements	39-years
Furniture & fixtures	5-7 years
Equipment and vehicles	5-7 years
Software	3-5 years
Leasehold improvements	life of the lease or useful life (whichever is shorter)

The LLC does not have any property, plant, & or equipment (PP&E) as of December 31, 2021.

v. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated values.

vi. Income Taxes

The LLC has elected 'C' Corporation for income tax purposes and thus federal taxes are due and payable by the LLC. The LLC has incurred losses during the year and hence there is no provision provided in the books.

4. Subsequent Events

The LLC evaluated its December 31, 2021, financial statements for subsequent events through the date the financial statements were issued. The World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

5. LEGAL

The Company is not involved in any material claims, legal actions, and administrative proceedings relating to claims arising from its operations in the normal course of business.

6. Date of Management's Review

In preparing financial statements, the LLC has evaluated events and transactions for potential recognition or disclosure through the date of this audit report, the date that the financial statements were available to be issued.

EXHIBIT B

SURF'N'FRIES USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

DEVELOPMENT AGREEMENT

SURF'N'FRIES USA, LLC
DEVELOPMENT AGREEMENT

SURF'N'FRIES USA, LLC
DEVELOPMENT AGREEMENT

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SURF'N'FRIES USA, LLC

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("**Agreement**") is made and entered into as of the Effective Date reflected in the Key Terms (Attachment A) by and between SURF'N'FRIES USA, LLC, a Texas limited liability company, with its principal office in Addison, Texas ("**Franchisor**"), and the Developer identified in the Key Terms ("**Developer**").

RECITALS

A. Franchisor has the right to use and to license the use of a distinctive system relating to the establishment and operation of a chicken and fries quick service concept specializing and serving fresh scoop shaped French fries, proprietary chicken sandwiches, various proteins, deserts, proprietary loaded fries, sauces, breakfast and lunch sandwiches and other food products and beverages ("**System**").

B. The distinguishing characteristics of the System include, without limitation, distinctive interior and exterior design, decor, color scheme, graphics, fixtures and furnishings, proprietary ordering procedures; special recipes and menu items; proprietary food preparation techniques and presentation standards; community and social networking presence and protocols; standards, specifications, policies, and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management, and financial control; training and assistance; advertising and promotional programs; and other standards, specifications, techniques, and procedures that Franchisor designates for developing, operating, and managing a franchise Outlet, all of which Franchisor may change, improve, and further develop (collectively, "**Standards**").

C. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the marks "SURFIN' CHICKEN" and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System ("**Marks**").

D. Developer desires to acquire the right to develop multiple franchised outlets as each is identified in the Key Terms, that will operate using the System and Marks, (individually and collectively "**Outlet**" or "**Outlets**"), and Franchisor desires to grant Developer such rights, all pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. GRANT

1.1. Grant of Development Rights. Franchisor hereby grants to Developer, and Developer hereby accepts the right and obligation, to develop in the Development Area identified in the Key Terms, the number of new Outlets set forth in the Development Schedule (identified in the Key Terms). Each Outlet to be developed must be developed and operated pursuant to a separate Franchise Agreement to be entered into between Developer (or Developer's Affiliate, if approved by Franchisor in writing) and Franchisor in accordance with Section 4.1. This Agreement does not grant Developer any right or license to use any of the Marks. Developer's rights to operate an Outlet and use the Marks derive solely from the Franchise Agreements that Developer or its Affiliates enter into under this Agreement. The development rights granted under this Agreement belong solely to Developer. Developer will not share them, divide them, sub-franchise or sublicense them, or transfer them, except in accordance with the transfer provisions of this Agreement.

1.2. Development Area. As long as Developer is in full compliance with this Agreement and any other agreement between Developer and/or its Affiliates and Franchisor and/or its Affiliates, then except as otherwise expressly provided in this Agreement (including Section 1.3. of this Agreement), neither Franchisor nor any Affiliate of Franchisor will establish, or authorize any person or entity other than Developer to establish, a Outlet that is the same model as those developed by the Developer in the Development Area during the Term of this Agreement.

1.3. Retained Rights. The rights granted to Developer under this Agreement are nonexclusive, and Franchisor and its Affiliates have and retain all rights within and outside the Development Area, except those expressly granted to Developer in this Agreement. Accordingly, Franchisor, its Affiliates, and any other authorized person or entity will have the right, among others, operate, and license others to **(a)** operate or license others to operate an Outlet that is different model than the one operated by you at any location whether inside or outside of the Development Area and in any Reserved Area whether located inside or outside the Development Area **(b)** to operate, and license others to operate, Outlets at any location outside the Development Area and in any Reserved Area (whether located inside or outside the Development Area), including Outlets that are adjacent to or surrounded by the Development Area, **(c)** to advertise and promote the System in the Development Area, **(d)** to operate, and license others to operate, Outlets at any locations in any Reserved Area, including Reserved Areas that are in the Development Area, **(e)** to operate, and license others to operate, other outlets, restaurant, ghost kitchens, or other food service business utilizing trademarks other than SURFIN' CHICKEN inside and outside the Development Area and in any Reserved Area (whether located inside or outside the Development Area), **(f)** to operate, and license others to operate, SURFIN' CHICKEN ghost kitchen that are delivery only ("**Ghost Kitchens**") at any location inside or outside the Development Area, including Ghost Kitchens that are adjacent to or surrounded by the Designated Area and/or Designated Trade Route, and **(g)** to engage, directly or indirectly, at wholesale, retail, or otherwise, in the production, distribution, license, and sale of any and all food, beverages, or other services and products, under the Marks or under other names or marks through any method of distribution, other than a SURFIN' CHICKEN Outlet, regardless of the competitive impact, and including, but not limited to, from vending machines and kiosks, food trucks, grocery stores, and other food retailers and through mail order catalogs and the Internet, regardless of the proximity to, or the competitive impact on, Restaurants developed by Developer in the Development Area.

2. TERM OF DEVELOPMENT AGREEMENT

2.1. Term. Unless sooner terminated, the term ("**Term**") of this Agreement begins on the Effective Date and, unless otherwise negotiated, terminated, or extended as provided in this Agreement, expires on the earlier of: **(a)** the date on which Developer has completed its development obligations under this Agreement, or **(b)** 12:00 midnight Central Time on the last day of the last Development Period identified in the Key Terms.

2.2. Effect of Termination or Expiration. Upon termination or expiration of this Agreement, Developer will have no further right to develop any Outlets for which a Franchise Agreement has not been signed. Termination or expiration of this Agreement will not affect any rights or obligations under any then-existing Franchise Agreement.

3. FEES

3.1. Development Fee. Upon execution of this Agreement, Developer must pay Franchisor a Development Fee in the amount set forth in the Key Terms ("**Development Fee**"). The Development Fee will be an amount equal to 100% of the initial franchise fee for the first Outlet to be developed, plus 50% of the initial franchise fee for each additional Outlet to be developed hereunder. When each Franchise Agreement is signed, Franchisor will credit the amount already paid to the applicable initial franchise fee due on Developer's behalf. The Development Fee is fully earned by Franchisor when paid and is not refundable, in whole or in part, under any circumstances.

3.2. Initial Franchise Fee. For each Franchise Agreement signed under this Agreement, Developer must pay Franchisor an initial franchise fee in the amount set forth in the Key Terms.

4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4.1. Separate Franchise Agreements. The Franchise Agreement for the first Outlet to be developed under this Agreement is the form attached as Attachment E. The Franchise Agreement for the second and each additional Outlet to be developed will be in the form of Franchisor's then-current Franchise Agreement, the terms of which may be materially different from the terms of Attachment E, except that the initial franchise fee will be in the amount set forth in the Key Terms to this Agreement.

4.2. Manner for Exercising Development Rights. Before exercising any development right granted hereunder, Developer (or Developer's Affiliate if approved in writing by Franchisor) must apply to Franchisor for a franchise to operate an Outlet. If Franchisor, in its sole discretion, determines that Developer has met each of the following conditions, then Franchisor will grant Developer a franchise for each respective Outlet:

4.2.1. Operational Conditions: Developer is in compliance with the Development Schedule and this Agreement, and Developer or its Affiliates are in compliance with any other agreement between them and Franchisor or its Affiliates. Developer or its Affiliates are conducting the operation of their existing Outlets, if any, and are capable of conducting the operation of the proposed Outlet, in accordance with the terms and conditions of the respective Franchise Agreements, and the standards, specifications, and procedures set forth and described in the Manual (defined in the Franchise Agreement).

4.2.2. Financial Conditions: Developer, or its Affiliates, and their respective Owners satisfy Franchisor's then-current financial criteria for franchisees and owners of Outlets. Developer, or its Affiliates, and their respective Owners have been and are faithfully performing all terms and conditions under each of the existing Franchise Agreements with Franchisor. Neither Developer nor any of its Affiliates is in default, and have not been in default during the rolling 12 months preceding Developer's request for financial approval, of: **(a)** any monetary obligations owed to Franchisor or its Affiliates under any Franchise Agreement or any other agreement between Developer or its Affiliates and Franchisor or its Affiliates; or **(b)** any monetary obligations owed to Developer's or its Affiliates' landlord(s) or other vendors relating to any Outlet Developer or its Affiliates operate. Developer acknowledges and agrees that it is vital to Franchisor's interest that each of its franchisees must be financially sound to help avoid failure of an Outlet and that such failure would adversely affect the reputation and good name of Franchisor, the System, and the Marks.

4.2.3. Legal Conditions: Franchisor has submitted to Franchisor, in a timely manner, all information and documents requested by Franchisor as a basis for the issuance of individual franchises or pursuant to any right granted to Developer by this Agreement or by any Franchise Agreement.

4.3. Development Schedule. Acknowledging that time is of the essence, Developer agrees to exercise its development rights according to Section 4.2. and the Development Schedule reflected in the Key Terms. Developer's failure to adhere to the Development Schedule is a default under Section 9.2 of this Agreement. Developer may, subject to the terms and conditions of this Agreement, and with Franchisor's prior written consent, which may be withheld in its sole discretion, develop more than the total minimum number of Outlets which Developer is required to develop during any Development Period. Any Outlets in excess of the minimum number of Outlets required to be developed will be applied to satisfy Developer's development obligation during the next succeeding Development Period, if any. Notwithstanding the above, this Agreement does not grant Developer the right to open or operate more than the cumulative total number of Outlets Developer is obligated to develop under the Development Schedule.

4.3.1. If, during the Term of this Agreement, Developer ceases to operate any Outlet developed under this Agreement for any reason, Developer must develop a replacement Outlet. The replacement Outlet must be developed within a reasonable time (not to exceed 180 days) after Developer ceases to operate the original Outlet, and the acquisition of existing Outlets will not serve to meet Developer's obligations under this Section 4.3. However, if, during the Term of this Agreement, Developer transfers its interest in an Outlet in accordance with the transfer provisions set forth in the applicable Franchise Agreement for the Outlet, the transferred Outlet will continue to be counted in determining whether or not Developer has complied with the Development Schedule, provided that such Outlet continues to be operated as an Outlet. If the transferred Outlet ceases to be operated as an Outlet during the Term of this Agreement, Developer must develop a replacement Outlet within a reasonable time (not to exceed 180 days) thereafter, otherwise, the Outlet will not count toward Developer's Development Schedule obligations hereunder.

4.3.2. Developer's failure to adhere to the Development Schedule (including any extensions thereof, approved by Franchisor in writing) or to any time period for the development of replacement Outlets is a material breach of this Agreement.

4.3.3. Developer acknowledges and agrees that it has conducted an independent investigation of the business contemplated under this Agreement, that it fully understands its obligations under this Agreement, and that it recognizes and assumes all associated risks. In addition, Developer acknowledges that Franchisor makes no representation: **(a)** that the Development Area contains a sufficient number of acceptable locations to accommodate the number of Outlets to be developed under the Development Schedule; or **(b)** that the Development Area is sufficient to economically support the number of Outlets to be developed under the Development Schedule. Developer represents that it has performed all related and necessary due diligence before its execution of this Agreement and that, accordingly, Developer assumes the risk of identifying a sufficient number of acceptable locations within the Development Area and the economic risk of developing the number of Outlets set forth in the Development Schedule.

4.4. Projected Opening Dates. Developer acknowledges that the Projected Opening Date set forth in the Key Terms for each Outlet to be developed hereunder is reasonable. Subject to Developer's compliance with the requirements of this Section 4., Developer must execute a Franchise Agreement for each Outlet at or prior to the applicable execution date set forth in the Development Schedule, which must be a date no later than one year prior to the Projected Opening Date for the applicable Outlet.

5. DEVELOPER'S OBLIGATIONS

5.1. Operating Principal; District Manager.

5.1.1. Upon the execution of this Agreement, Developer must designate, and retain at all times during the Term of this Agreement, an individual to serve as Developer's Operating Principal. If Developer is an individual or general partnership, the Operating Principal will be the individual Developer or one of the general partners. If Developer is a Business Entity, the Operating Principal will be an individual with at least a 10% equity interest in the Business Entity. The Operating Principal must have full control over day-to-day management and operations of Developer's development activities. Unless a District Manager is appointed, as described below: **(a)** the Operating Principal must attend and successfully complete Franchisor's initial training program and all additional training that Franchisor requires, to Franchisor's satisfaction; and **(b)** the Operating Principal must devote his or her full-time efforts to development activities and/or Outlet operations and must not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. Franchisor must approve the Operating Principal as meeting its then-current qualifications for such position. If the Operating Principal ceases to serve in, or no longer qualifies for, such position, or transfers his or equity interest, Developer must designate another qualified person to serve as Developer's Operating Principal within 30 days after the date the prior Operating Principal ceases to serve or no longer qualifies to serve. Any proposed replacement Operating Principal must successfully complete the initial training program and such other training required by Franchisor and be approved by Franchisor before assuming his or her position as Operating Principal and, in no event, later than 90 days after the previous Operating Principal ceased to serve in such position.

5.1.2. If the Operating Principal will not devote full-time efforts to the management of the business contemplated by this Agreement then, in addition to the Operating Principal, Developer must appoint an individual to serve as its District Manager. Developer's District Manager must have full control over Developer's development activities. Developer's District Manager need not have an equity interest in the Business Entity, but must have completed Franchisor's initial training program and all additional training that Franchisor requires, to Franchisor's satisfaction. Developer's District Manager must devote his or her full-time efforts to management of the development of Outlets contemplated by this Agreement and must not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. If the District Manager ceases to serve in such position, Developer must designate another qualified person to serve as its District Manager within 30 days after the date the prior District Manager ceases to serve. Any proposed replacement District Manager must successfully complete the initial training program and such other training required by Franchisor before assuming his or her position as District Manager and, in no event, later than 90 days after the previous District Manager ceased to serve in such position.

5.2. Compliance with Laws. In addition to complying with its obligations under this Agreement, Developer must comply with all requirements of federal, state, and local laws, rules, regulations, ordinances, and orders. It is Developer's sole responsibility to apprise itself of the existence and requirements of all such laws, rules, and regulations and to adhere to them at all times during the Term of this Agreement.

6. CONFIDENTIALITY

6.1. Nondisclosure of Confidential Information. Developer and its Owners must maintain the confidentiality of all Confidential Information. Developer must use Confidential Information only in connection with the development of the Outlets and must divulge Confidential Information only to Developer's employees and only on a need to know basis. This obligation will survive expiration or termination of this Agreement.

7. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

7.1. Independent Contractor. The parties acknowledge and agree that Developer is acting as, and/or operating the Business Entity as, an independent contractor. Nothing contained in this Agreement will create or be construed to create a partnership, joint venture, or agency relationship between the parties. Neither party has any fiduciary obligations to the other or will be liable for the debts or obligations of the other. Neither party may bind the other, transact business in the other party's name, or in any manner make any promises or representations on behalf of the other party, unless otherwise agreed in writing, between them. Franchisor does not participate in the hiring, promoting, disciplining, or discharging of Developer's employees or in setting or paying wages or benefits to Developer's employees, and Developer acknowledges that Franchisor has no power, responsibility, or liability with respect to the hiring, promoting, disciplining, or discharging of employees or in setting or paying their wages. Developer must conspicuously identify itself and the Business Entity in all dealings with its customers, contractors, suppliers, public officials, and others, as an independent developer of Franchisor and must place a conspicuous notice, in the form and at such place as Franchisor prescribes, notifying the public of such independent ownership. Additionally, Developer must communicate to all employees that Developer, not Franchisor, is their employer; and Developer must ensure that no payroll checks or other employment-related documents (such as job applications and W-2s) contain or reference the Marks or Franchisor's name. Each of the parties will file its own tax, regulatory, and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

7.2. Indemnification. Developer must indemnify and hold harmless to the fullest extent by law, Franchisor, its Affiliates, and their respective directors, officers, employees, shareholders, and agents, (collectively, "**Indemnitees**") from any and all "**losses and expenses**" (defined below) incurred in connection with any litigation or other form of administrative process, adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof, which arises directly or indirectly from Developer's, Owners', and/or Developer's employees' acts or omissions occurring in connection with Developer's employment relationships with its or the Business Entity's employees; the training Developer, its Owners, or any of its employees receive from Franchisor; Developer's breach of this Agreement; and/or Developer's development of the Outlet including, but not limited to, claims arising out of or as a result of the maintenance and operation of vehicles or the Location (collectively, "**event**"), and regardless of whether the losses and expenses resulted from any strict or vicarious liability imposed by law on the Indemnitees. For the purpose of this Section 7.2., "**losses and expenses**" will be deemed to include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. Under no circumstances will Franchisor be required or obligated to seek recovery from third parties or otherwise mitigate its losses in order to maintain a claim under this provision, and Franchisor's failure to seek such recovery or mitigate its loss will in no way reduce the amounts recoverable by Franchisor under this provision. Developer must give Franchisor prompt notice of any event of which Franchise is aware, or becomes aware, for which indemnification is required, and, at Developer's expense and risk, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Franchisor will seek Developer's advice and counsel. Any assumption by Franchisor will not modify Developer's indemnification obligations. Franchisor may, in its sole and absolute discretion, take such actions as it seems necessary and appropriate to investigate, defend, or settle any clam or event; or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the Indemnitees or the System. This provision survives termination or expiration of this Agreement.

8. TRANSFER OF INTEREST

8.1.Transfer by Franchisor. Franchisor may transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee will expressly assume and agree to perform such obligations and will become solely responsible for all of Franchisor's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, Developer expressly affirms and agrees that Franchisor and/or its Affiliates may sell their assets, the Marks, the

Copyrighted Works, or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments, and dispositions, Developer expressly and specifically waives any claims, demands, or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof), the Copyrighted Works, the System, and/or the loss of association with or identification of SURF'N'FRIES USA, LLC as the franchisor under this Agreement.

8.2. Transfer by Individual Developer to Business Entity for Convenience. If Developer is an individual or individuals, Developer may transfer its interest in this Agreement to a Business Entity for convenience of operation by signing Franchisor's form of assignment and assumption agreement if: **(a)** the Business Entity is formed solely for purposes of developing and/or operating Outlets; **(b)** Developer provides Franchisor a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed; **(c)** Developer and its Affiliates are in compliance with this Agreement and all other agreements with Franchisor or its Affiliates; **(d)** Developer pays Franchisor its reasonable attorneys' fees incurred to document such transfer; and **(e)** Developer executes a general release in a form satisfactory to Franchisor of any and all claims against Franchisor and its Affiliates and their respective officers, directors, managers, shareholders, agents, and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising.

8.3. Transfer by Developer and/or Owners. Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer and that Franchisor has granted rights under this Agreement in reliance on the business skill, financial capacity, and personal character of Developer and its Owners. Accordingly, neither Developer nor any Owner, nor any successor or assign of Developer or any Owner, will sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise dispose of or encumber any direct or indirect interest in this Agreement or in the Business Entity without the prior written consent of Franchisor. Franchisor will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following.

8.3.1. Developer has provided Franchisor the following at least 120 days prior to the proposed closing date of the proposed transfer: **(a)** written request for Franchisor's consent to the transfer; **(b)** payment of the non-refundable transfer fee in the amount set forth in the Key Terms, plus reimbursement of Franchisor's reasonable attorneys' fees; and **(c)** a copy of the proposed asset purchase/transfer agreements, including sale terms.

8.3.2. The transferee has demonstrated to Franchisor's satisfaction that the transferee meets Franchisor's then-current educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the Outlet; and meets Franchisor's then-current financial requirements to become a SURFIN' CHICKEN developer.

8.3.3. All of Developer's accrued monetary obligations and all other outstanding obligations to Franchisor, its Affiliates, and Developer's third-party suppliers (including Developer's landlord) are, or will be at the time of the transfer, current and fully paid and satisfied, and Developer must be in full compliance with this Agreement and any other agreement between Developer and its Affiliates and Franchisor and its Affiliates, Developer's suppliers, and Developer's landlord. Without limiting the foregoing, Developer must have developed, and it or its Affiliates must have in operation at the time of the proposed transfer, at least 50% of the Outlets required to be developed under this Agreement.

8.3.4. Developer has refurbished the Outlet premises prior to the closing of the transfer such that the Outlet meets Franchisor's then-current image and equipment requirements for new Outlets, or so that it meets Franchisor's then-current repair and maintenance standards, whichever Franchisor chooses at its sole discretion.

8.3.5. Developer and each transferor Owner have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising.

8.3.6. The transferee executes Franchisor's then-current form of Development Agreement, the terms of which may be materially different from the terms of this Agreement and may include, among other things, a different initial franchise fee, a different percentage royalty fee, and different advertising obligations to be set forth in the Franchise Agreements to be executed hereunder. The term of such agreement will be the remaining Term of this Agreement at the time of transfer. If the transferee is a Business Entity, then each of the transferee's Owners must sign Franchisor's then-current form of personal guaranty. Without limiting the foregoing, negotiated terms to this Development Agreement, including but not limited to the Development Fee and initial franchise fees, will not be transferable to any transferee.

8.3.7. The transferee must have complied with Franchisor's then-current initial training requirements.

8.3.8. If the transfer is among existing Owners of Developer, then all of the requirements set forth in this Section 8.3. must be met, except that, the parties to the transfer will not sign a new Development Agreement, as set forth in Section 8.3.6., but the remaining Owners must sign Franchisor's then-current form of personal guaranty.

8.3.9. If Franchisor consents to a transfer contemplated by this Section 8.3., and if for any reason the transfer does not close, Developer must reimburse Franchisor for its reasonable attorneys' fees incurred in connection with the abandoned transfer.

8.4. Transfers Void. Any purported transfer, by operation of law or otherwise, made without Franchisor's prior written consent will be considered null and void and will be a material breach of this Agreement.

8.5. Security Interest. Developer may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the equipment, fixtures, inventory, and proceeds of the operation of any Outlet developed hereunder and must not entitle or permit the secured party to take possession of or operate any such Outlet or to transfer Developer's interest in this Agreement or Owners' interest in the Business Entity without Franchisor's consent.

8.6. Private or Public Offerings. If Developer is a Business Entity and intends to issue equity interests in Developer, pursuant to a public or private offering, Developer must first obtain Franchisor's written consent, which consent will not be unreasonably withheld. Developer must provide Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. Franchisor's review of the offering materials will be limited solely to the subject of the relationship between Developer and Franchisor. No offering will imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance, or offering of the Business Entity's securities, and Franchisor's review of any offering will be limited to ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all of the conditions set forth in Section 8.3. and on execution of an indemnification agreement, in a form prescribed by Franchisor, by Developer and any other participants in the offering. For each proposed offering, Developer must pay Franchisor a retainer in an amount determined by Franchisor, which Franchisor will use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

8.7. Right of First Refusal. If Developer receives a bona fide offer to purchase its interest in this Agreement or all or substantially all of the assets of the Business Entity, or if any Owner receives a bona fide offer to purchase its equity interests in Developer, and Developer or such Owner wishes to accept such offer, Developer or the Owner must deliver to Franchisor written notification of the offer and, except as otherwise provided herein, Franchisor will have the right and option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer must include the fair market value of the assets, and Developer must submit with the notice an appraisal prepared by a qualified, independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing will constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. If Franchisor elects to purchase the seller's interest, closing on such purchase must occur by the later of: **(a)** the closing date specified in the third party offer; or **(b)** within 60 days from the date of notice to the seller of Franchisor's election to purchase. Developer's failure to exercise the option described in this Section 8.7. will not constitute a waiver of any of the transfer conditions set forth in this Section 8.

8.8. Transfer Upon Death or Permanent Disability. Developer or its representative must promptly notify Franchisor of any death or claim of permanent disability subject to this Section 8.8. Any transfer upon death or permanent disability will be subject to the following conditions, as well as to the conditions described in Section 8.3. for any inter vivos transfer.

8.8.1. Upon the death of Developer (if Developer is a natural person) or any Owner who is a natural person ("**Deceased**"), the executor, administrator, or other personal representative of the Deceased must transfer such interest to a third party approved by Franchisor within six months after the date of death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee must transfer such interest to a third party approved by Franchisor within six months after the death of the Deceased.

8.8.2. Upon the permanent disability of Developer (if Developer is a natural person) or any Principal who is a natural person, Franchisor may, in its sole discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Section 8. within six months after notice to Developer. "**Permanent disability**" means any physical, emotional, or mental injury, illness, or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in any guaranty made part of this Agreement for at least 90 consecutive days and from which condition recovery within 90 days from the date of determination of disability is unlikely. Permanent disability will be determined by a licensed practicing physician selected by Franchisor, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically will be deemed permanently disabled as of the date of such refusal for the purpose of this Section 8.8.2. The costs of any examination required by this Section 8.8.2. will be paid by Franchisor.

8.9. Non-Waiver of Claims. Franchisor's consent to a transfer will not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor and the transferor are parties.

9. DEFAULT AND TERMINATION

9.1. Termination In the Event of Bankruptcy or Insolvency. Developer will be deemed to be in default of this Agreement, and all rights granted to it in this Agreement will automatically terminate without notice if: **(a)** Developer becomes insolvent or makes a general assignment for the benefit of creditors; **(b)** a petition in bankruptcy is filed by Developer or such a petition is filed against Developer and Developer does not oppose it; **(c)** Developer is adjudicated as bankrupt or insolvent; **(d)** a bill in equity or other proceeding for the appointment of a receiver for Developer or other custodian for its business or assets is filed and consented to by Developer; **(e)** a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; **(f)** proceedings for a composition with creditors under any state or federal law is instituted by or against Developer; **(g)** a final judgment remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed); **(h)** Developer is dissolved; **(i)** execution is levied against Developer's business or property; **(j)** judicial, non-judicial, or administrative proceedings to foreclose any lien or mortgage against Developer, the Business Entity, or the Outlet premises or assets or equipment are instituted against Franchisor and are not dismissed within 30 days; or **(k)** the real or personal property of Developer or the Outlet is sold after levy thereupon by any sheriff, marshal, or constable.

9.2. Termination With Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: **(a)** Developer fails to adhere to the Development Schedule set forth in the Key Terms; **(b)** Developer or any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System; **(c)** there is any transfer or attempted transfer in violation of Section 8. of this Agreement; **(d)** Developer or any Owner fails to comply with the confidentiality or noncompetition covenants in Section 6. and Section 10. of this Agreement; **(e)** Developer or any Owner has made any material misrepresentations in connection with its application; or **(f)** Franchisor delivers to Developer three or more written notices of default pursuant to this Section 9. within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.

9.3. Termination With 10-Day Cure Period. Developer has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if Developer fails to cure the following defaults within 10 days after delivery of written notice: **(a)** failure to pay any amounts due Franchisor; **(b)** failure to pay any amounts due Developer's trade creditors (unless such amount is subject to a bona fide dispute); or **(c)** failure to pay any amounts for which Franchisor has advanced funds for or on Developer's behalf, or upon which Developer is acting as guarantor of Developer's obligations.

9.4. Termination With 30-Day Cure Period. Except as otherwise provided in this Section 9., Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if Developer fails to cure any curable default within 30 days after delivery of written notice.

9.5. Termination Related to Death or Permanent Incapacity. Franchisor has the right to terminate this Agreement if an approved transfer as required by Section 8.8. is not effected within the designated time frame following a permanent disability.

9.6. Cross-Default. Any default under any agreement between Developer or its Affiliates and Franchisor or its Affiliates, which Developer or its Affiliates fail to cure within any applicable cure period, will be considered a default under this Agreement and will provide an independent basis for termination of this Agreement.

9.7. Additional Remedies. If Developer is in default of this Agreement, in lieu of termination as provided for in Sections 9.2., 9.3., and 9.4., Franchisor may, in its sole discretion, elect to reduce the number of Outlets Developer has the right to establish pursuant to the Development Schedule and or modify the size of the Development Area. If Franchisor elects to exercise the remedy set forth above, Developer will continue to develop Outlets in accordance with its rights and obligations under this Agreement, as modified. Franchisor's exercise of its remedy under this Section 9.7. will not constitute a waiver by Franchisor to exercise Franchisor's option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

10. COVENANTS

10.1. Noncompetition During Term of Agreement. Developer and each Owner acknowledge that Developer and each Owner will receive valuable, specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques and trade secrets of Developer and the System. Developer and each Owner covenant and agree that during the Term of this Agreement, except as otherwise approved in writing by Franchisor, Developer and, if applicable, such Owner, will not, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, or legal entity:

10.1.1. Divert or attempt to divert any present or prospective customer of an Outlet to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

10.1.2. Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any fast casual, quick service, or full service restaurant, or retail outlet of any type, that offers fries and/or chicken as a primary menu item or that derives more than 25% of its revenue from the sale of fries and/or chicken, other than an Outlet operated pursuant to a then-currently effective Franchise Agreement with Franchisor, at any location within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

10.2. Noncompetition After Expiration or Termination of Agreement. Commencing upon the later of: **(a)** a transfer permitted under Section 8. of this Agreement, expiration of this Agreement (without renewal), or termination of this Agreement (regardless of the cause for termination); or **(b)** a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 10.2., and continuing for an uninterrupted period of two years thereafter, Developer will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as an owner or otherwise) or relationship or association with any casual, fast-casual, or quick-service restaurant, retail outlet, food truck, kiosk, cart, or store inside store of any type, that offers fries and/or chicken as a primary menu item or that derives more than 25% of its revenue from the sale of fries and/or chicken, other than a SURFIN' CHICKEN Outlet operated pursuant to a then-currently effective Franchise Agreement with Franchisor, that: **(i)** is, or is intended to be, located at the location of the former Location; **(ii)** is within a five-mile radius of the former Location; or **(iii)** is within a five-mile radius of any other outlet operating under the System and Marks, that is in existence or under development at any location within the United States, its territories, or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Marks or similar marks, or operate or license others to operate a business under the Marks or similar marks, at the time of such expiration, termination, or transfer. If any Owner ceases to be an Owner of Developer for any reason during the Term of this Agreement, the foregoing covenant will apply to the departing Owner for a two-year period beginning on the date such person ceases to meet the definition of an Owner. The time periods relating to the obligations described in this Section 10.2. will be tolled during any period of noncompliance.

10.3. Additional Provisions. The parties acknowledge and agree that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 10.1. and 10.2., or any portion thereof, without Developer's consent or the consent of any Owner, effective immediately upon delivery of written notice to the affected party; and Developer and each Owner agree that such person will comply with any covenant as so modified. Developer and each Owner expressly agree that the existence of any claims Developer or any Owner may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to Franchisor's enforcement of the covenants in this Section 10. Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 10.

10.4. Breach of Covenants and Irreparable Injury. Developer acknowledges that its violation of any covenant of this Section 10. would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Developer consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

10.5. Exception for Publicly Held Companies. The foregoing restrictions will not apply to Developer's ownership or any Owner's ownership of less than a 5% beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

10.6. Covenants from Individuals. Each individual who attends Franchisor's training program, or whom Franchisor designates, must sign a confidentiality and noncompetition agreement substantially in the form attached as Attachment D-1 to this Agreement, and Developer is responsible for ensuring compliance with such agreement. Each individual who is deemed a Principal by Franchisor, including the spouse of each Owner if Developer is a Business Entity, Developer's spouse if Developer is an individual, and Developer's District Manager, if applicable, must sign a principals' undertaking in the from attached as Attachment D-2 to this Agreement.

10.7. Improvements. If Developer or any of Developer's Owners or employees develop any new concept, process, or improvement in the development or operation of the Outlet, Developer agrees to promptly notify Franchisor and provide Franchisor with all related information, as determined by Franchisor in its sole discretion, without compensation. Any such concept, process, or improvement will become Franchisor's sole property, and Franchisor will be the sole owner of all patents, patent applications, and other intellectual property rights related thereto. Developer, its Owners, and employees hereby: **(a)** assign, waive, and release to Franchisor any rights Developer or they may have or acquire, including the right to modify such concept, process, or improvement; **(b)** agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process, or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights; **(c)** irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such concept, process, or improvement; and **(d)** grant Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process, or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe their rights therein, if any provision of this Section 10.7. is found to be invalid or otherwise unenforceable.

11. REPRESENTATIONS

11.1. Representations of Franchisor. Franchisor represents and warrants that Franchisor is duly organized and validly existing under the laws of the state of its formation and the execution of this Agreement and the performance of the transactions contemplated by this Agreement are permitted by Franchisor's governing documents and have been duly authorized.

11.2. Representations of Developer.

11.2.1. Developer represents and warrants that the ownership information set forth in the Key Terms is accurate and complete in all material respects, and Developer hereby agrees to notify Franchisor in writing prior to any change in the ownership information set forth in the Key Terms, and in compliance with the transfer requirements of Section 8. of this Agreement. Developer further represents and warrants to Franchisor that: **(a)** Developer is duly organized and validly existing under the laws of the state of its formation; **(b)** Developer's governing documents will, at all times, provide that Developer's activities are confined exclusively to the development of Outlets (and to the operation of Outlets if Developer is also Franchisee under any Franchise Agreement); **(c)** neither Developer nor any of its Affiliates nor Owners own, operate, or have any financial or beneficial interest in any business that is the same as or similar to a SURFIN' CHICKEN Outlet; and **(d)** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are permitted by Developer's governing documents and have been duly authorized. If Developer is two or more individuals or entities, then the rights and obligations of this Agreement may only be exercised jointly, but the liabilities of this Agreement will be joint and several as to all individuals and entities.

11.2.2. Developer acknowledges that Developer has conducted an independent investigation of the Franchisor's franchise opportunity and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent on Developer's abilities and efforts.

11.2.3. Developer acknowledges that it is relying solely on SURF'N'FRIES USA, LLC, and not on any affiliated entities or parent companies related to SURF'N'FRIES USA, LLC, with regard to Franchisor's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing, SURF'N'FRIES USA, LLC, has made any statement or promise to the effect that any affiliated entities or parent companies guarantee Franchisor's performance or financially back Franchisor.

11.2.4. Except for representations contained in Franchisor's franchise disclosure document provided to Developer or its Owners in conjunction with this franchise offering, Developer represents that neither Franchisor nor its agents or representatives have made any representations, and neither Developer nor its Owners have relied on representations made by Franchisor or its agents or representatives, concerning actual or potential Gross Sales, expenses, or profits of an Outlet.

11.2.5. Developer acknowledges that it has received a complete copy of Franchisor's franchise disclosure document at least 14 calendar days before Developer signed this Agreement or paid any consideration to Franchisor for rights granted herein.

11.2.6. Developer acknowledges that it has read and that it understands the terms of this Agreement and its attachments and that it has had ample time and opportunity to consult with an attorney or business advisor of its choice about the potential risks and benefits of entering into this Agreement.

11.2.7. Developer hereby warrants and represents that neither it nor any of its Owners, officers, directors, managers, partners, agents, or employees, or their respective interests therein is now (nor will be during the Term of this Agreement) identified, either by name or an alias, pseudonym, or nickname, on any of the lists of restricted or denied parties maintained by the United States government, including:

- **(a)** "Denied Persons List" maintained by the U.S. Commerce Department's Bureau of Industry and Security (http://www.bis.doc.gov/dpl/Default.shtml);
- **(b)** "Unverified List" maintained by the U.S. Commerce Department's Bureau of Industry and Security (http://www.bis.doc.gov/Enforcement/UnverifiedList/unverified_parties.html);
- **(c)** "Entity List" maintained by the U.S. Commerce Department's Bureau of Industry and Security (http://www.bis.doc.gov/Entities/Default.html);
- **(d)** "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (www.treas.gov/offices/enforcement/ofac/);
- **(e)** "Debarred List" maintained by the Department of State (http://pmddtc.state.gove/compliance/debar.html); and
- **(f)** "Nonproliferation Sanctions" maintained by the Department of State (http://www.state.gov/t/isn/c15231.html).

The foregoing constitutes continuing representations and warranties, and Developer agrees to immediately notify Franchisor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate, or misleading.

11.2.8. Developer further represents and warrants that neither Developer nor any of its Owners, officers, directors, managers, partners, agents, or employees has violated (nor will violate during the Term of this Agreement) any law prohibiting money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act (http://epic.org/privacy/terrorism/hr3162. html), U.S. Executive Order 13224 (http://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf), or any similar law.

12. NOTICES

12.1. Notices. All notices or demands must be in writing and must be delivered either in person, by certified mail, by overnight delivery, by facsimile, or by email using the information for notices set forth in the Key Terms. Service will be deemed conclusively made **(a)** at the time of delivery, if personal delivery is used; **(b)** 24 hours (exclusive of weekends and national holidays), if delivered by overnight delivery; **(c)** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; and **(d)** at the time of transmission by facsimile or other electronic transmission, whether or not the receiving party opens and reads the notice in a timely manner. Notices and demands will be given to the respective parties at the addresses set forth on the Key Terms, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices and other communications by providing a written notice given in the manner set forth above to the other party.

13. CONSTRUCTION OF AGREEMENT; MISCELLANEOUS

13.1. Entire Agreement. This Agreement, and any other agreements executed by the parties concurrently with the parties' execution of this Agreement, represents the entire fully integrated agreement between the parties and supersedes all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement will disclaim or require Developer to waive reliance on any representation that Franchisor made in the franchise disclosure document (including its exhibits and amendments) that Franchisor delivered to Developer in connection with this franchise offering. Except for those changes permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to in writing by the parties and executed by their authorized officers or agents.

13.2. No Waiver. No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Developer or any of its Owners under this Agreement will constitute a waiver by Franchisor to enforce any such right, option, duty, or power against Developer or its Owners, or as to a subsequent breach or default by Developer or any its Owners.

13.3. Severability. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement.

13.4. Survival of Terms. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement will survive such expiration or termination.

13.5. Definitions and Captions. Unless otherwise defined in the body of this Agreement, capitalized terms have the meaning ascribed to them in Attachment B. All captions in this Agreement are intended for the convenience of the parties, and none will be deemed to affect the meaning or construction of any provision of this Agreement.

13.6. Persons Bound. This Agreement will be binding on the parties and their respective successors and assigns. Each Owner must execute the Personal Guaranty attached as Attachment C. Failure or refusal to do so will constitute a breach of this Agreement. Developer and each Owner will be jointly and severally liable for each other's' obligations hereunder and under the Personal Guaranty.

13.7. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement will be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement will be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision will be given the meaning that renders it enforceable.

13.8. Force Majeure. Upon the occurrence of an event of Force Majeure, the party affected thereby must give prompt notice thereof to the other party, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected, and a plan for resuming operation under the Agreement, which the party must promptly undertake and maintain with due diligence. Such affected party will be liable for failure to give timely notice only to the extent of damage actually caused. If an event of Force Majeure occurs, then Developer will continue to be obligated to pay to Franchisor any and all amounts it is obligated to pay in accordance with the terms of this Agreement prior to the occurrence of such event, and the Indemnitees will continue to be indemnified and held harmless by Developer in accordance with Section 7.2. Except as provided in the immediately preceding sentence, neither party will be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure.

13.9. Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed because of a Force Majeure, the applicable deadline for performance will be extended for a period commensurate with the Force Majeure, but not to exceed 12 months.

13.10. Business Judgment Rule. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises reasonable business judgment in making such decision or exercising such rights. Franchisor's decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if such decision or action is intended, in whole or in part, to promote or benefit the System, generally, even if the decision or action also promotes Franchisor's financial or other individual interest.

13.11. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which together will constitute one agreement.

13.12. Remedies Cumulative. All rights and remedies of the parties to this Agreement are cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure, or default or threatened breach, failure, or default of any term, provision, or condition of this Agreement or any other agreement between Developer any of its Affiliates and Franchisor or any of its Affiliates. The rights and remedies of the parties to this Agreement will be continuing and will not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination, or exercise of Franchisor's rights pursuant to Section 9. of this Agreement will not discharge or release Developer or any Owner from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination, or the exercise of such rights under this Agreement. Additionally, Developer and Owners will pay all court costs and reasonable attorneys' fees and costs incurred by Franchisor in obtaining any remedy available to Franchisor for any violation of this Agreement.

13.13. No Third-Party Beneficiary. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than Developer, Franchisor, Franchisor's officers, directors, and personnel and such of Developer's and Franchisor's respective successors and assigns as may be contemplated (and, as to Developer, authorized by Section 8.) any rights or remedies under or as a result of this Agreement.

14. APPLICABLE LAW; DISPUTE RESOLUTION

14.1. Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the franchise, and all claims arising from the relationship between Franchisor and Developer will be governed by and construed in accordance with the laws of the State of Texas, without regard to its conflict of law rules. Franchisor and Developer acknowledge that the agreements regarding applicable law, forum, and venue set forth in this Section 14. provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the relationship created by this Agreement. Franchisor and Developer further acknowledge the receipt and sufficiency of mutual consideration for such benefit.

14.2. Mediation.

14.2.1. The parties acknowledge that during the Term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, Franchisor, Developer, and each Owner agree to submit to mediation any claim, controversy, or dispute between Franchisor or its Affiliates (and Franchisor's and its Affiliates' respective owners, officers, directors, agents, representatives, and/or employees) and Developer or Developer's Affiliates (and Developer's Owners, agents, representatives, and/or employees) arising out of or related to: **(a)** this Agreement or any other agreement between Franchisor and Developer; **(b)** Franchisor's relationship with Developer; or **(c)** the validity of this Agreement or any other agreement between Franchisor and Developer, before bringing such claim, controversy or dispute in a court or before any other tribunal.

14.2.2. The mediation will be conducted by a mediator agreed upon by Franchisor and Developer. If agreement cannot be reached within 15 days after either party has notified the other of its desire to seek mediation, then mediation will occur with the American Arbitration Association or any successor organization ("**AAA**") in accordance with its rules governing mediation. Mediation will be held at the offices of the AAA in the city where Franchisor's principal business office is located at the time of the mediation. The costs and expenses of mediation paid to the AAA or to the mediator will be paid equally by the parties. All other mediation-related expenses, including but not limited to, attorneys' fees and travel expenses, will be paid by the party which incurred such expense.

14.2.3. If the parties are unable to resolve the claim, controversy, or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may institute legal proceedings pursuant to Section 14.3. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

14.2.4. Notwithstanding the foregoing provisions of this Section 14.2., the parties' agreement to mediate will not apply to controversies, disputes, or claims relating to or based on past due amounts owed to Franchisor pursuant to this Agreement, the Marks, Copyrighted Works, or Franchisor's Confidential Information. Moreover, regardless of this mediation agreement, Franchisor and Developer each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

14.2.5. The parties acknowledge that any information disclosed by either party in mediation may only be used for those purposes and may not be used in any following litigation. Mediation must be conducted in person pursuant to Section 14.2.2., and no telephonic or electronic appearance by any of the parties or their counsel is permitted except for the purposes of scheduling mediation or discussion non-material mediation-related matters.

14.3. Litigation. To the extent that litigation is permitted in accordance with the above provisions, or in the event that any claim or controversy is not finally resolved through mediation, then the following provisions will apply:

14.3.1. **JURISDICTION AND VENUE. FOR ANY CLAIMS, CONTROVERSIES, AND/OR DISPUTES WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION AS PROVIDED ABOVE, DEVELOPER, OWNERS, AND PRINCIPALS IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE AND THE FEDERAL DISTRICT COURTS LOCATED IN THE STATE, COUNTY, OR JUDICIAL DISTRICT IN WHICH FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED. DEVELOPER, OWNERS, AND PRINCIPALS HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION AND AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. DEVELOPER, OWNERS, AND PRINCIPALS FURTHER AGREE THAT VENUE FOR ANY SUCH PROCEEDING WILL BE THE COUNTY OR JUDICIAL DISTRICT IN WHICH FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, THAT FRANCHISOR MAY BRING ANY ACTION (i) FOR MONIES OWED, (ii) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF OR (iii) INVOLVING POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, THE MARKS, OR THE CONFIDENTIAL INFORMATION, IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION.**

14.3.2. **WAIVER OF JURY TRIAL. FRANCHISOR AND DEVELOPER IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.**

14.3.3. **WAIVER OF PUNITIVE DAMAGES. THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF 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 ACTUAL DAMAGES SUSTAINED BY IT.**

14.4. Limitations Period. Neither Developer nor any Owner will assert any claim or cause of action against Franchisor or its officers, directors, shareholders, employees, or affiliates after two years following the event giving rise to such claim or cause of action.

14.5. Attorneys' Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party will be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

Intending to be legally bound, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the Effective Date.

FRANCHISOR:	**DEVELOPER:**
SURF'N'FRIES USA, LLC	
a Texas limited liability company	
By:	By:
[name, title]	[name, title]

SURF'N'FRIES USA, LLC

CALIFORNIA AMENDMENT TO THE DEVELOPMENT AGREEMENT

THIS AMENDMENT TO DEVELOPMENT AGREEMENT effective ________________________, ("**Amendment**") is intended to be a part of, and by this reference is incorporated into that certain Development Agreement ("**Development Agreement**") between SURF'N'FRIES USA, LLC, ("**Franchisor**") and _________ ____ ("**Developer**").

1. As a condition to becoming registered to offer and sell franchises in the State of California, Franchisor has agreed to defer Developer's obligation to pay the development fee under section 3.1, until Franchisor has met its pre-opening obligations to Developer the first developed franchise Outlet is open for business.

2. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of said Development Agreement or exhibits or attachments thereto, the terms of this Amendment shall govern.

3. No disclaimer, questionnaire, clause or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.

FRANCHISOR:	**DEVELOPER:**
SURF'N'FRIES USA, LLC	
a Texas limited liability company	
By:	By:
[name, title]	[name, title]
Date: ______________________________	Date: ___________________________

DEVELOPMENT AGREEMENT

ATTACHMENT A
KEY TERMS

EFFECTIVE DATE: ____

DEVELOPER: ____

INFORMATION FOR NOTICES:

Address: ____

Telephone Number: ____

Fax Number: ____

Email Address: ____

OPERATING PRINCIPAL:

Address: ____

Telephone Number: ____

Fax Number: ____

Email Address: ____

DEVELOPMENT FEE: $__________ (calculated as follows: _____________)

AUTHORIZED BRAND: ☐ SURFIN' CHICKEN

TRANSFER FEE: $5,000

FRANCHISOR ADDRESS FOR NOTICE:

Attention: President
SURF'N'FRIES USA, LLC
5550 Granite Parkway, Suite 195
Plano, Texas 75024

DEVELOPER AND DEVELOPER'S OWNERS:

Developer is duly formed in the state of [STATE], and the following is a list of all shareholders, partners, members, or other investors owning a direct or indirect interest in Developer and a description of the nature of their interest:

Name	% Ownership in Developer	Nature of Interest

DEVELOPMENT AREA: ____

DEVELOPMENT SCHEDULE:

Development Period	Expiration Date of Development Period	Type of Outlet(s) to be Developed During Development Period	Initial Franchisee for Each Outlet Developed	Cumulative Total Number of Outlets Located in the Development Area Which Developer Shall Have Open and in Operation
1	________, 20__	☐ Restaurant ☐ SIS ☐ KIOSK ☐ Food Truck	☐ Restaurant: $30,000 ☐ SIS: 25,000 ☐ KIOSK: 15,000 ☐ Food Truck: 20,000	
2	________, 20__	☐ Restaurant ☐ SIS ☐ KIOSK ☐ Food Truck	☐ Restaurant: $25,000 ☐ SIS: 20,000 ☐ KIOSK: 10,000 ☐ Food Truck: 10,000	
3	________, 20__	☐ Restaurant ☐ SIS ☐ KIOSK ☐ Food Truck	☐ Restaurant: $25,000 ☐ SIS: 20,000 ☐ KIOSK: 10,000 ☐ Food Truck: 10,000	
4	________, 20__	☐ Restaurant ☐ SIS ☐ KIOSK ☐ Food Truck	☐ Restaurant: $25,000 ☐ SIS: 20,000 ☐ KIOSK: 10,000 ☐ Food Truck: 10,000	
5	________, 20__	☐ Restaurant ☐ SIS ☐ KIOSK ☐ Food Truck	☐ Restaurant: $25,000 ☐ SIS: 20,000 ☐ KIOSK: 10,000 ☐ Food Truck: 10,000	

[the following page is the signature page]

By signing below, each of the parties attests to the accuracy of the information set forth above.

FRANCHISOR: SURF'N'FRIES USA, LLC a Texas limited liability company	**DEVELOPER:**
By: [name, title]	By: [name, title]

SURF'N'FRIES USA, LLC

DEVELOPMENT AGREEMENT

ATTACHMENT B

DEFINITIONS

"**Affiliate**" means an affiliate of a named person identified as any person or entity that is controlled by, controlling or under common control with such named person.

"**Business Entity**" means any legal entity, but not a natural person, with the power to enter into contracts. The term includes a corporation, limited liability company, limited partnership, and trust.

"**Confidential Information**" means all trade secrets, the Standards, and other elements of the System; all customer information; customer list; all information contained in the Manual; Franchisor's proprietary recipes, spice blends, and standards and specifications for product preparation, packaging and service; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Outlet which may be communicated to Franchisee, or of which Franchisee may be apprised, by virtue of its operation under the terms of the Franchise Agreement, and all other information that Franchisor designates.

"**Copyrighted Works**" means works of authorship which are owned by Franchisor and are fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Marks, Franchisor's recipes, menus, bulletins, correspondence and communications with its franchisees, training, advertising and promotional materials, and the content and design of Franchisor's Website.

"**Development Agreement**" means the form of agreement prescribed by Franchisor and used to grant to its developers the right to develop one or more Outlets in a certain geographical area, including all attachments, exhibits, riders, guarantees, or other related documents, all as amended from time to time.

"**Development Period**" means each of the time periods indicated in the Key Terms during which Developer has the right and obligation to develop Outlet.

"**Franchise Agreement**" means the form of agreement prescribed by Franchisor and used to grant to its franchisees the right to own and operate a single Outlet, including all attachments, exhibits, riders, guarantees, or other related instruments, all as amended from time to time.

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

"**Incapacity**" means physical, emotional, or mental injury or illness which would prevent a person from performing the obligations set forth in this Agreement or in any guaranty made part of this Agreement for at least 90 consecutive days and from which the person suffering the incapacity is not likely to recover within 90 days from the date of determination of the incapacity, as determined by a licensed practicing physician upon examination of the person, or if the person refuses to submit to an examination, then such person automatically shall be deemed to be incapacitated as of the date of such refusal.

"**Location**" means the physical address of the Outlet.

“**Owner**” means each individual or entity holding a beneficial ownership in the franchisee. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust.

“**Principals**” includes, collectively and individually, Franchisee’s spouse, all officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) whom Franchisor designates as Franchisee’s Principals, Franchisee’s District Manager, if applicable, and all holders of a direct or indirect ownership interest in Franchisee and of any entity directly or indirectly controlling Franchisee.

“**Reserved Area**” means the enclosed area of retail sales establishments, including without limitation, shopping malls, grocery stores, and retailers that are part of regional or national chains; food courts; airports; hospitals; cafeterias; commissaries; schools, colleges, and universities; hotels; office buildings; stadiums; arenas; ballparks; convention centers; festivals; fairs; military bases; and other mass gathering locations or events.

SURF'N'FRIES USA, LLC

DEVELOPMENT AGREEMENT

ATTACHMENT C

PERSONAL GUARANTY

1. I have read the Development Agreement between SURF'N'FRIES USA, LLC and ___________________ ("**Developer**"), having an Effective Date of _____________________ ("**Development Agreement**").

2. I own a beneficial interest in Developer and would be considered an "**Owner**" within the definition contained in the Development Agreement.

3. I understand that were it not for this Personal Guaranty ("**Guaranty**"), Franchisor would not have agreed to enter into the Development Agreement with Developer.

4. I will comply with all of the provisions contained in Section 6 of the Development Agreement concerning the use of the Confidential Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Development Agreement. I further agree not to disclose any of the Confidential Information, except: **(a)** to Developer's employees on a need to know basis; **(b)** to Developer's and my legal and tax professionals to the extent necessary for me to meet my legal obligations; and **(c)** as otherwise may be required by law.

5. I will comply with all of the provisions contained in Section 8. of the Development Agreement concerning the transfer of my interest in the Development Agreement and/or in Developer.

6. While I am an Owner of Developer and, for a two-year period after I cease to be an Owner (or two years after termination or expiration of the Development Agreement, whichever occurs first), I will not:

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

(b) Directly or indirectly employ, or seek to employ, any person who is or has been within the previous 120 days employed by Franchisor or an Affiliate of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment, unless such employee has obtained written consent from Franchisor or its Affiliate, as applicable, that the employee may be hired; or

(c) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with any casual, fast-casual, or quick-service restaurant, retail outlet, food truck, kiosk, cart, or store inside store of any type, that offers fries and/or chicken as a primary menu item or that derives more than 25% of its revenue from the sale of fries and/or chicken, other than a Outlet operated pursuant to a then-currently effective Franchise Agreement. This restriction will apply, while I am an Owner, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks. This restriction will apply for two years after I cease to be an Owner (or two years after termination or expiration of the Development Agreement, whichever occurs first) to any location that: **(i)** is, or is intended to be, located at the location of any Outlet developed by Developer or previously operated by Developer of its Affiliate(s) under the terms of a Franchise Agreement; **(ii)** is within a five-mile radius of any Outlet developed by Developer or operated by Developer or its Affiliate(s) under the terms of a Franchise Agreement; or **(iii)** is within a five-mile radius of any other Outlet operating under the System and Marks that is in existence or under development at any location within the United States, its territories, or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Marks or similar marks, or operate or license others to operate a business under the Marks or similar marks, at the time of such expiration, termination, or transfer. The time periods relating to the restrictions set forth in this <u>Section 6.</u> will be tolled during any period of my noncompliance.

7. I agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Guaranty. If all or any portion of a covenant in this Guaranty is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Guaranty.

8. I understand and acknowledge that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant set forth in this Guaranty, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

9. I agree that the provisions contained in <u>Section 14.</u> of the Development Agreement will apply to any dispute arising out of or relating to this Guaranty. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its reasonable attorneys' fees and costs.

10. I hereby guarantee the prompt and full payment of all amounts owed by the Developer under the Development Agreement.

11. I will pay all amounts due under this Guaranty within 14 days after receiving notice from Franchisor that the Developer has failed to make the required payment. I understand and agree that Franchisor need not exhaust its remedies against the Developer before seeking recovery from me under this Guaranty.

12. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies will in any way affect any of my obligations under this Guaranty. If the Developer has pledged other security or if one or more other persons have personally guaranteed performance of the Developer's obligations, I agree that Franchisor's release of such security or other guarantees will not affect my liability under this Guaranty.

13. **<u>I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE DEVELOPMENT AGREEMENT AND/OR THE PERFORMANCE OF ANY PARTY UNDER THE DEVELOPMENT AGREEMENT</u>**.

14. I understand that Franchisor's rights under this Guaranty will be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

15. I agree that any notices required to be delivered to me will be deemed conclusively made **(a)** at the time of delivery, if personal delivery is used; **(b)** 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if delivered by overnight delivery; and/or **(c)** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail. Notices and demands will be given to the respective parties at the addresses set forth in the signature blocks below, unless and until a different address has been designated by written notice to Franchisor. I may change this address only by delivering to Franchisor written notice of the change.

[*the following page is the signature page]*

Intending to be legally bound, I have executed this Personal Guaranty on the date set forth below:

GUARANTOR

_________________________________ Date: _____________________________

[name], Individually

Address:

_________________________________ Date: _____________________________

[name], Individually

Address:

SURF'N'FRIES USA, LLC

DEVELOPMENT AGREEMENT

ATTACHMENT D-1

CONFIDENTIALITY AND NONCOMPETITION AGREEMENT

In accordance with the terms of this Confidentiality and Noncompetition Agreement ("**Confidentiality Agreement**") and in consideration of my relation to and/or connection with ____________________ ("**Developer**") (or to Developer's affiliate if I am employed by Developer's affiliated entity), and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, I ("**Covenantor**") hereby acknowledge and agree that:

1. Developer has acquired the right from SURF'N'FRIES USA, LLC ("**Franchisor**") to develop Outlets using Franchisor's trade names, trademarks, and service marks, including the service mark "SURFIN' CHICKEN" ("**Marks**") and the system developed by Franchisor and/or its affiliates to develop Outlets ("**System**"), as they may be changed, improved, and further developed from time to time in Franchisor's sole discretion.

2. Franchisor possesses certain proprietary and confidential information relating to the operation of the Outlet, which includes the Manual, recipes, trade secrets, and copyrighted materials, methods, and other techniques and know-how ("**Confidential Information**"). Any and all manuals, trade secrets, copyrighted materials, methods, information, knowledge, know-how, and techniques which Franchisor specifically designates as confidential are deemed to be Confidential Information for purposes of this Confidentiality Agreement.

3. Because I am a Covenantor, Franchisor and Developer will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, Franchisor's operations manual ("**Manual**"), and other general assistance during the term of this Confidentiality Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the development of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties to Developer and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Developer under the Development Agreement.

6. Except as otherwise approved in writing by Franchisor, I will not, while in my position with Developer and for a continuous uninterrupted period commencing upon the cessation or termination of my relationship and/or position with Franchisee, regardless of the cause for cessation or termination, and continuing for two years thereafter, either directly or indirectly, for myself or through, on behalf of, or in conjunction with any other person, partnership, corporation, or other limited liability company own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest or relationship or association with any casual, fast-casual, or quick-service restaurant, retail outlet, food truck, kiosk, cart, or store inside store of any type, that offers fries and/or chicken as a primary menu item or that derives more than 25% of its revenue from the sale of fries and/or chicken within a five-mile radius of any SURFIN' CHICKEN outlet, nor will I directly or indirectly employ or seek to employ any employee of Franchisor or an Affiliate of Franchisor (collectively, "**Employers**"), unless such employee's employment has been terminated for 120 days or more, or such employee has obtained written consent from Employer that the employee may be hired. The restrictions in this Section 6 do not apply to my ownership of less than a five percent beneficial interest in the outstanding securities of any publicly-held corporation. The time periods relating to the restrictions set forth in this Confidentiality Agreement will be tolled during any period of my noncompliance.

7. I agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Confidentiality Agreement. If all or any portion of a covenant in this Confidentiality Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Confidentiality Agreement.

8. I understand and acknowledge that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant set forth in this Confidentiality Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified. I also understand that neither I nor Developer may make any changes to this Confidentiality Agreement without the written consent of Franchisor.

9. Franchisor is a third-party beneficiary of this Confidentiality Agreement and may enforce it, solely and/or jointly with Developer. I am aware that my violation of this Confidentiality Agreement will cause Franchisor and Developer irreparable harm; therefore, I acknowledge and agree that Developer and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Confidentiality Agreement, and I agree to pay Developer and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Confidentiality Agreement is enforced against me. Due to the importance of this Confidentiality Agreement to Developer and Franchisor, any claim I have against Developer or Franchisor is a separate matter and does not entitle me to violate or justify any violation of this Confidentiality Agreement.

10. This Confidentiality Agreement will be construed under the laws of the State of Texas.

11. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE DEVELOPMENT AGREEMENT AND/OR THE PERFORMANCE OF ANY PARTY UNDER THE DEVELOPMENT AGREEMENT.**

12. I acknowledge that I am to receive valuable information emanating from Franchisor's principal business office, wherever it may be located. Therefore, with respect to all claims, controversies, and disputes, I irrevocably consent to personal jurisdiction and submit myself to the jurisdiction of the federal and state courts that service the county where Franchisor's principal business office is located. Notwithstanding the foregoing, I acknowledge and agree that Franchisor or Developer may bring and maintain an action against me in any court of competent jurisdiction for injunctive or other extraordinary relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

THE PARTIES HERETO, INTENDING TO BE LEGALLY BOUND, HAVE EXECUTED THIS CONFIDENTIALITY AGREEMENT AS OF THE DATES NOTED BELOW.

ACKNOWLEDGED BY DEVELOPER	**COVENANTOR**
By:____________________________	________________________________
[name, title]	[name], Individually
Date: __________________________	Address:
	Date:___

SURF'N'FRIES USA, LLC

DEVELOPMENT AGREEMENT

ATTACHMENT D-2

PRINCIPALS' UNDERTAKING

In consideration of, and as an inducement to, the execution of that certain Development Agreement, and any revisions, modifications, and amendments thereto, (collectively, "**Agreement**") by and between SURF'N'FRIES USA, LLC ("**Franchisor**"), and ______________________ ("**Developer**"), and dated _____________, the undersigned (whether one or more individually and collectively "**Principal**") agrees as follows:

1. Principal acknowledges and agrees as follows:

(a) The undersigned is a "Principal," as defined in the Agreement, and has read the terms and conditions of the Agreement and acknowledges that the execution of this Principal's Undertaking is in partial consideration for, and a condition to, Franchisor entering into the Agreement with Developer and that Franchisor would not have entered into the Agreement without the execution of this Principal's Undertaking; and

(b) Without limiting any of Developer's obligations under the Agreement, Principal **(i)** makes all of the covenants, representations, warranties, and agreements set forth in Section 5.2 (Compliance with Laws), Sections 6.1. (Confidentiality), Section 8. (Transfer of Interest), Section 10. (Covenants), and Section 14. (Applicable Law; Dispute Resolution) of the Agreement and is obligated to perform thereunder; and **(ii)** represents that each and every representation of Franchisee made in connection with the Agreement is true, correct, and complete in all respects as of the time given and as of the time of the undersigned's execution of this Principals' Undertaking.

2. The obligations of Principal are independent of the obligations of Franchisee, and a separate action or actions may be brought and prosecuted against Principal, whether or not actions are brought against Franchisee or whether or not Franchisee is joined in any such action.

3. This Principal's Undertaking is governed by and interpreted in accordance with the laws of the State of Texas, without regard to its conflicts of law principles. This Principal's Undertaking is enforceable by and against the respective administrators, executors, successors, and assigns of the Principal, and the death of any Principal will not terminate the liability of such Principal or limit the liability of other Principals hereunder.

IN WITNESS WHEREOF, the undersigned execute this Principals' Undertaking effective as of the date(s) set forth below.

PRINCIPAL(S)

_______________________________ Date: _______________________________

[name], Individually
Address:

_______________________________ Date: _______________________________

[name], Individually
Address:

SURF'N'FRIES USA, LLC
DEVELOPMENT AGREEMENT

ATTACHMENT E
FORM OF FRANCHISE AGREEMENT

(REFER TO EXHIBIT C TO THIS DISCLOSURE DOUCMENT)

EXHIBIT C

SURF'N'FRIES USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

SURFIN' CHICKEN
ORIGINAL CHICKEN AND FRIES

SURF'N'FRIES USA, LLC
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FRANCHISE AGREEMENT

This SURF'N'FRIES USA, LLC Franchise Agreement ("**Agreement**") is made and entered into as of the Effective Date reflected in the Key Terms (Attachment A) by and between SURF'N'FRIES USA, LLC, a Texas limited liability company, with its principal office in Addison, Texas ("**Franchisor**"), and the franchisee identified in the Key Terms ("**Franchisee**").

RECITALS

A. Franchisor has the right to use and to license the use of a distinctive system relating to the establishment and operation of a chicken and fries quick service concept specializing and serving fresh scoop shaped French fries, proprietary chicken sandwiches, various proteins, deserts, proprietary loaded fries, sauces, breakfast and lunch sandwiches and other food products and beverages ("**System**").

B. The distinguishing characteristics of the System include, without limitation, distinctive interior and exterior design, decor, color scheme, graphics, fixtures and furnishings, proprietary ordering procedures; special recipes and menu items; proprietary food preparation techniques and presentation standards; community and social networking presence and protocols; standards, specifications, policies, and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management, and financial control; training and assistance; advertising and promotional programs; and other standards, specifications, techniques, and procedures that Franchisor designates for developing, operating, and managing a franchise outlet, all of which Franchisor may change, improve, and further develop (collectively, "**Standards**").

C. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark "SURFIN' CHICKEN",", and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System ("**Marks**").

D. Franchisee has applied to Franchisor for a franchise to operate a franchise outlet as identified in the Key Terms using the System and Marks ("**Outlet**"), and Franchisor has approved Franchisee's application and desires to grant Franchisee such franchise, all pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration for the premises and other good and valuable consideration contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. GRANT

1.1. Grant. Subject to the provisions of this Agreement, Franchisor hereby grants Franchisee the right to develop and continuously operate a Outlet at the Location identified (or to be identified) in the Key Terms, to deliver authorized products to locations in accordance with the Standards (which may include distance or area restrictions), and to use the Marks in the operation and promotion of the Outlet. Franchisee hereby undertakes the obligation and agrees to continually operate the Outlet during the Term hereof and strictly according to the terms and conditions of this Agreement. This Agreement does not grant Franchise any right, among others: **(a)** to sublicense the use of the System or Marks; **(b)** to co-brand with another concept or brand; **(c)** to offer or sell products or services at or from any location other than the Franchised Location (such as from a cart, kiosk, or food truck); **(d)** to ship SURFIN' CHICKEN products, regardless of the destination; or **(e)** distribute SURFIN' CHICKEN products through other channels, such as supermarkets, convenience stores or other retailers, or other food service providers.

1.2. Designated Area and Designated Trade Route. Upon Franchisee's acquisition of the Location for the Outlet, Franchisor will amend the Key Terms to include the Location and a description of the Designated Area surrounding the Location or will memorialize such information in another form of written communication, signed by Franchisor and Franchisee. If Franchisee operates Food Truck model, the Designated Trade Route will be identified in the Key Terms. If such description is provided in another form of written communication, such communication will be deemed to be integrated into this Agreement. As long as Franchisee is in full compliance with this Agreement and any other agreement between Franchisee and Franchisor or its Affiliates, then except as otherwise expressly provided in this Agreement (including Section 1.3. of this Agreement), neither Franchisor nor any Affiliate of Franchisor will establish, or authorize any person or entity other than Franchisee to establish, An Outlet that is the same model as the one operated by Franchisee under this Agreement in the Designated Area during the Term of this Agreement.

1.3. Retained Rights. The rights granted to Franchisee under this Agreement are nonexclusive, and Franchisor and its Affiliates have and retain all rights within and outside the Designated Area and/or Designated Trade Route, except those expressly granted to Franchisee in the Agreement. Accordingly, Franchisor, its Affiliates, and any other authorized person or entity will have the right, among others, to **(a)** operate and license others to operate an Outlet that is different model than the one operated by you at any location whether inside or outside of the Designated Area and/or Designated Trade Route and in any Reserved Area whether located inside or outside the Designated Area and/or Designated Trade Route **(b)** to operate, and license others to operate, Outlets at any location outside the Designated Area and/or Designated Trade Route and in any Reserved Area (whether located inside or outside the Designated Area and/or Designated Trade Route), including Outlets that are adjacent to or surrounded by the Designated Area and/or Designated Trade Route, **(c)** to advertise and promote the System in the Designated Area and/or Designated Trade Route, **(d)** to operate, and license others to operate, Outlets at any locations in any Reserved Area, including Reserved Areas that are in the Designated Area and/or Designated Trade Route, **(e)** to operate, and license others to operate, other restaurant, ghost kitchens, or other food service business utilizing trademarks other than SURFIN' CHICKEN at any location inside and outside the Designated Area and/or Designated Trade Route and in any Reserved Area (whether located inside or outside the Designated Area and/or Designated Trade Route), **(f)** to operate, and license others to operate, SURFIN' CHICKEN ghost kitchen that are delivery only ("**Ghost Kitchens**") at any location outside the Designated Area and/or Designated Trade Route, including Ghost Kitchens that are adjacent to or surrounded by the Designated Area and/or Designated Trade Route, and **(g)** to engage, directly or indirectly, at wholesale, retail, or otherwise, in the production, distribution, license, and sale of any and all food, beverages, or other services and products, under the Marks or under other names or marks through any method of distribution, other than a Outlet, regardless of the competitive impact, and including, but not limited to, from vending machines and kiosks, food trucks, grocery stores, and other food retailers and through mail order catalogs and the Internet, regardless of the proximity to, or the competitive impact on, Outlets developed by Franchisee.

2. TERM

2.1. Term. Unless sooner terminated as provided in this Agreement, the term of this Agreement ("**Term**") will begin on the Effective Date and will continue for the period reflected in Attachment A.

2.2. Renewal. Franchisee may renew the franchise granted by this Agreement for two, consecutive 5-year term if, at the end of the Term, each of the following conditions has been satisfied: **(a)** Franchisee has notified Franchisor of its intent to renew the franchise no less than 12 months and no more than 24 months before the then-current term has expired; **(b)** Franchisee is not in default of any material provision of this Agreement and Franchisee has complied with the material terms and conditions of this Agreement throughout the Term; **(c)** all amounts owed to Franchisor and its Affiliates, to third-party suppliers, and to the Location landlord have been paid; **(d)** the Outlet has been renovated and refurbished so that it reflects Franchisor's then-current image, trade dress, equipment, and furnishings requirements; **(e)** Franchisee has the right to remain in possession of the Outlet premises, or has secured an alternate site with Franchisor's prior approval; **(f)** Franchisee complies with the then-current qualifications and training requirements; **(g)** Franchisee signs Franchisor's then-current form of Franchise Agreement, the terms of which may be materially different than the terms of this Agreement, including but not limited to royalty and advertising fees and contribution requirements, and each Owner executes a personal guaranty and undertaking in the form Franchisor prescribes; **(h)** Franchisee and each Owner sign a general and full release in favor of Franchisor and its Affiliates and their respective, officers, directors, shareholders, members, managers, employees, and agents; and **(i)** Franchisee pays the renewal fee, in the amount specified in the Key Terms. Additional renewals will be at Franchisor's sole discretion, and such consideration by Franchisor, if any, will not be interpreted to grant Franchisee any additional renewal terms.

2.3. Extension of this Agreement. If Franchisee continues to accept the benefits of this Agreement after the expiration of the initial Term but does not complete the requirements in Section 2.2., then at Franchisor's sole option, this Agreement may be treated as either: **(a)** expired as of the date of the expiration, and Franchisee will be operating without a franchise or license to do so and in violation of Franchisor's rights to the Marks and System; or **(b)** continued on a month-to-month basis ("**Interim Period**"), and all of Franchisee's obligations will remain in full force and effect during the Interim Period, as if the Agreement had not expired, except that, Franchisee will be required to pay Franchisor 125% of the stated Royalty Fee set forth in the Key Terms Pages. Each Interim Period expires at the end of each calendar month unless this Agreement is continued as set forth in this Section 2.3. The Interim Period does not create any new franchise rights, and upon expiration of the final Interim Period, Franchisee will be bound by all post-term obligations as set forth in this Agreement.

3. SITE SELECTION, CONSTRUCTION; LOCATION

3.1. Site Selection and Evaluation.

3.1.1. Within 180 days after the Effective Date, Franchisee must have identified a site for the Restaurant, KIOSK, or SIS outlet and submit to Franchisor a site approval request packet, as set forth in Section 3.2., below. If Franchisees operates a Food Truck, the Designated Trade Route will be as identified in the Key Terms. If Franchisee is entering into this Agreement pursuant to a Development Agreement with Franchisor, then Franchisee must identify a site located in the Development Area set forth in the Development Agreement. Otherwise, Franchisee must identify a site within the non-exclusive Site Selection Area set forth in the Key Terms of this Agreement. The site must meet Franchisor's then-current site selection criteria and must otherwise be mutually acceptable to Franchisor and Franchisee. Franchisee acknowledges and agrees that it acquires no rights in and to the Site Selection Area, other than the right to select a site for the Outlet from within its boundaries, and, without limitation of the foregoing, Franchisee has no exclusivity rights in the Site Selection Area. Once the Location for an Outlet has been selected, Franchisee shall have non-exclusive Designated Area excluding any Reserved Area and Captive Markets. Franchisee further acknowledges and agrees that the Designated Area and Site Selection Area excludes any Reserved Area, any existing designated area of another SURFIN' CHICKEN franchisee within the Designated Area or Site Selection Area, and any designated area of any other SURFIN' CHICKEN franchisee, which may be designated after the execution of this Agreement and which may be within the Designated Area or and Site Selection Area.

3.1.2. Franchisor may conduct on-site site selection evaluations, provide geographic market data, or lease availability on its own initiative or in response to Franchisee's reasonable request, if deemed necessary by Franchisor, but Franchisor will not provide assistance or consider a request for an on-site evaluation until all information and materials described in Section 3.2. below have been received. If Franchisor conducts an on-site evaluation of a proposed site(s) or provides in-person site selection assistance, Franchisee must reimburse Franchisor its related out-of-pocket costs, including the costs of all transportation, lodging, and meals. Ultimate site selection is Franchisee's sole responsibility.

3.2. Franchise Site Application. For each proposed site that Franchisee identifies, Franchisee must deliver to Franchisor in the form specified by Franchisor, a description of the site, evidence satisfactory to Franchisor demonstrating that the site satisfies Franchisor's site selection guidelines, and such other information and materials as Franchisor may reasonably require, including, but not limited to, copies of a proposed lease or a contract of sale for the site. If Franchisor requires the generation of a site evaluation report, Franchisor will pay for a total of one site evaluation report, which report may be administered by Franchisor or a third-party provider. Franchisee will be required to pay Franchisor the costs Franchisor incurs for each additional site evaluation report required by Franchisor or requested by Franchisee. Within 30 days of receiving Franchisee's site application and all additional requested information, Franchisor will notify Franchisee whether or not the site is approved. If Franchisor does not provide notification within the 30-day time period, its silence is neither approval nor rejection of the site. Franchisor's approval of a site does not constitute a representation, promise, warranty, or guarantee, express or implied, that the Outlet will achieve a certain sales volume or level of profitability or will otherwise be successful; it means only that the proposed site meets Franchisor's minimum criteria for Outlets. Once Franchisee's site is approved, Franchisor is not responsible for any construction delays due to change orders, events of Force Majeure, disputes with landlords, architects, contractors, subcontractors, or any other vendor, or due to any other action or reason occurring during build-out of the Outlet.

3.3. Site Acquisition. If Franchisee occupies the Outlet premises under a lease, Franchisor has the right to approve the lease terms, and Franchisee must not sign the lease until Franchisor has approved its terms. Franchisor's approval of a lease does not mean that the economic terms of the lease are favorable; it means only that the lease contains the lease terms that Franchisor requires. The lease also must contain the terms reflected in the Lease Rider, Attachment F hereto. Franchisee must deliver to Franchisor a fully-executed copy of the lease or contract for sale within 10 days after its execution. If Franchisee is awarded an SIS Outlet, Franchisee shall abide by certain stipulations that apply to the opening and operating of an SIS Outlet including any terms of lease for the operation of their SIS outlet. Franchisee shall also execute the Franchisor's form of SIS Agreement, attached hereto and incorporated herein as Attachment H ("SIS Agreement"). Franchisee further acknowledges and agrees that any default of SIS Outlet lease terms or terms of the SIS Agreement shall be material and Franchisor shall have the right to terminate the Franchise Agreement and operate the SIS Outlet from the Designated Area or award the Designated Area to another Franchisee.

3.4. Outlet Design and Build-Out.

3.4.1. Franchisor may provide their standard building plans and specifications or recommended floor plans and required décor. Franchisee must follow Franchisor's procedures for Outlet construction and build-out, which include, but are not limited to, engaging an architect, design consultant, and/or general contractor that Franchisor specifies. If Franchisee requests that Franchisor approve any vendor to provide services required to complete the construction of the Outlet, which vendor is not on Franchisor's approved vendor list for such services, then Franchisor reserves the right to charge Franchisee for its time and the costs Franchisor incurs to approve and/or train such vendor, which fee is not refundable. Franchisee must construct and build out the Outlet according to Franchisor's Standards and specifications for design, decor, and layout and must equip the Outlet according to Franchisor's requirements for fixtures, furnishings, equipment, interior and exterior signage, decor, trade dress, and awnings, which Franchisor will provide to Franchisee. Franchisor will provide such advice regarding construction and build-out as it deems appropriate, but Franchisee is solely responsible for sourcing, hiring, and paying for the professional services needed to complete Franchisee's Outlet design and build-out obligations. Franchisee is solely responsible for obtaining all government approvals, zoning classifications, permits, licenses, and clearances relating to the Outlet and for complying with applicable requirements of the Americans with Disabilities Act.

3.4.2. During construction, Franchisee must maintain general liability and property damage insurance of the type and with the limits Franchisor requires, protecting Franchisee and Franchisor and its Affiliates and their respective partners, shareholders, directors, agents, and employees. Such policy or policies must be written by a responsible insurer or insurers acceptable to Franchisor and must contain a waiver of subrogation in favor of Franchisor and its Affiliates, and their respective partners, shareholders, directors, agents, and employees. Franchisee must notify Franchisor in writing when construction begins and thereafter must provide progress reports when, and in the form, required by Franchisor.

3.4.3. During construction, Franchisee must provide Franchisor with such periodic progress reports as Franchisor may reasonably request, including, but not limited to, digital photographs and/or video of the Outlet premises and the surrounding area. In addition, Franchisor may make such on-site inspections as it may deem reasonably necessary to evaluate such progress, which visits may be through remote/virtual means. Franchisee will notify Franchisor of the scheduled date for completion of construction no later than 21 days prior to such date.

3.4.4 If this Franchise Agreement is signed as part of the transfer of an existing franchise or renewal of an existing franchise, then the construction required under this Section 3.4 shall be the renovation of your Franchised Business in accordance with the provisions of the predecessor franchise agreement. If, at our sole discretion, we allow you to complete the renovation after signing this Agreement, the renovation must be completed in accordance with the provisions of this Section 3.4 by the date set forth in the Rider.

(a) You will make no changes to any building, plan, design, layout or décor, or any equipment or signage in your Franchise business without our prior written consent, and such changes may not be contrary to Mandatory Specifications.

(b) Signs: You will prominently display, at your expense, both on the interior and exterior of your Franchised Business premises, signs in such form, color, number, location and size, and containing such Marks as we designate. We also may require you to use illuminated signs. You will obtain all permits and licenses required for such signs and will also be responsible for ensuring that all signs comply with laws and ordinances. You will not display in or upon your Franchised Business premises any sign or advertising of any kind to which we object. We reserve the right to require you to update your signage ant any time at your expense

Services: You will confirm to all quality and customer service standards prescribed by us in writing

3.5 Opening. The opening date ("**Opening Date**") will be the date Franchisee's Outlet opens for business. The Opening Date must be no later than 365 days from the Effective Date for Restaurant, KIOSK, and SIS. If Franchisee is granted an SIS Outlet, Franchisee's SIS Outlet must be open for operation by the date listed in SIS Outlet lease agreement. Regardless of the Opening Date, Franchisee shall be responsible for all payments as stated under the SIS Outlet lease and as further stated in the SIS Agreement. If Franchisee is operating a Food Truck franchise, Franchisee must open business within 120 days from the date of successfully completing the initial training and no later than 180 days from the Effective Date of your Franchise Agreement. If Franchisee is unable to open its Outlet within required time period of 365 days for Restaurant, KIOSK, and SIS and 180 days for Food Truck from the Effective Date, Franchisor may, but is not obligated to, extend the Opening Date deadline in its sole discretion, provided that Franchisee has sent the extension request to Franchisor, in writing, at least 60 days before the expiration of the 365-day anniversary of the Effective Date for Restaurant, KIOSK, and SIS or 120 days for Food Truck from the Effective Date. If Franchisee fails to open the Outlet by the Opening Date and/or does not request and/or does not receive an extension as provided for in this Section 3.5., then Franchisor may terminate this Agreement in accordance with Section 13.2. The Opening Date will be reflected in an amendment to the Key Terms or by any other form of written communication from Franchisor that defines the Opening Date, and such Opening Date will dictate for purposes of this Agreement and will be fully incorporated into this Agreement. Franchisee may open the Outlet for business only with Franchisor's prior, written permission, which will be granted only if: **(a)** all amounts due Franchisor under this Agreement have been paid, **(b)** the Outlet has been constructed and equipped according to Franchisor's Standards and specifications, **(c)** all of Franchisee's pre-opening and training obligations have been satisfied, **(d)** Franchisor has received from Franchisee a signed ACH Authorization (Attachment E); **(e)** Franchisor has received from Franchisee a fully-executed copy of the Outlet lease containing the mandatory lease terms described in Attachment F, or the contract of sale for the Location; **(f)** Franchisor has received from Franchisee certificates of insurance as required by Section 11.; and **(g)** Franchisee is otherwise in good standing under this Agreement and has met all of Franchisor's pre-opening requirements.

3.6. Relocation. Franchisee will not relocate the Restaurant, KIOSK, or SIS Outlet without Franchisor's express prior written consent. IF franchisee is operating a Food Truck, Franchisee will not be able to change the Designated Trade Route without our prior written consent of Franchisor. Franchisor does not have any obligation to approve any request the change your Designated Trade Route and may approve reconfiguration of a Franchisee's Designated Trade Route on case-by-case basis at its own discretion. If Franchisee is unable to continue the operation of the Outlet at the Location or from a Designated Trade Route because of the occurrence of an event of Force Majeure (or for other reasons not constituting an event of default under this Agreement), Franchisee may request Franchisor's consent to relocate the Outlet or change the Designated Trade Route of the Outlet to another location in the Designated Area. Franchisor's approval may not be unreasonably withheld but may be conditioned upon the payment of an agreed minimum fee to Franchisor during the period in which the Outlet is not in operation. Selection of the relocation site and Outlet construction, renovation, and opening procedures and timelines will be governed by this Section 3.

3.7. ADA Certification. At its sole expense, Franchisee shall furnish evidence satisfactory to Franchisor that the Outlet is designed, constructed, and altered in compliance, at all times, with the requirements of the Americans With Disabilities Act of 1990, the regulations now or hereafter adopted pursuant thereto, and any and all applicable state or local laws, statutes, ordinances, rules and regulations concerning public accommodations for disabled persons now or hereafter in effect. Franchisee shall indemnify, defend, and hold harmless the Franchisor from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, reasonable attorney's fees and disbursements) arising from Franchisee's failure to comply with this obligation.

4. FEES

4.1. Initial Franchise Fee. Upon execution of this Agreement, Franchisee must pay Franchisor the Initial Franchise Fee (less any Development Fee credit, if applicable) in the amount specified in the Key Terms. The Initial Franchise Fee is fully earned by Franchisor when paid and is not refundable.

4.2. Royalty Fees. During the Term of this Agreement, Franchisee must pay Franchisor a nonrefundable and continuing Royalty Fee in the amount specified in the Key Terms for the right to use the System and the Marks. If any taxes, fees, or assessments are imposed on Franchisee's payment of the Royalty Fee (except taxes imposed on Franchisor's net taxable income), Franchisee must also pay or reimburse Franchisor the amount of the taxes, fees, or assessments within 15 days of Franchisor's written notice to Franchisee.

4.3. Other Payments. In addition to all other payments provided for in this Agreement, Franchisee must pay Franchisor and its Affiliates and all of Franchisee's third-party vendors, suppliers, and landlord promptly when due:

4.3.1. All amounts advanced by Franchisor or which Franchisor has paid, or for which it has become obligated to pay on Franchisee's behalf for any reason whatsoever.

4.3.2. The amount of all sales taxes, use taxes, personal property taxes, and similar taxes, which are or may be imposed upon Franchisee and required to be collected or paid by Franchisee **(a)** because of Franchisee's Gross Sales, or **(b)** because of Initial Franchise Fees, Royalty Fees, or advertising fees (and Franchisee Advertising Co-op dues, if any) collected by Franchisor from Franchisee (but excluding ordinary income taxes). Franchisor, in its discretion, may collect the taxes in the same manner as Royalty Fees are collected and promptly pay the tax collections to the appropriate governmental authority; provided, however, that unless Franchisor so elects, it will be Franchisee's responsibility to pay all sales, use, or other taxes now or hereinafter imposed by any governmental authorities on Initial Franchise Fees, Royalty Fees, and advertising fees.

4.3.3. All amounts due and owing (unless such amount is subject to a bona fide dispute) pursuant to Franchisee's agreements and contracts with all Designated Suppliers and Franchisee's other trade creditors and Franchisee's landlord.

4.4. No Set-Off Rights. Franchisee may not set off, deduct, or otherwise withhold any fees or other amounts due Franchisor under this Agreement on grounds of alleged nonperformance by Franchisor of any of its obligations or for any other reason. Withholding royalties or any other amounts due Franchisor is a material breach of this Agreement.

4.5. Accounting Period. Franchisor has the right to define applicable accounting periods for purposes of calculating and paying amounts due under this Agreement. Each period, which may be defined in terms of days, weeks, or months, in Franchisor's sole discretion, will be considered an "**Accounting Period**" for all purposes under this Agreement. Franchisor has the right to change or modify the definition of an Accounting Period, in its discretion, for Franchisor's entire franchise system, generally, or for Franchisee, specifically, if Franchisee fails to comply with this Agreement. Franchisor will provide Franchisee at least 30 days advance written notice of any change in any Accounting Period.

4.6. Payment Terms and Procedures. All payments required by this Agreement must be paid on the day or date Franchisor specifies ("**Due Date**"). If the Due Date is not a Business Day, then payment will be due on the next Business Day. Franchisor will determine the amount of the Royalty Fee and other amounts due under this Agreement by accessing and retrieving Gross Sales data from Franchisee's computer system, as permitted by Section 10. On each Due Date, Franchisor will transfer from Franchisee's commercial bank operating account ("**Account**") the Royalty Fee, Marketing Fee Contributions, and any other amounts due and owing.

4.7. Electronic Fund Transfer. Franchisee must participate in Franchisor's then-current electronic funds transfer program authorizing Franchisor to use a pre-authorized bank draft system. Franchisee must: **(a)** perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 4.8.; **(b)** give Franchisor an authorization in the form designated by Franchisor to initiate debit entries and/or credit correction entries to the Account for payments of the Royalty Fee and all other amounts payable under this Agreement, including any interest charges; and **(c)** make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for payment thereof.

Notwithstanding the provisions of this Section 4., Franchisor reserves the right to modify, at its option, the method by which Franchisee must pay the Royalty Fee and other amounts owed under this Agreement, upon receipt of written notice by Franchisor. Franchisee's failure to have sufficient funds in the Account on the Due Date is a material breach of this Agreement.

4.8. Interest; Nonsufficient Funds Charge. Any payments not received by Franchisor by the Due Date, will incur late fee in amount of $100 plus accrue interest at the rate of 18% per annum or the highest lawful interest rate permitted by the jurisdiction in which the Outlet operates, whichever is less. If any check or draft, electronic or otherwise, is returned for insufficient funds, Franchisee must pay Franchisor an insufficient funds fee in the amount of $30 plus all charges for each check or draft in the amount assessed by the financial institution and reimburse Franchisor for all expenses that it incurs because of such nonsufficient funds, including reimbursement of the reasonable cost of Franchisor's time.

4.09. Partial Payments; Application of Payments. If Franchisee pays less than any amount due under this Agreement, such payment will be considered a partial payment. Franchisor may accept such payment as a partial payment, irrespective of any endorsement or other statement that the payment constitutes full payment. Franchisor's acceptance of such partial payment will not be considered a waiver of any of its right to demand or receive full payment, and Franchisee hereby waives any estoppel defense in this regard. Franchisor may apply Franchisee's payments to any indebtedness, in its sole and reasonable discretion, regardless of any designation that accompanies the payment.

4.10. Deficiency Fee. If Franchisee is in default under this Agreement, at Franchisor's discretion, and without waiver of any of Franchisor's rights under this Agreement, Franchisor may impose a fee ("Deficiency Fee") in an amount up to $1,500 per event of default, plus the cost of re-inspections and the costs enforcing compliance. Franchisee must pay the Deficiency Fee within 3 days of Franchisor's demand.

4.11. Technology Fee. Currently, Franchisor does not require that Franchisee pay Franchisor a technology fee for the services Franchisor provides but Franchisor reserves the right to impose such a fee upon thirty (30) days' notice to Franchisee. This fee will be debited automatically from Franchisee's bank account by ACH or other means designated by Franchisor. Technology Fee is subject to increase by an amount not to exceed 15% of the prior year's Technology Fee. Franchisor reserves the right to enter into a master license agreement with any software or technology supplier and sublicense the software or technology to Franchisee, in which case Franchisor may charge Franchisee for all amounts that Franchisor must pay to the licensor based on Franchisee's use of the software or technology plus a reasonable administrative fee.

5. TRAINING AND ASSISTANCE

5.1. Initial Training. If this is Franchisee's first Outlet, at least 60 days before the Opening Date of the Outlet, Franchisee's Operating Principal (or District Manager, if applicable) and Outlet Manager must attend and complete to Franchisor's satisfaction, Franchisor's then-current initial training program. The initial training program is provided at no charge to the Operating Principal and Franchisee and will take place at a location and time that Franchisor designates. At Franchisee's request, Franchisor may permit additional individuals to attend initial training, subject to space availability. If Franchisee desire to have additional personnel participate in the training program, Franchisor may provide initial training to such additional personnel at any of our scheduled initial training courses at our then-current fee upon commencement of the training program, which is currently $500.00 per day per trainer (maximum 8 hours per day) plus any reasonable out-of-pocket expense for such trainer. Franchisee is responsible for all costs and expenses of complying with Franchisor's training requirements including, without limitation, wages, travel, lodging, and dining costs for all of Franchisee's employees who participate in the training. Franchisor reserves the right to modify the initial training program, at Franchisor's sole discretion, at any time. If this is Franchisee's second or additional Outlet, Franchisee may request, in writing, to conduct its own initial training.

5.2. Pre-Opening Consultation. In addition to the site selection assistance described in Section 3.1., Franchisor will provide pre-opening consultation and advice it deems appropriate by telephone or other remote means, which may include advice regarding site development and build-out; training; purchasing and inventory control; and such other matters as Franchisor deems appropriate. If Franchisee requests on-site assistance, or if Franchisor deems on-site assistance necessary, Franchisee must pay Franchisor its then-current Pre-opening Consultation

Fee, currently $500 per person, per day, per visit and reimburse Franchisor the costs of transportation, lodging, and meals for the individual(s) providing such on-site assistance.

5.3. Ongoing Consultation. Franchisor will provide such ongoing consultation and advice as it deems appropriate concerning the operation and management of Outlets. Such consultation and advice may be provided, in Franchisor's discretion, through Outlet visits by personnel of Franchisor or its Affiliates or other persons it designates; via meetings, seminars, conferences, whether in-person, virtual, or via the Internet; and/or through dissemination of electronic or printed materials.

5.4. Additional and/or Remedial Training.

5.4.1. Franchisee will cause its Operating Principal, District Manager, and other employees that Franchisor designates to attend such additional courses, seminars, and other training programs which may be offered in various formats, including but not limited to, third-party providers, online training, regional meetings or seminars, traditional classroom training, and programs offered at Franchisor's Conference. Franchisor or third-party providers may charge tuition for such additional courses, seminars, or other training programs, and Franchisee is responsible for all training-related costs and expenses including, without limitation, tuition/attendance fees, salary, travel, lodging, and dining costs for all of Franchisee's attendees who participate in the training.

5.4.2. At any time during the Term of this Agreement, if Franchisee requests, or if Franchisor determines in its sole discretion it is necessary, Franchisor will provide Franchisee on-site remedial training, subject to the availability of Franchisor's personnel. If such remedial training occurs, Franchisee will pay Franchisor the per diem fee then being charged for on-site remedial training and pay or reimburse Franchisor for the expenses incurred by Franchisor's representatives, including the costs of travel, lodging, and meals.

5.5. Performance by Delegate. Franchisee acknowledges and agrees that any rights or duties of Franchisor may be exercised and/or performed by any of Franchisor's designees, agents (who may be an unaffiliated third party), or employees.

5.6. Employees. Franchisee is not prohibited from soliciting or hiring other franchisee's employees. If Franchisee employs another franchisee's employee who has attended Franchisor's training within 12 months of the hire date with Franchisee, Franchisee shall pay to the other franchisee the then-current training fee of Franchisor plus the other franchisee's actual costs for sending its employee to training, including but not limited to travel costs, lodging, wages, and food.

5.7. On-Site Training Cancellation Fees. If Franchisor or its representative is schedule to conduct an on-site training program, or scheduled for a visit at the Franchisee's location for training or other reasons, or if the Franchisee register for a training program and Franchisee subsequently cancel, fail to attend, fail to have the appropriate parties attend, or fail to stay for the entire training program then Franchisee shall pay the Franchisor, their then-current on-site training cancellation fee (the "On-Site Training Cancellation Fee"). The On-Site Training Cancellation Fee may vary depending upon the type of schedule training program and how far in advance you notify the Franchisor in writing of the cancellation and the cost and expense incurred in rescheduling our travel arrangements.

5.8. Nature and Assistance of Training. Franchisee agree that Franchisor is not obligated to provide any training or assistance to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge, and judgment. Franchisee also acknowledge that Franchisor is not obligated to provide any services to Franchisee that are not set forth in this Agreement. If Franchisee believes the Franchisor has failed to adequately provide any pre-opening services to the Franchisee or to its employees, whether with respect to site selection, selection and purchase of equipment and supplies, training, or any other matter affecting the establishment of Franchisee's SURFIN' CHICKEN Restaurant, Franchisee must immediately notify the Franchisor in writing within thirty (30) days following the opening of Franchisee's SURFIN' CHICKEN Restaurant or the Franchisee will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by the Franchisor were sufficient and satisfactory in Franchisee's judgment, and complied with all representations made to the Franchisee.

6. OPERATION OF THE OUTLET

6.1. General Operating Requirements. Franchisee understands and acknowledges that compliance with the System is essential to maintain and enhance the goodwill associated with the Marks and the integrity of the brand. Accordingly, Franchisee will:

6.1.1. Operate the Outlet according to the highest applicable health standards and ratings, timely obtain any and all permits, certificates, or licenses necessary for the lawful operation of the Outlet, operate the Outlet according to Franchisor's operating methods, Standards, and specifications, and maintain, at all times, a high moral and ethical standard in the operation of the Outlet.

6.1.2. Accept debit cards, credit cards, stored value cards, or other non-cash payment systems and methods that Franchisor specifies periodically and participate in Franchisor's required payment procedures and collection of funds relating thereto. Further Franchisee will acquire and install all necessary hardware and/or software used in connection with these non-cash payment systems and pay the costs associated therewith. The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. Accordingly, Franchisee agrees that Franchisee will cause the Outlet to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Data Security Standards (PCI DSS) council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including but not limited to the Fair and Accurate Credit Transaction Act (FACTA), and all other data security requirements Franchisor prescribes. Franchisee is solely responsible for educating itself as to these regulations and standards and for achieving and maintaining applicable compliance certifications.

6.1.3. Notify Franchisor in writing within 72 hours of the commencement of any investigation, action, suit, or proceeding or the issuance of any order, writ, injunction, award, or decree of any court, agency, or other government instrumentality, which may adversely affect the operation or financial condition of the Outlet.

6.1.4. Upon the occurrence of a Crisis Management Event, immediately inform Franchisor by telephone, or as set forth in this Agreement, of such event and to cooperate fully with Franchisor 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 System, Franchisee must cooperate fully with Franchisor 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 Outlet premises or in connection with the operation of the Outlet 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.

6.1.5. Process and handle all customer complaints connected with or relating to the Outlet and promptly notify Franchisor of all: **(a)** food related illnesses; **(b)** safety or health violations; **(c)** claims exceeding $1,000; and **(d)** any other material claims against or losses suffered by the Outlet. Franchisee must maintain all communications with governmental authorities relating to the Outlet during the Term of this Agreement and for one year after the expiration or earlier termination hereof. If any customer of the Outlet contacts Franchisor to report a complaint about Franchisee's Outlet, the parties agree that Franchisor may, in its discretion, compensate the customer in such manner as Franchisor determines appropriate, and Franchisee will reimburse Franchisor the amount of such compensation upon demand by Franchisor.

6.1.6. Attend, and cause Operating Principal to attend, Franchisor's Conference.

6.1.7. Purchase and use all operations-related programs or materials Franchisor requires, at its sole discretion. If such programs or materials are supplied by third-party vendors, Franchisee will pay all costs and/or fees associated with these programs or materials.

6.1.8. Comply with all laws pertaining to sending emails, including but not limited to the Controlling the Assault of Non-solicited Pornography and Market Act of 2003 (CAN-SPAM Act).

6.2. Operating Principal; District Manager.

6.2.1. Upon the execution of this Agreement, Franchisee must designate, and retain at all times during the Term of this Agreement, an individual to serve as Franchisee's Operating Principal. If Franchisee is an individual or general partnership, the Operating Principal will be the individual Franchisee or one of the general partners. If Franchisee is a Business Entity, the Operating Principal will be an individual with at least a 10% equity interest in the Business Entity. The Operating Principal must have full control over day-to-day Outlet management and operations. Unless a District manager is appointed, as described below: **(a)** the Operating Principal must attend and successfully complete Franchisor's initial training program and all additional training that Franchisor requires, to Franchisor's satisfaction; and **(b)** the Operating Principal must devote his or her full-time efforts to Outlet operations and must not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. Franchisor must approve the Operating Principal as meeting its then-current qualifications for such position. If the Operating Principal ceases to serve in, or no longer qualifies for, such position, or transfers his or her equity interest, Franchisee must designate another qualified person to serve as Franchisee's Operating Principal within 30 days after the date the prior Operating Principal ceases to serve or no longer qualifies to serve. Any proposed replacement Operating Principal must successfully complete the initial training program and such other training required by Franchisor and be approved by Franchisor before assuming his or her position as Operating Principal and, in no event, later than 90 days after the previous Operating Principal ceased to serve in such position.

6.2.2. If the Operating Principal will not devote full-time efforts to the management and operation of the Outlet governed by this Agreement then, in addition to the Operating Principal, Franchisee must appoint an individual to serve as its District Manager. Franchisee's District Manager must have full control over day-to-day Outlet management and operations. Franchisee's District Manager need not have an equity interest in the Business Entity, but must have completed Franchisor's initial training program and all additional training that Franchisor requires, to Franchisor's satisfaction. Franchisee's District Manager must devote his or her full-time efforts to Outlet management and operations and must not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. If the District Manager ceases to serve in such position, Franchisee must designate another qualified person to serve as its District Manager within 30 days after the date the prior District Manager ceases to serve. Any proposed replacement District Manager must successfully complete the initial training program and such other training required by Franchisor before assuming his or her position as District Manager and, in no event, later than 90 days after the previous District Manager ceased to serve in such position.

6.3. Customer Service; Uniforms. Franchisee must maintain a competent, conscientious, and trained staff and must take such steps as are necessary to ensure good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum service standards as Franchisor may establish from time to time in the Manual or otherwise in writing. Franchisee must cause all Outlet employees, while working at the Outlet, to wear uniforms of such color, design, and other specifications as Franchisor may designate from time to time. Notwithstanding the foregoing, Franchisor does not dictate Franchisee's hiring or other employment practices policies, and Franchisee is required to be knowledgeable of and adhere to all federal, state, and local labor and employment related laws.

6.4. Authorized Menu Offerings; Online Ordering. Franchisee must offer and sell all menu items that Franchisor requires, and only those menu items that Franchisor has approved. Franchisee must prepare, package, and serve all menu items in accordance with Franchisor's recipes, Standards, and procedures for preparation, presentation, and service, including without limitation dine-in, carry-out, catering, and delivery, which may include the use of third-party delivery service providers, as communicated to Franchisee from time to time via the Manual or other written directives. Such Standards and procedures may include, without limitation, adherence to recipes (including use of prescribed ingredients and prescribed measure of ingredients), use of containers and paper goods bearing the Marks, packaging procedures, requirements or prohibitions relating to "combo meals," product holding times, and other standards for displaying for sale menu items and other merchandise. Franchisee must participate in all market research programs that Franchisor requires, which may include test-marketing new products, purchasing a reasonable quantity of new products for test-marketing, and promoting the sale of the new products. Franchisee must participate in any online ordering program developed or implemented to allow customers to order System menu items or other promotional products through the Internet or through other digital applications. Participation in such program is mandatory, and Franchise will pay Franchisor or a third party the costs associated with such program.

6.5. Purchase Requirements. Franchisee must purchase and install, at Franchisee's expense, all fixtures, furnishings, equipment, decor, trade dress, signs, and other items as Franchisor requires; and must refrain from installing or permitting to be installed on or about the Outlet premises any fixtures, furnishings, equipment, decor, signs, vending or game machines, or other items not approved for use by Franchisor. In addition, Franchisee must purchase and use only ingredients, containers, packaging materials, and supplies that conform to Franchisor's Standards and specifications; and must purchase, use, offer, and/or promote the food and beverage products and other ingredients which are produced or manufactured in accordance with Franchisor's proprietary recipes, specifications, and/or formulas or which Franchisor designates as "Proprietary Products."

6.6. Purchases from Designated Sources.

6.6.1. Franchisee will purchase only from Franchisor, suppliers, or distributors designated by Franchisor ("**Designated Suppliers**"): **(a)** fixtures, furniture, equipment, interior and exterior signage, decor, trade dress (as Franchisor defines trade dress), and Outlet design consulting services; **(b)** food products and ingredients, whether or not they are developed by or for Franchisor pursuant to a special recipe, formula, or specifications; **(c)** all fountain and bottled beverages; **(d)** uniforms, shirts, memorabilia, and all merchandise and items intended for retail sale (whether or not bearing our Marks); **(e)** advertising, point-of-purchase materials, and other printed promotional materials; **(f)** gift certificates, stored value cards, and other non-cash payment systems; **(g)** stationery, business cards, contracts, and forms; **(h)** bags, packaging, and supplies bearing Franchisor's Marks; and **(i)** all other goods and/or services as Franchisor requires. Franchisor may receive money or other benefits from Designated Suppliers based on Franchisee's purchases. Franchisee agrees that Franchisor has the right to retain and use all such benefits as it deems appropriate, in its sole discretion.

6.6.2. Franchisee may purchase from any supplier items and services for which Franchisor has not identified Designated Suppliers, as long as the items and services meet Franchisor's specifications. These specifications may include brand requirements ("**Approved Brands**"), and to the extent that Approved Brands have been identified, Franchisee must purchase and use only the Approved Brands.

6.6.3. Franchisor will provide Franchisee a list of Designated Suppliers and Approved Brands and may, from time to time, modify the list of Designated Suppliers and/or Approved Brands. Franchisee must promptly comply with all such modifications. Franchisor is not responsible for any delays, damages, events of Force Majeure, or defects relating to Franchisee's purchases of Approved Brands or of goods or services from Designated Suppliers. Franchisor is not responsible for any cost increases related to increases in material costs, commodity prices, shipping and transportation costs, or other costs. Additionally, Franchisor makes no warranties concerning the freshness, quality, or shelf-life of any product sold by Designated Suppliers and expressly disclaims all implied warranties with respect to products sold by Designated Suppliers, including the warranty of merchantability and/or fitness for a particular use. Franchisee is solely responsible for inspecting all products and ingredients and determining their fitness for sale or use. Franchisee hereby waives all claims against Franchisor arising out of or relating to the quality and/or fitness of Approved Products or products supplied by Designated Suppliers.

6.6.4. Franchisor may approve one or more suppliers for any goods or materials and may approve a supplier only as to certain goods or materials. Franchisor may concentrate purchases with one or more suppliers or distributors to obtain lower prices and/or the best advertising support and/or services for any group of Outlets or any other group of Outlets franchised or operated by Franchisor or its Affiliates. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, 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 supplier by Franchisor.

6.6.5. If Franchisee proposes to purchase from an unapproved source, Franchisee must submit to Franchisor a written request for such approval, or must request the supplier to submit a written request on its own behalf. Franchisor reserves the right to require, as a condition of its approval, that its representatives be permitted to inspect the supplier's facilities, and that such information, specifications, and samples as Franchisor reasonably requires be delivered to Franchisor and/or to an independent, certified laboratory designated by Franchisor for testing prior to granting approval. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test must be paid by Franchisee. Franchisor will notify Franchisee within 60 days of Franchisee's request as to whether or not Franchisee is authorized to purchase such products from that supplier. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any such approved supplier and to revoke its approval of any supplier upon the suppliers' failure to meet Franchisor's criteria for quality and reliability.

6.7. Outlet Image; Vehicles.

6.7.1. Franchisee must maintain the Outlet (including adjacent public areas) in a clean, orderly, safe condition and in excellent repair and in accordance with Franchisor's Standards. Vehicle used in operation of Franchisee's Food Truck outlet must maintain reliability and meet our minimum standards as specified in the Manual and communicated to Franchisee from time to time. Franchisee must, at its expense, make such additions, alterations, repairs, and replacements under this Agreement as may be required for that purpose, including, without limitation, such periodic repainting, repairing, and replacing of obsolete or deteriorated signs, furnishings, fixtures, equipment, and decor as Franchisor may require. Upon Franchisor's request, Franchisee must install and maintain at the Outlet premises interactive multi-media equipment and devices Franchisor requires, including, without limitation, approved music systems, wi-fi, and other wireless Internet and communications systems, interactive displays, and video monitors, all in accordance with Franchisor's requirements. If such requirements include in-Outlet video camera systems, Franchisee must provide Franchisor login credentials for remote access to the camera systems.

6.7.2. At Franchisor's request, Franchisee must make such alterations as may be necessary to reflect new product offerings and marketing incentives, including updating or replacing menu boards and the purchase and use of new interior signage, decor, and/or point of sale materials.

6.7.3. At Franchisor's request, but not more often than once every 60 months (and in addition to any work which Franchisee may undertake pursuant to other sections of this Agreement), Franchisee must refurbish the Outlet, at Franchisee's own expense, to conform to the building design, trade dress, color schemes, and presentation of the Marks in a manner consistent with the then-current public image for new or remodeled Outlet, including, without limitation, replacement or renovation of equipment, remodeling, redecoration, and modifications to existing improvements and structural changes that Franchisor may require or that may be required by law.

6.7.4. Any vehicle used in connection with the operation of the Outlet must meet Franchisor's image and other Standards. Franchisee must place such signs and decor items on the vehicle as Franchisor requires and keep the vehicle clean and in good working order. No one under the age of 18 and no one without a valid driver's license may be permitted to operate a vehicle used in connection with the Outlet. Each individual who operates a vehicle used in connection with Outlet operations must comply with all applicable vehicle and driving laws, regulations, and rules and use the utmost care and caution in the operation and maintenance of the vehicles. Except as stated herein, Franchisor does not exercise any control over any motor vehicle used by Franchisee in conjunction with Franchisee's Outlet or in connection with Franchised Business.

6.7.5. In order to protect the reputation and goodwill of the System and Mark and to maintain high standards of operation under the System, you agree to comply strictly with all of our required Brand Standards. You acknowledge that the Brand Standards may relate to any aspect of the appearance, operation, and marketing of the Franchised Business. Any material failure to comply with the required Brand Standards or to pass our inspection will constitute a material breach of this Agreement. However, you acknowledge that we have the right to vary our standards and specifications to accommodate the individual circumstances of different franchisees. Franchisor's specifications do not constitute a warranty or representation, express or implied, as to quality, safety, suitability, fitness for a particular purpose or any manner. We will not be liable to you or others on account of the designation of Brand Standards for the operation of the Franchised Business under the System.

6.8. Days and Hours of Operation. Franchisee must cause the Outlet to be open and operating on the days and during the hours that Franchisor requires. Franchisee's failure to comply with Franchisor's hours of operation requirements will be a material breach of this Agreement.

6.9. Quality Assurance Inspections; Testing. Franchisor has the right to enter upon the Outlet premises, including "virtual" Outlet visits via in-Outlet video camera systems or other technology, during regular business hours to inspect the Outlet for quality assurance purposes. Such inspections are for the purpose of enforcing System Standards. They are not intended to exercise, nor do they constitute, control over Franchisee's day-to-day operation of the Outlet. Franchisee will allow Franchisor from time to time to obtain samples of ingredients, products, and supplies, without charge therefor, for testing for quality assurance purposes. If notified of a deficiency in Franchisor's System Standards, Franchisee must promptly cure the deficiency. If Franchisee fails to promptly cure the deficiency, Franchisor may, but is not obligated to, undertake to cure the deficiency on Franchisee's behalf. In such case, Franchisor has the right to charge, and Franchisee agrees to pay upon demand, Franchisor's a reasonable amount for Franchisor's time and reimburse Franchisor for all out-of-pocket costs that Franchisor incurred in connection with taking such corrective measures. Such inspections may include without limitations, conducting any type of audit or review necessary to evaluate your compliance with all required payments, standards, specifications or procedures. We may from time to time, make suggestions and give mandatory instructions with respect to your operation of your Franchised Business, as we consider necessary or appropriate to ensure compliance with the then-current quality standards of the System and to protect the goodwill and image of the System. You expressly agree that these visits will not imply that you are in compliance with your obligations under this Agreement or under the law or that we waive our right to require strict compliance with the terms of this agreement or the Manual. Furthermore, such visits will not create any responsibility or liability in our part. If you request that we make additional visits to your Franchised Business, you will pay the fees we establish for such visits. You will also allow us to visit your Franchised Business with prospective franchisees during your business hours.6.10. Pricing. To the fullest extent permitted by applicable law, Franchisor reserves the right to establish maximum, minimum, or other pricing requirements with respect to the prices Franchisee may charge for products or services, and Franchisee will comply with such requirements.

6.11. Intranet/Extranet System. Franchisor may, at its option, establish and maintain an intranet or extranet system ("**Intranet**") through which members of Franchisor's franchise network may communicate and through which Franchisor may disseminate training modules, Outlet-opening tools, updates to the Manual, and other Confidential Information that Franchisees are required to access. Franchisor will have no obligation to establish or to maintain the Intranet indefinitely and may discontinue it at any time without liability to Franchisee. Franchisor may establish policies and procedures for the Intranet's use, including but not limited to a reasonable privacy policy, and Franchisee agrees to comply with all such policies and procedures. Franchisee acknowledges that, as administrator of the Intranet, Franchisor can access and view any communication that anyone posts on the Intranet. Franchisee further acknowledges that the Intranet and all communications and documents that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other individual may assert. If Franchisee fails to pay when due any amount payable to Franchisor under this Agreement, or if Franchisee fails to comply with any policy or procedure governing the Intranet, Franchisor may temporarily suspend Franchisee's access to any chat room, bulletin board, listserv, or similar feature the Intranet includes until such time as Franchisee fully cures the breach. Franchisor has the right to impose, and Franchisee agrees to pay Franchisor, its Affiliate, or a third party, a reasonable amount for costs and fees to support such Intranet communications and other services such as technical support, help desk support, and/or data hosting.

6.12. Website; Social Media. Franchisor may, but will not be obligated to, establish and maintain from time to time Franchisor's Website to provide information about the System and the goods and services that System Outlets provide. Franchisor has sole discretion and control over the design and content of Franchisor's Website. Franchisee will comply with Franchisor's social media policy as communicated to Franchisee and as modified from time to time.

6.13. Compliance with Laws. In addition to complying with its obligations under this Agreement, Franchisee shall comply with all applicable federal, state, and local laws, rules, regulations, ordinances, and orders. Such laws, rules, regulations, ordinances, and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is Franchisee's sole responsibility to apprise itself of the existence and requirements of all such laws, rules, regulations, ordinances, and orders and to adhere to them at all times during the Term of this Agreement. Failure to comply with applicable federal, state, and local laws, rules, regulations, ordinances, and orders is a material breach of this Agreement and

Franchisor reserves the right to terminate this Agreement immediately for cause and without an opportunity to cure.

6.14. Required Products and Services Risk. Franchisee acknowledges and agrees that products, equipment, and technology are constantly changing, whether updated, improved, replaced, or discontinued. Consequently, such changes sometimes create transition and incompatibility challenges. By entering into this Agreement, Franchisee acknowledges the potential of such occurrences and assumes all risk associated therewith, which Franchisee acknowledges may affect Franchisee's ability to order or receive products or to conduct business, and Franchisee acknowledges and agrees that Franchisor is not responsible for any damages caused by such occurrences or technology failures, including lost sales or profits.

6.15. Currency and Methods of Payment. Franchisee shall submit all fees and payments to Franchisor in U.S. dollars. Likewise, Franchisee shall only accept payments related to the Franchised Business in U.S. dollars. Franchisee is expressly prohibited from accepting as payment in any other currency, electronic or otherwise, including cryptocurrency and tokens such as Bitcoin, Ethereum, Litecoin, and other digital currencies or tokens. Franchisee is required to accept all forms and methods of payment that Franchisor requires, including debit cards, credit cards, stored value cards, or other non-cash systems (including, for example, APPLE PAY, and/or GOOGLE WALLET) that Franchisor specifies periodically to enable customers to purchase menu items and other authorized goods and services, and to install all hardware and/or software necessary to accept such payments. The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of franchises operating under the Marks and System. Franchisee is solely responsible for its own education concerning these regulations and standards and for achieving and maintaining applicable compliance certifications. Franchisee shall defend, indemnify, and hold Franchisor harmless from and against all claims arising out of or related to Franchisee's violation of the provisions of this Section 6.15.

6.16. Marketing and Promotion. All marketing and promotion must be conducted in a professional and dignified manner and must conform to Franchisor's specified standards and requirements. All marketing and promotional materials, including product identification materials, point-of-purchase promotional materials, promotion memorabilia, and merchandise and prizes, will either be provided for the Franchisee, or be made available to you for purchase through the Franchisor.

6.16.1 Franchisor may create and license to the Franchisee, social media accounts, e-mail marketing software accounts and other electronic accounts that use the Marks or any portion of them, used by the Franchisee with any Internet directory, website, platform, or similar item in the operation of the Franchised Business. The Franchisee may not create websites, social media accounts, e-mail marketing software accounts or other comparable accounts outside of those which Franchisor license to the Franchisee.

6.16.2 Franchisee shall operate the Franchised Business so that it is clearly identified and advertised as a SURFIN' CHICKEN franchise. The Franchisee will use the trademark "SURFIN' CHICKEN" and the other Marks which now or hereafter may form a part of the System, on all signs, suppliers, business cards, uniforms, advertising materials, Technology platforms, signs and other articles in the identical combination and manner as the Franchisor may prescribe in writing and the Franchisee shall supply to the Franchisor samples and photographs of the same up on the Franchisor's request. The Franchisee will comply with all trademark, trade name, service mark and copyright notice marking requirements and the Franchisee will supply to the Franchisor samples or photographs upon Franchisor's request.

7. MARKS AND COPYRIGHTS

7.1. Acknowledgments. Franchisee expressly acknowledges that Franchisor or its Affiliates own all right, title, and interest in and to the Marks and the goodwill associated with the Marks and that Franchisee has no ownership interest in the Marks. Franchisee further acknowledges and agrees that any and all goodwill associated with the Outlet and identified by the Marks is Franchisor's property and will inure directly and exclusively to the benefit of Franchisor and that, upon the expiration or termination of this Agreement for any reason, no monetary amount will be assigned as attributable to any goodwill associated with Franchisee's use of the Marks. Franchisee understands and agrees that any use of the Marks, other than as expressly authorized by this Agreement, without

Franchisor's prior written consent, may constitute an infringement of Franchisor's rights herein and that the right to use the Marks granted herein does not extend beyond the termination or expiration of this Agreement.

7.2. Use of the Marks. Franchisee will use only the Marks designated by Franchisor and only in the manner that Franchisor authorizes and permits, using the symbols "®", "™", or "SM", as appropriate. Franchisee will use the Marks only in connection with the operation and promotion of the Outlet and only in the manner prescribed by Franchisee. Notwithstanding the foregoing, Franchisee may not use the Marks, or allow the Marks to be used, by any other person or entity, in conjunction with selling the Outlet or the assets associated therewith, or placing an advertisement or listing, in or through any form of media, which advertisement seeks to sell, in whole or in part, the Outlet or the assets associated therewith, or that seeks to source a loan or investor for the Outlet. Such advertisements or listings must only describe the Outlet in general terms. Franchisee agrees to enforce this restriction with the activities of all sales agents, brokers, or other representatives who assist Franchisee with such activities. Franchisee must not contest ownership or validity of the Marks or any registration thereof or engage in any conduct that adversely affects the ownership or registration of the Marks or Franchisor's right to use or to sublicense the use of the Marks. Franchisee must execute all documents that Franchisor requests in order to protect the Marks or to maintain their validity and enforceability.

7.3. Restriction Against Use of Marks in Corporate Name. Franchisee must not use the Marks or any part thereof in Franchisee's corporate name, and Franchisee must not use them to incur any obligation or indebtedness on Franchisor's behalf.

7.4. Restriction Against Use of Marks and Copyrighted Works on the Internet. Franchisee must not use the Marks or any part or derivative thereof or any of Franchisor's Copyrighted Works on the Internet, except as expressly permitted in writing. Without limiting the generality of the foregoing, Franchisee must not use the Marks or any part or derivative of the Marks or any abbreviation, acronym, or phonetic variation thereof as part of any URL, domain name, including but not limited to any gaming Website, social networking Website, or marketing/discounting Website; as part of any user name; as part of any unauthorized email address; or as part of any unauthorized software application (app). Franchisee must not display on any Website (including commercial Websites, gaming Websites, social networking Websites, and marketing and advertising Websites) any of Franchisor's Copyrighted Works, which include the design portion of its Marks, or any menu items or collateral merchandise identified by the Marks. Additionally, Franchisee acknowledges that Franchisor is the lawful, rightful, and sole owner of certain Internet domain names that have been established or may be established by Franchisor in the future, and Franchisee unconditionally disclaims any ownership interest in any of Franchisor's domain names or any colorably similar Internet domain name(s).

7.5. Notice. Franchisee must identify itself as an independent franchise owner of the Outlet in conjunction with any use of the Marks or operation of the Outlet, including, but not limited to, use on email signatures, invoices, order forms, receipts, business stationery, business cards, employment and payroll documents, and contracts, as well as at such conspicuous locations at the Outlet as Franchisor requires. The form and content of such notice must comply with Franchisor's requirements.

7.6. Infringement. Franchisee must notify Franchisor immediately of any apparent infringement of or challenge to Franchisee's use of any Mark and of any claim by any person of any rights in any Mark or any Copyrighted Works. Franchisee and Owners must not communicate with any person other than Franchisor, its Affiliates, their counsel, and Franchisee's counsel in connection with any such apparent infringement, challenge, or claim. Franchisor will have complete discretion to take any action it deems appropriate in connection with any infringement of, or challenge or claim to, any Mark or Copyrighted Works and the right to control exclusively, or to delegate control of, any settlement, litigation, Patent and Trademark Office, or other proceeding arising out of any such alleged infringement, challenge, or claim or otherwise relating to any Mark or Copyrighted Works. Franchisee agrees to execute all such instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any Affiliate in the Marks or Copyrighted Works.

7.7. Changes to the Marks. Franchisor reserves the right, in its sole discretion, to designate one or more new, modified, or replacement Marks for Franchisee's use and to require Franchisee's use of any such new, modified, or replacement Marks in addition to or in lieu of any previously designated Marks. Franchisee must comply with any such directive relating to the use of new, modified, or replacement Marks within 60 days following receipt of Franchisor's written notice of such directive. We are not required to reimburse you for any costs or expenses associated with making such changes, for any loss of revenue due to any modified or discontinued Mark, or for your expenses in promoting a modified or substitute trademark or service mark.

7.8. Information System. Franchisor may designate the information system used in Franchisee's SURFIN' CHICKEN franchise, including the computer hardware, software, other equipment and enhancements (the "Information System"). In such event, in connection with the approved Information System, Franchisee agrees to the provisions set forth below. If Franchisee suspects or know of a security breach, Franchisee must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. Franchisee assumes all responsibility for providing all notices of beach or compromise and all duties to monitor credit histories and transactions concerning customers of the SURFIN' CHICKEN franchise, unless otherwise directed by the Franchisor.

7.8.1 Franchisee shall be solely responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and Franchisee waives any and all claims Franchisee may have against the Franchisor or its affiliates as the direct or indirect result of such disruptions, failures, or attacks. If Franchisee suspects or know of a security breach, Franchisee must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at Franchisee's sole expense. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the SURFIN' CHICKEN franchise, unless otherwise directed by the Franchisor.

7.8.2 Franchisee hereby releases and agrees to hold the Franchisor and its affiliates, and Franchisor's respective officers and directors, harmless from and against any and all claims, liability, damages, or causes of action of any nature arising from, or in connection with, the installation, maintenance, or operation of the information system and its billing and payment processing, except to the extent arising from such party's gross negligence or intentional acts.

7.9. Ownership of Information. All of the information Franchisor or its affiliates obtain from Franchisee or about Franchisee's SURFIN' CHICKEN franchise, and all information in Franchisee's records or Franchisors concerning the members of Franchisee's SURFIN' CHICKEN franchise (the "Information") and all revenues we derive from the Information will be our property. However, Franchisee may at any time during the term of this Agreement use in the operation of Franchisee's SURFIN' CHICKEN franchise (but for no other purpose), to the extent lawful and at Franchisee's sole risk and responsibility, any information that Franchisee acquire from third parties in operating Franchisee's SURFIN' CHICKEN franchise, such as customer data. The Information (except for information Franchisee provides to the Franchisor or its affiliates, including information provided by Franchisee's officers, directors, shareholders, partners or equity members of Franchisee entity) will become Franchisor property which Franchisor may use for any reason as Franchisor may deem necessary or appropriate in Franchisor's sole discretion. Franchisee hereby authorize Franchisee's any payment processors to release the information to the Franchisor at any time. Following termination or expiration of this Agreement, Franchisee will no longer use any of the Information, except to comply with Franchisee's post-term obligations under this Agreement and Franchisee authorizes Franchisee's payment processor to release the Information exclusively to the Franchisor and/or Franchisor's designees.

8. SYSTEM, MANUAL, AND INFORMATION

8.1. Manual. Franchisor will provide Franchisee access to the Manual, which may be in electronic format only. Franchisee must operate the Outlet in strict compliance with the Standards, methods, policies, and procedures specified in the Manual. Franchisee acknowledges and agrees that Franchisor's required Standards exist to protect the System and the Marks, not for the purpose of establishing any control or duty to take control over the day-to-day operations of Franchisee's Outlet. The Manual contents will at all times remain the sole property of Franchisor. If any dispute arises as to the contents of the Manual, the terms of the master copy of the information contained in the Manual maintained by Franchisor will be controlling.

8.2. System Modification. Franchisee acknowledges that the System, the Manual, and the products and services offered by at the Outlet may be modified (such as, but not limited to, the addition, deletion, and modification of menu items, operating procedures, products, and services) from time to time by Franchisor. Franchisor will notify

Franchisee of any such System changes, and Franchisee agrees to implement any System changes upon receipt of notice from Franchisor and complete their implementation within such time as Franchisor requires, all at Franchisee's expense. Franchisor reserves the right to materially vary its Standards or franchise agreement terms for any franchisee depending on the circumstances, including but not limited to, timing of the grant of the franchise, trade area/market variables, local business practices, population, or any other condition which Franchisor considers important to the operation of Outlets, and Franchisee acknowledges Franchisor's right to take such actions. Franchisee has no right to require Franchisee to disclose any variation or to grant to it the same or a similar variation.

8.3. Confidentiality. Franchisee and its Owners must maintain the confidentiality of all Confidential Information. Franchisee must use Confidential Information only in connection with the development and operation of the Outlet and must divulge Confidential Information only to Franchisee's employees and only on a need to know basis. This obligation survives expiration or termination of this Agreement.

9. ADVERTISING AND MARKETING

9.1. General. All of Franchisee's promotional and marketing materials must be presented in a dignified manner and must conform to Franchisor's Standards and specifications relating to advertising, marketing, and trademark use. Franchisee must submit to Franchisor samples of proposed promotional and marketing materials and notify Franchisor of the intended media before first publication or use. Franchisor will make reasonable efforts to approve or disapprove proposed promotional and marketing materials within 30 days of their receipt. Franchisee may not use the promotional or marketing materials until Franchisor expressly approves the materials and the proposed media. Once approved, Franchisee may use the materials only in connection with the media for which they were approved. Franchisor may disapprove Franchisee's promotional or marketing materials, or the media for which they were approved, at any time, and Franchisee must discontinue using any disapproved materials or media upon receipt of Franchisor's written notice of disapproval. Additionally, at Franchisor's discretion, Franchisee must pay Franchisor, on demand, $1,000 per occurrence for the use of any unauthorized marketing or advertising materials, which the parties agree is a reasonable estimation of the administrative and legal costs likely to be incurred by Franchisor as a result of such unauthorized use. This fee is in addition to and not in lieu of any other remedies available to Franchisor under this Agreement or applicable law.

9.2. Marketing Fee Contribution.

9.2.1. Each month during the Term, Franchisee must contribute to the Marketing Fee Contribution ("**Fee**") the amount stated in the Key Terms, unless otherwise required by Franchisor as provided for above. Franchisee must submit payment in the same manner and time frame as the Royalty Fee.

9.2.2. Franchisor has the right to use Marketing Fee Contribution monies, in its sole discretion, to pay for the costs of maintaining, administering, directing, preparing, and producing advertising and promotional activities. This includes the costs associated with developing, maintaining, and updating Franchisor's Website; preparing and producing television, radio, magazine, newspaper, and e-commerce advertising campaigns, sweepstakes, and other promotions; point-of-sale advertising, menus and menu boards, and other sales aids and promotional items and materials; direct mail and outdoor billboard advertising; public relations activities; endorsement costs; and employing advertising agencies, including external marketing consultants. Franchisor may use Marketing Fee Contribution monies to reimburse itself for its costs of personnel and other administrative and overhead costs associated with providing the services described in this Section 9.2.2.

9.2.3. The parties acknowledge that Franchisor owns all rights, and retains all copyrights, in all design and content developed using Marketing Fee Contribution monies, and that Franchisor will have sole control over the creative concepts, content, form, and media placement of all advertising and promotional materials developed with Marketing Fee Contribution monies, and the allocations of Marketing Fee Contribution monies to production, placement, and other costs. Franchisor will own all copyright in any works created using Marketing Fee Contribution monies. Franchisee acknowledges and agrees that Franchisor is not obligated to expend Marketing Fee Contribution monies for placement of advertising in Franchisee's Designated Area and/or Designated Trade Route, or to ensure that the Outlet benefits directly or pro rata from the expenditure of Marketing Fee Contribution monies. Franchisor will not use Marketing Fee Contribution monies for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared using Marketing Fee Contribution monies (including Internet advertising) information concerning franchise opportunities, and a portion of Marketing Fee Contribution monies may be used to create and maintain one or more pages on Franchisor's Website devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates. Franchisor has no fiduciary duty to Franchisee or to any other person with respect to the collection or expenditure of Marketing Fee Contribution monies. Upon Franchisee's reasonable request, Franchisor will provide Franchisee an annual statement of Marketing Fee Contribution monies and expenditures.

9.2.4. Although the Marketing Fee Contribution is intended to be perpetual, Franchisor may terminate the Marketing Fee Contribution at any time. The Marketing Fee Contribution will not be terminated, however, until all Marketing Fee Contribution monies have been spent as provided in this Section 9.2. or returned to the Marketing Fee Contribution contributors on the basis of their respective contributions. Any amounts contributed to the Marketing Fee Contribution that are not spent in the year they are collected will remain in the Marketing Fee Contribution for future expenditures.

9.2.5. Marketing Fee Contribution is not a trust or escrow, and neither we nor our affiliates have any fiduciary obligation for administering the Marketing Fee Contribution or for any other reason.

9.3. Local Advertising Expenditure. Each year Franchisee must expend for local advertising purposes the amount of the local advertising expenditure set forth in the Key Terms, which amount is subject to change upon 3o day written notice by Franchisor. At Franchisor's request, Franchisee will submit to Franchisor a report (including substantiating receipts) detailing Franchisee's local advertising expenditures during the time period specified in the request. In addition, Franchisor has the right to review Franchisee's books and records from time to time to determine Franchisee's expenditures for local advertising and promotion. If Franchisor determines that Franchisee has not spent the requisite amounts, Franchisor may require Franchisee to pay such unexpended amounts to Franchisor to apply to local advertising for Franchisee's Outlet. Expenditures incurred for any of the following may not be included in local advertising expenditures for purposes of this Section 9.3., unless Franchisor first approves them in writing: **(a)** incentive programs for Franchisee's employees or agents, including the cost of honoring any discounts or coupons, and salaries and expenses of any of Franchisee's employees; **(b)** non-media costs incurred in any promotion; **(c)** charitable, political, or other contributions or donations; **(d)** Outlet signage; and **(e)** the cost of Internet listings and other business listings in such directories and categories as may be specified by Franchisor from time to time. Any amounts contributed to a franchisee advertising cooperative pursuant to Section 9.4., below, will be credited toward satisfaction of Franchisee's local advertising expenditure.

9.4. Franchisee Advertising Cooperatives.

9.4.1. Franchisor may, from time to time, form local or regional advertising cooperatives ("**Co-ops**") to pay for the development, placement, and distribution of advertising for the benefit of Outlets located in the geographic region served by the Co-op. Any Co-op established by Franchisor will be operated solely as a conduit for the collection and expenditure of Co-op fees for the foregoing purposes. If Franchisor elects to do so, each Co-op will be begin operating on the date determined by Franchisor and will be organized and governed as Franchisor determines. Co-ops will be organized for the exclusive purpose of administering advertising programs and developing promotional materials for local advertising and will be operated solely as a conduit for the collection and expenditure of advertising contributions. If a Co-op is established for a geographic area where the Outlet is located, Franchisee must execute the Co-op documents promptly upon Franchisor's request and participate as a member of the Co-op. Among other things, this means that **(a)** Franchisee must submit to the Co-op and to Franchisor all statements and reports that Franchisor or the Co-op may require, and **(b)** Franchisee must contribute to the Co-op the amounts required by the Co-op's governing documents.

9.4.2. No advertising or promotional plans or materials may be used by the Co-op or furnished to its members without Franchisor's prior approval. All advertising plans and materials must conform to the Standards and must be submitted to Franchisor for approval according to the procedures set forth in Section 9.1. of this Agreement.

9.5. Promotions and Promotional Literature. Franchisee must comply with Franchisor's requirements related to, pay the costs associated with, participate in, and offer to its customers all promotional programs and offers required by Franchisor, including but not limited to: **(a)** all customer loyalty and reward programs; **(b)** all contests, sweepstakes, and other prize promotions; **(c)** all purchasing promotions; and **(d)** all product give-away promotions; and **(e)** all promotional meal combinations or offerings, which Franchisor may develop from time to time. Franchisor will communicate to Franchisee in writing the details of each such program, promotion, and offering, and Franchisee will promptly display all point-of-sale advertising and promotion-related information at such places within the Outlet as Franchisor may designate. Franchisee must purchase and distribute all coupons, clothing, toys, and other collateral merchandise (and only the coupons, clothing, toys, and collateral merchandise) designated by Franchisor for use in connection with each such program, promotion, or offering. This may include, among other things, displaying signage or other literature containing information about the franchise offering.

9.5.1. If Franchisor develops or authorizes the sale of gift certificates and/or stored value cards, loyalty cards, and/or customized promotional receipts, you shall acquire and use all computer software and hardware necessary to process their sale and to process purchases made using them and be solely responsible for the service charges related to such processing. All proceeds from the sale of all gift certificates and stored value cards belong exclusively to Franchisor, and you shall remit the proceeds of such sales to Franchisor according to the procedures that Franchisor prescribes periodically. Franchisor shall reimburse or credit to you (at Franchisor's option) the redeemed value of gift cards and stored value cards accepted as payment for products and services sold by the Restaurant.

9.6. Participation in Marketing Programs. Franchisee must at all times cooperate with Franchisor and actively participate in any and all sales, public relations, advertising, and promotional programs which may be developed and implemented by Franchisor. Participation may include, without limitation, purchasing (at Franchisee's expense) and using: **(a)** point of sale materials; **(b)** counter cards, displays, and give-away items promoting loyalty programs, prize promotions, movie tie-in promotions, and other marketing campaigns and programs; **(c)** product mix and ingredients for product giveaways; and **(d)** equipment necessary to administer loyalty programs and to prepare and print customized purchase receipts and coupons. Franchisor may collect Outlet-specific information relating to advertising and marketing programs, including but not limited to customer data, but Franchisor is not required to share such information with Franchisee.

9.7. Participation in E-Commerce. Franchisee must at all times cooperate with Franchisor and actively participate in any and all social media and other e-commerce advertising programs, management programs, and other platforms Franchisor requires and pay Franchisor or a third-party provider the costs associated with such programs or platforms. The costs and/or fees associated with these programs are in addition to other advertising fees under this Agreement.

9.8. Business Directory Listings. Franchisee must place and pay the cost of business listings in such print and online directories and categories, whether electronic or hard copy, as Franchisor may require from time to time. Amounts paid for business directory listings will not be credited toward any of the expenditures required by this Section 9.

9.9. Market Introduction Advertising Program. In addition to all other advertising and promotion obligations described in this Section 9., within 30 days of the Opening Date, Franchisee must spend the amount set forth in the Key Terms to conduct an opening advertising and marketing campaign to promote the opening of the Outlet. The opening advertising and marketing campaign must comply with Franchisor's Standards, which may include, without limitation, use of certain materials and media and the length of the promotion. Franchisor must approve, in advance, all advertising items, methods, and media Franchisee proposes to use in connection with the opening advertising program. Franchisee must submit to Franchisor an accurate accounting of all such expenditures upon Franchisor's request. Franchisee's opening advertising and marketing expenditures required by this Section 9.9. will not be credited toward Franchisee's local advertising expenditure requirement.

9.10. Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding the Outlet or any particular incident or occurrence related to the Franchisee's Outlet, without the Franchisor's prior written approval.

9.11. Association with Causes. Franchisee shall not in the name of the Franchisee's Outlet, other Outlets, or System (a) donate money, products, or services to any charitable, political, religious, or other organization, or (b) act in support of any such organization, without the Franchisor's prior written approval.

10. POS SYSTEM; ACCOUNTING AND RECORDS; TAXES

10.1. POS System. Franchisee must acquire and use only the point of sale cash registers and computer systems and equipment that Franchisor prescribes for use by System Outlets ("**POS System**") and adhere to Franchisor's requirements for use. Requirements may include, among other things, connection to remote servers, off-site electronic repositories, and high speed Internet connections. Franchisor may, in its sole discretion, require Franchisee to add to add to the POS System memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software; replace or upgrade the POS System (software and hardware) and other computers as Franchisor prescribes; and enter into maintenance agreements for the POS System and other computers. Because the POS System must be used solely for POS-related purposes that are set forth by the POS System provider and approved by Franchisor, Franchisee may elect to purchase a secondary computer for use at the Outlet for routine business functions and related software, such as Internet browsing, word processing, spreadsheet preparation, and emailing. Franchisor will provide Franchisee 90 days advance written notice of any change to the POS System requirements. Franchisee must acquire, install, and maintain such anti-virus and anti-spyware software as Franchisor requires and pay related costs, and Franchisee must adopt and implement such Internet user policies as Franchisor may prescribe for purposes of avoiding, blocking, and eliminating viruses and other conditions designed to interfere with operation of the POS System.

10.2. Software. Franchisee must: **(a)** use any proprietary software programs, system documentation manuals, and other proprietary materials that Franchisor requires in connection with the operation of the Outlet; **(b)** input and maintain in the POS System such data and information as Franchisor prescribes in the Manual, software programs, documentation, or otherwise; and **(c)** purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever Franchisor adopts such new or upgraded programs, manuals, and materials system-wide. Franchisee must enter into all software license agreements, "terms of use" agreements, and software and hardware maintenance agreements, in the form and manner Franchisor prescribes, and pay all fees imposed thereunder.

10.3. Independent Access. Franchisor may independently poll Gross Sales and other information input and compiled by Franchisee's POS System from a remote location. There is no limitation on Franchisor's right to access this information. Franchisor may require that Franchisee connect to a Web-based application enabling independent access to the information on the POS System and other in-Outlet computer and camera systems. If Franchisor requires Franchisee to connect to such an application, Franchisee agrees to acquire all software licenses needed to use the application (which may require Franchisee to pay periodic subscription fees) and to install and use all hardware needed to connect to the application and to facilitate the exchange of electronic information as contemplated by this Section 10.3.

10.4. Maintenance of Records. Franchisee must prepare and preserve for at least five years from the date of preparation complete and accurate books, records, and accounts according to generally accepted accounting principles and in the form Franchisor prescribes. Additionally, and concurrently with the execution of this Agreement, Franchisee must provide Franchisor true and accurate copies of Franchisee's charter documents and governing documents including, as applicable, articles of incorporation, bylaws, operating agreement, partnership agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing. Franchisee must promptly provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in the Business Entity or the Outlet.

10.5. Submission of Financial Statements and Tax Returns. No later than March 31 of each calendar year, Franchisee must provide Franchisor: **(a)** a copy of the previous year's annual profit and loss statements; **(b)** a copy of the previous year's sales tax returns; and **(c)** if requested, a copy of federal and state income tax returns for the previous year; provided, however, that if Franchisee is an individual, not a Business Entity, Franchisee may submit only those schedules to its personal tax returns which reflect the revenues and expenses of the Outlet.

10.6. Submission of Performance Reports. Franchisee must accurately report to Franchisor the Outlet's Gross Sales and such other financial information as Franchisor may reasonably require using the procedures, methods, and programs that Franchisor prescribes periodically and paying all related costs. Reports will be due on the date prescribed by Franchisor and will be signed by an authorized representative, attesting to their accuracy. Within 30 days following the end of each calendar quarter, Franchisee must provide to Franchisor a copy of the

Outlet's profit and loss statements prepared according to generally accepted accounting principles and which accurately reflect the Outlet's financial information for the applicable Accounting Periods. Franchisor may require that Franchisee submit the profit and loss statements in a standardized format that Franchisor provides to all of our franchisees. Franchisee also must provide Franchisor such other reports, computer back-up, and other information that Franchisor may reasonably request.

10.7. Audit of Franchisee Records. Franchisor or its designated agent has the right to audit, examine, and copy Franchisee's books, records, accounts, and business tax returns at any time. If an inspection or audit reveals underpayment of amounts owed to Franchisor, Franchisee must immediately pay the understated amount with interest as provided in Section 4.8. If an audit or inspection reveals an understatement of Gross Sales by 3% or more for any Accounting Period then, in addition to amounts due on the understatement and interest, Franchisee must promptly reimburse Franchisor all costs and expenses that it incurred in connection with performing the audit or inspection (including travel, lodging, and wage expenses and attorneys' and accountants' fees).

10.8. Use of Financial Information in Franchise Disclosure Document. Franchisee acknowledges and agrees that it may be in the best interest of the franchise system to share historical revenue and expense information with prospective franchisees. To that end, Franchisee hereby authorizes Franchisor to publish information concerning the Outlet's Gross Sales and other information reported to Franchisor in its franchise disclosure document and in other reports which may be presented to existing System franchisees.

10.9. Taxes. Franchisee must promptly pay all taxes due and owing based on its operation of the Outlet and the Business Entity including, without limitation, sales taxes, income taxes, and property taxes.

11. INDEPENDENT CONTRACTOR, INSURANCE, AND INDEMNIFICATION

11.1. Independent Contractor. The parties acknowledge and agree that Franchisee is operating the Business Entity and the Outlet as an independent contractor. Nothing contained in this Agreement will create or be construed to create a partnership, joint venture, or agency relationship between the parties. Neither party has any fiduciary obligations to the other or will be liable for the debts or obligations of the other. Neither party may bind the other, transact business in the other party's name, or in any manner make any promises or representations on behalf of the other party, unless otherwise agreed in writing, between them. Franchisor does not participate in the hiring, promoting, disciplining, or discharging of Franchisee's employees or in setting or paying wages or benefits to Franchisee's employees, and Franchisee acknowledges that Franchisor has no power, responsibility, or liability with respect to the hiring, promoting, disciplining, or discharging of employees or in setting or paying their wages. Franchisee must conspicuously identify itself and the Business Entity in all dealings with its customers, contractors, suppliers, public officials, and others, as an independent franchisee of Franchisor and must place a conspicuous notice, in the form and at such place as Franchisor prescribes, notifying the public of such independent ownership. Additionally, Franchisee must communicate to all employees that Franchisee, not Franchisor, is their employer; and Franchisee must ensure that no payroll checks or other employment-related documents (such as job applications and W-2s) contain or reference the Marks or Franchisor's name. Each of the parties will file its own tax, regulatory, and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

11.2. Insurance Obligations.

11.2.1. Franchisee must maintain in full force and effect at all times during the Term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee, Franchisor, and its Affiliates and their respective partners, shareholders, directors, managers, agents, and employees, against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense arising or occurring upon or in connection with the operation of the Outlet.

11.2.2. All policies must: **(a)** be written by insurer(s) licensed and admitted to write coverage in the state in which the Outlet is located and with a rating of "A" or better, as set forth in the most recent edition of the A.M. Best Company's rating guide; **(b)** comply with Franchisor's written requirements at the time such policies are obtained, and **(c)** provide at least the types and minimum amounts of coverage specified below or as described within Franchisor's written notice to Franchisee of any changes to the requirements. All public liability and property damage policies must name Franchisor and its partners, affiliates, shareholders, directors, agents, and employees as additional insureds on a primary, non-contributory basis.

11.2.3. Such policies must include, at the minimum, the following coverage: **(a)** "all risk" property insurance with replacement cost coverage, including business interruption insurance, customarily obtained by similar businesses in the Outlet's principal trade area; **(b)** for all models of Outlet a comprehensive general liability insurance, including products and contractual, in an amount of not less than $1,000,000 per occurrence and $2,000,000 aggregate limit (umbrella coverage may be used to satisfy this requirement); **(c)** for Food Truck outlet an automobile liability coverage, including coverage of owned, non-owned, and hired vehicles with coverage in amounts not less than $1,000,000 combined single limit; **(d)** For Restaurant model Outlet Franchisee must maintain a worker's compensation insurance for injured workers satisfactory to Franchisor with employers' liability limits of $1,000,000 or higher as applicable under state law and for all other business models, such as SIS, KIOSK, or Food Truck Franchisee must maintain a workers' compensation insurance in amounts required by applicable law; **(e)** for all models employment practices liability in an amount not less than $500,000; **(f)** data privacy breaches in an amount not less than $500,000. Franchisor reserves the right to unilaterally modify the types of coverage and/or minimum coverage requirements set forth above as market or industry conditions warrant; and (g) although not currently required Franchisor reserves the right to require Franchisee to obtain insurance policies to protect against cybersecurity threats, and accordingly, to require that Franchisor is named as additional insured on these cybersecurity insurance policies.

11.2.4. In connection with any and all insurance that Franchisee is required to maintain under this Section 11.2., Franchisee and its insurers must agree to waive their rights of subrogation against Franchisor, and Franchisee must provide evidence of such waiver in accordance with this Section 11.2.

11.2.5. Franchisee's obligation to obtain and maintain insurance must not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor will Franchisee's performance of such obligation relieve Franchisee of liability under the indemnity provisions set forth in Section 11.3. of this Agreement.

11.2.6. All public liability and property damage policies must contain a provision that Franchisor and its Affiliates, although named as additional insureds, must nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor, or its Affiliates, partners, shareholders, officers, directors, agents, or employees by reason of Franchisee's negligence.

11.2.7. At least 10 days prior to the time Franchisee is first required to carry insurance, and thereafter at least 30 days prior to the expiration of any policy, Franchisee must deliver to Franchisor a certificate of insurance evidencing Franchisor's compliance with this Section 11. Each certificate of insurance must expressly provide that no less than 30 days prior written notice will be given to Franchisor in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificates.

11.2.8. If Franchisee fails to procure or maintain the minimum insurance requirements required in this Agreement, Franchisor or its designee has the right (but is not required) to procure such insurance on Franchisee's behalf. Such right will be in addition to and not in lieu of any other rights or remedies available to Franchisor. If such procurement occurs, Franchisee must reimburse Franchisor upon demand the cost of the premium and a reasonable amount for Franchisor's time.

11.3. Indemnification. Franchisee must indemnify and hold harmless to the fullest extent by law, Franchisor, its Affiliates, and their respective directors, officers, employees, shareholders, and agents, (collectively, "**Indemnitees**") from any and all "**losses and expenses**" (defined below) incurred in connection with any litigation or other form of administrative process, adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof, which arises directly or indirectly from Franchisee's, Owners', and/or Franchisee's employees' acts or omissions occurring in connection with Franchisee's employment relationships with its or the Business Entity's employees; the training Franchisee, its Owners, or any of its employees receive from Franchisor; Franchisee's breach of this Agreement; customer's use of third-party delivery apps and/or Franchisee's operation of the Outlet including, but not limited to, claims arising out of or as a result of the maintenance and operation of vehicles or the Location (collectively, "**event**"), and regardless of whether the losses and expenses resulted from any strict or vicarious liability imposed by law on the Indemnitees. For the purpose of this Section 11.3., "**losses and expenses**" will be deemed to include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. Under no circumstances will Franchisor be required or obligated to seek recovery from third parties or otherwise mitigate its losses in order to maintain a claim under this provision, and Franchisor's failure to seek such recovery or mitigate its loss will in no way reduce the amounts recoverable by Franchisor under this provision. Franchisee must give Franchisor prompt notice of any event of which Franchise is aware, or becomes aware, for which indemnification is required, and, at Franchisee's expense and risk, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Franchisor will seek Franchisee's advice and counsel. Any assumption by Franchisor will not modify Franchisee's indemnification obligations. Franchisor may, in its sole and absolute discretion, take such actions as it seems necessary and appropriate to investigate, defend, or settle any clam or event; or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the Indemnitees or the System. This provision survives termination or expiration of this Agreement.

12. TRANSFER OF INTEREST

12.1. Transfer by Franchisor. Franchisor may transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee will expressly assume and agree to perform such obligations and will become solely responsible for all of Franchisor's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor and/or its Affiliates may sell their assets, the Marks, the Copyrighted Works, or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments, and dispositions, Franchisee expressly and specifically waives any claims, demands, or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof), the Copyrighted Works, the System, and/or the loss of association with or identification of SURF'N'FRIES USA, LLC as the franchisor under this Agreement. Franchisor's assignment or transfer of its rights and obligations under this Agreement pursuant to this Section 12.1. to any party may be without Franchisee's approval or prior notice to Franchisee, provided that the buyer, assignee or transferee agrees in writing to assume all of Franchisor's obligations under this Agreement. Franchisor and its Indemnitees will not be liable for obligations of the transferee arising after the date of transfer.

12.2. Transfer by Individual Franchisee to Business Entity for Convenience. If Franchisee is an individual or individuals, Franchisee may transfer its interest in this Agreement to a Business Entity for convenience of operation by signing Franchisor's form of assignment and assumption agreement if: **(a)** the Business Entity is formed solely for purposes of operating the Outlet(s); **(b)** Franchisee provides Franchisor a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed; **(c)** Franchisee and its Affiliates are in compliance with this Agreement and all other agreements with Franchisor or its Affiliates; **(d)** Franchisee pays Franchisor its reasonable attorneys' fees incurred to document such transfer; and **(e)** Franchisee executes a general release in a form satisfactory to Franchisor of any and all claims against Franchisor and its Affiliates and their respective officers, directors, managers, shareholders, agents, and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising.

12.3. Transfer by Franchisee and/or Owners. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Franchisor has granted rights under this Agreement in reliance on the business skill, financial capacity, and personal character of Franchisee and its Owners. Accordingly, neither Franchisee nor any Owner, nor any successor or assign of Franchisee or any Owner, will sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise dispose of or encumber any direct or indirect interest in this Agreement, in the Outlet, or in the Business Entity without the prior written consent of

Franchisor. Franchisor will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following.

12.3.1. Franchisee has provided Franchisor the following at least 120 days prior to the proposed closing date of the proposed transfer: **(a)** written request for Franchisor's consent to the transfer; **(b)** payment of the non-refundable transfer fee in the amount set forth in the Key Terms, plus reimbursement of Franchisor's reasonable attorneys' fees; and **(c)** a copy of the proposed asset purchase/transfer agreements, including sale terms.

12.3.2. The transferee has demonstrated to Franchisor's satisfaction that the transferee meets Franchisor's then-current educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the Outlet; and meets Franchisor's then-current financial requirements to become a franchisee.

12.3.3. All of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor, its Affiliates, and Franchisee's third-party suppliers (including Franchisee's landlord) are, or will be at the time of the transfer, current and fully paid and satisfied, and Franchisee must be in full compliance with this Agreement and any other agreement between Franchisee and Franchisor and its Affiliates, Franchisee's suppliers, and Franchisee's landlord.

12.3.4. Franchisee has refurbished the Outlet premises prior to the closing of the transfer such that the Outlet meets Franchisor's then-current image and equipment requirements for new Outlets, or so that it meets Franchisor's then-current repair and maintenance standards, whichever Franchisor chooses at its sole discretion.

12.3.5. Franchisee and each transferor Owner have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising.

12.3.6. The transferee executes Franchisor's then-current form of Franchise Agreement, the terms of which may be materially different than the terms of this Agreement and may include, among other things, a different percentage royalty fee and different advertising obligations. The term of such agreement will be the remaining Term of this Agreement at the time of transfer. If the transferee is a Business Entity, then each of the transferee's Owners must sign Franchisor's then-current form of personal guaranty.

12.3.7. The transferee must have complied with Franchisor's then-current initial training requirements.

12.3.8. If the transfer is among existing Owners of Franchisee, then all of the requirements set forth in this <u>Section 12.3.</u> must be met, except that, the parties to the transfer will not sign a new Franchise Agreement, as set forth in <u>Section 12.3.6.</u>, but the remaining Owners must sign Franchisor's then-current form of personal guaranty.

12.3.9. If Franchisor consents to the transfer contemplated by this <u>Section 12.3</u>, and if for any reason the transfer does not close, Franchisee must reimburse Franchisor for its reasonable attorneys' fees incurred in connection with the abandoned transfer.

12.4. <u>Transfers Void</u>. Any purported transfer, by operation of law or otherwise, made without Franchisor's prior written consent will be considered null and void and will be a material breach of this Agreement.

12.5. <u>Security Interest</u>. Franchisee may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the equipment, fixtures, inventory, and proceeds of the operation of the Outlet and may not entitle or permit the secured party to take possession of or operate the Outlet or to transfer Franchisee's interest in the Outlet or Owners' interest in the Business Entity without Franchisor's consent.

12.6. <u>Private or Public Offerings</u>. If Franchisee is a Business Entity and intends to issue equity interests in Franchisee, pursuant to a public or private offering, Franchisee must first obtain Franchisor's written consent, which consent will not be unreasonably withheld. Franchisee must provide Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. Franchisor's review of the offering materials will be limited solely to the subject of the relationship between Franchisee and Franchisor. No offering will imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance, or offering of the Business Entity's securities, and Franchisor's review of any offering will be limited to ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all of the conditions set forth in Section 12.3 and on execution of an indemnification agreement, in a form prescribed by Franchisor, by Franchisee and any other participants in the offering. For each proposed offering, Franchisee must pay Franchisor a retainer in an amount determined by Franchisor, which Franchisor will use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

12.7. Right of First Refusal. If Franchisee receives a bona fide offer to purchase its interest in this Agreement or all or substantially all of the assets of the Outlet or the Business Entity, or if any Owner receives a bona fide offer to purchase its equity interests in Franchisee, and Franchisee or such Owner wishes to accept such offer, Franchisee or Owner must deliver to Franchisor written notification of the offer and, except as otherwise provided herein, Franchisor has the option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer must include the fair market value of the assets, and Franchisee must submit with the notice an appraisal prepared by a qualified, independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing will constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. If Franchisor elects to purchase the seller's interest, closing on such purchase must occur by the later of: **(a)** the closing date specified in the third-party offer; or **(b)** within 60 days from the date of notice to the seller of Franchisor's election to purchase. Franchisor's failure to exercise the option described in this Section 12.7. will not constitute a waiver of any of the transfer conditions set forth in this Section 12.

12.8. Transfer Upon Death or Permanent Disability. Franchisee or its representative must promptly notify Franchisor of any death or claim of permanent disability subject to this Section 12.8. Any transfer upon death or permanent disability will be subject to the following conditions, as well as to the conditions described in Section 12.3. for any inter vivos transfer.

12.8.1. Upon the death of Franchisee (if Franchisee is a natural person) or any Owner who is a natural person ("**Deceased**"), the executor, administrator, or other personal representative of the Deceased must transfer such interest to a third party approved by Franchisor within six months after the date of death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee must transfer such interest to a third party approved by Franchisor within six months after the death of the Deceased.

12.8.2. Upon the permanent disability of Franchisee (if Franchisee is a natural person) or any Principal who is a natural person, Franchisor may, in its sole discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Section 12. within six months after notice to Franchisee. "**Permanent disability**" means any physical, emotional, or mental injury, illness, or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in any guaranty made part of this Agreement for at least 90 consecutive days and from which condition recovery within 90 days from the date of determination of disability is unlikely. Permanent disability will be determined by a licensed practicing physician selected by Franchisor, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically will be deemed permanently disabled as of the date of such refusal for the purpose of this Section 12.8.2. The costs of any examination required by this Section 12.8.2. will be paid by Franchisor.

12.9. Non-Waiver of Claims. Franchisor's consent to a transfer will not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor and the transferor are parties.

13. DEFAULT AND TERMINATION

13.1. Termination In the Event of Bankruptcy or Insolvency. Franchisee will be deemed to be in default of this Agreement, and all rights granted to it in this Agreement will automatically terminate without notice if: **(a)** Franchisee becomes insolvent or makes a general assignment for the benefit of creditors; **(b)** a petition in bankruptcy is filed by Franchisee or such a petition is filed against Franchisee and Franchisee does not oppose it; **(c)** Franchisee is adjudicated as bankrupt or insolvent; **(d)** a bill in equity or other proceeding for the appointment of a receiver for Franchisee or other custodian for its business or assets is filed and consented to by Franchisee; **(e)** a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; **(f)** proceedings for a composition with creditors under any state or federal law is instituted by or against Franchisee; **(g)** a final judgment remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed); **(h)** Franchisee is dissolved; **(i)** execution is levied against Franchisee's business or property; **(j)** judicial, non-judicial, or administrative proceedings to foreclose any lien or mortgage against Franchisee, the Business Entity, or the Outlet premises or assets or equipment are instituted against Franchisor and are not dismissed within 30 days; or **(k)** the real or personal property of Franchisee or the Outlet is sold after levy thereupon by any sheriff, marshal, or constable.

13.2. Termination With Notice and Without Opportunity To Cure. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: **(a)** Franchisee's Operating Principal or District Manager fails to successfully complete training; **(b)** Franchisee fails to open the Outlet for business by the Opening Date; **(c)** Franchisee abandons the Outlet (which will be presumed if Franchisee ceases operations for three consecutive days or more without Franchisor's written consent); **(d)** Franchisee loses any license required to operate the Outlet or Franchisee loses its right to occupy the Outlet premises; **(e)** Franchisee fails to relocate and open, or re-open, the Outlet that closed due to a Force Majeure event within the required time period; **(f)** Franchisee or any Owner or District Manager are convicted of, or plead no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System; **(g)** there is any transfer or attempted transfer in violation of Section 12. of this Agreement; **(h)** Franchisee or any Owner fails to comply with the confidentiality or noncompetition covenants in Section 15.1. of this Agreement; **(i)** Franchisee or any Owner makes any material misrepresentations in connection with Franchisee's franchise application; **(j)** Franchisee fails to comply with notification requirements set forth in Sections 6.1.3. or 6.1.4. concerning investigations, certain occurrences, and Crisis Management Events; **(k)** Franchisee understates any payment to Franchisor by 3% or more twice in any two-year period; **(l)** an imminent threat or danger to public health or safety results from the operation of the Outlet; **(m)** Franchisee knowingly maintains false books or records or submits any false reports or statements to Franchisor; **(n)** Franchisee offers unauthorized products or services from the Outlet premises or in conjunction with the Marks or Copyrighted Works; **(o)** Franchisee purchases from an unapproved source items for which Franchisee has identified Designated Supplier(s) or purchases unapproved items for which Franchisee has identified Approved Products; **(p)** Franchisee fails to pass two or more quality assurance inspections within any rolling 12-month period; **(q)** Franchisee violates Franchisor's policies for Outlet operations, without authorization or permission, on two or more occasions within any rolling 12-month period; **(r)** Franchisee fails to maintain required hours of operation pursuant to Section 6.8. on two or more occasions without prior written permission, within any rolling 12-month period; or **(s)** Franchisor delivers to Franchisee three or more written notices of default pursuant to this Section 13. within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.

13.3. Termination With 10-Day Cure Period. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if Franchisee fails to cure the following defaults within 10 days after delivery of written notice: **(a)** failure to obtain or maintain required insurance coverage; **(b)** failure to pay any amounts due Franchisor; **(c)** failure to pay any amounts due to the landlord of the Outlet premises, or Franchisor for SIS Outlet premises as stated under the SIS Agreement, suppliers, or other trade creditors (unless such amount is subject to a bona fide dispute); **(d)** failure to pay any amounts for which Franchisor has advanced funds for or on Franchisee's behalf, or upon which Franchisor is acting as guarantor of Franchise's obligations; **(e)** violation of any provision of this Agreement concerning the use and protection of the Marks or Copyrighted Works; **(f)** violation of any provision of this Agreement concerning the preparation, service, appearance, or quality of SURFIN' CHICKEN products (g) violation of any provision of the SIS Outlet lease agreement and tenant space requirements as imposed by the Landlord of your Outlet.

13.4. Termination With 30-Day Cure Period. Except as otherwise provided in this Section 13., Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if Franchisee fails to cure any curable default within 30 days after delivery of written notice.

13.5. Termination Related to Death or Permanent Incapacity. Franchisor has the right to terminate this Agreement if an approved transfer as required by Section 12.8. is not effected within the designated time frame following a permanent disability.

13.6. Cross-Default. Any default under any agreement between Franchisee or its Affiliates on the one hand and Franchisor or its Affiliates on the other hand, which are not cured within any applicable cure period, will be considered a default under this Agreement and will provide an independent basis for termination of this Agreement.

13.7. Additional Remedies. In addition to, or in lieu of, termination of this Agreement, in its sole discretion, Franchisor may require the Outlet to be closed during any cure period relating to a default based on public health and safety concerns.

13.8. Alternate Remedies.

13.8.1. Prior to the termination of this Agreement, if you fail to pay any amounts owed to us or our affiliates or fail to comply with any term of this Agreement, then in addition to any right we may have to terminate this Agreement or to bring a claim for damages, we will have the right to take the actions set out below and continue them until you have cured the default to our satisfaction. The taking of any of the actions permitted in this Section 16.4 will not suspend or release you from any obligation that would otherwise be owed to us or our affiliates under the terms of this Agreement. We may:

(a) Remove the listing of the Franchised Business from all advertising published or approved by us, including but not limited to online directories, forums, social media, and indexing websites;

(b) Prohibit you from attending any meetings or seminars held or sponsored by us or taking place on our premises;

(c) Suspend access to the call center, the franchisee portal, and any technology systems we provide to you;

(d) Suspend services provided to you by us or our affiliates under this Agreement, including but not limited to inspections, training, marketing assistance, and the sale of products and supplies;

(e) Cease listing your Franchised Business on any Technology Platforms;

(f) Terminate the Franchisee's access to any computer system or software Franchisor own, maintain or license to the Franchisee (whether licensed by the Franchisor or its affiliates);

(g) Contact the Franchisee's landlord, lenders, suppliers, and member regarding the status of the Franchisee's operations, and provide copies of any default or other notices to the Franchisee's landlords, lenders and suppliers.

(h) In addition, if the Franchisee notify the Franchisor that the Franchisee is closing the Franchised Business or otherwise communicate to others that the Franchisee is closing the Franchised Business, the Franchisee agrees that the Franchisee's billing processor may withhold up to one-half (1/2) of monies that would otherwise be payable to the to cover any post termination obligations the Franchisee may have.

(i) the Franchisor's actions as outline in Section 13.8 may continue until the Franchisee has brought the accounts current, cured any default and complied with the Franchisor's requirements, and the Franchisee has acknowledged the same in writing, The taking of any of the actions permitted in this section will not suspend or release the Franchisee from any obligation that would otherwise be owed to the Franchisor or its affiliates under the terms of this Agreement or otherwise.

14. OBLIGATIONS UPON TERMINATION OR EXPIRATION

14.1. Franchisee's Obligations Upon Termination. Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee will terminate, and Franchisee must: **(a) i**mmediately cease to operate the Outlet under this Agreement and thereafter, not directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor; **(b)** immediately and permanently cease to use, in any manner whatsoever, any Confidential Information, Copyrighted Works, methods, procedures, and techniques associated with the System and the Marks. Without limitation of the foregoing, Franchisee must cease using all signs, advertising materials, displays, stationery, forms, and any other items which display or contain the Marks; **(c)** take such action as may be necessary to cancel any assumed name or equivalent registration, which contains the name "SURFIN' CHICKEN" or any other Mark, and furnish Franchisor with satisfactory evidence of compliance with this requirement within five days after termination or expiration of this Agreement; **(d)** not use any reproduction, counterfeit, copy, or colorable imitation of the Marks in connection with any other business, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's rights in and to the Marks, nor use any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor constituting unfair competition; **(e)** promptly pay all sums owing to Franchisor and its Affiliates, and all damages, costs, and expenses, including reasonable attorneys' fees and costs, incurred by Franchisor as a result of any default by Franchisee or in connection with obtaining injunctive or other relief for the enforcement of any provisions of this Section 14., which obligation will give rise to and remain a lien in favor of Franchisor against any and all assets of Franchisee, until such obligations are paid in full; **(f)** immediately deliver to Franchisor all Manuals, records, files, instructions, correspondence, proprietary software programs, and other materials related to the operation of the Outlet in Franchisee's possession or control, and all copies thereof, all of which are acknowledged to be Franchisor's property, and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law; **(g)** comply with the restrictions against the disclosure of Confidential Information and against competition contained in Section 15. of this Agreement and cause any other person required to execute similar covenants pursuant to Section 15. also to comply with such covenants; **(h)** promptly furnish to Franchisor an itemized list of all advertising and sales promotion materials bearing the Marks, whether located at the Outlet or at any other location under Franchisee's control. Franchisor has the right to inspect these materials and the option, exercisable within 30 days after such inspection, to purchase any or all of the materials at Franchisee's cost. Materials not purchased by Franchisor must not be used by Franchisee or any other party for any purpose unless authorized in writing by Franchisor; **(i)**If Franchisee operates an SIS Outlet and the Franchise Agreement is terminated due to the Franchisee's failure to make the payment under the SIS Agreement, non-compliance with the tenant space requirements or default or violation of any terms of the SIS Agreement or the SIS Outlet lease agreement, Franchisor at their option in addition to collecting any amounts due under this Agreement or the SIS Agreement, the Franchisor may terminate the Franchise Agreement and operated the SIS Outlet premises or award the Designated Area and/ or award any other franchisee to operate the SIS Outlet from the Location and in Designated Area of the Franchisee; and **(j)** at Franchisor's option, assign to Franchisor any interest which Franchisee has in any lease or sublease for the premises of the Outlet or for any equipment used in the operation of the Outlet. Franchisor may exercise such option at or within 30 days after the termination or expiration of this Agreement. Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete the assignment of Franchisee's interest in any such lease or sublease upon the exercise of Franchisor's option described herein. This power of attorney will survive the expiration or termination of this Agreement. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the Outlet premises, Franchisee must make such modifications or alterations to the premises as are necessary to distinguish the appearance of the Outlet from that of other Outlets, and, if Franchisee fails or refuses to do so, Franchisor will have the right to enter upon the premises, without being guilty of trespass or any other crime or tort, to make or cause such changes to be made, at Franchisee's expense; or **(j)** at Franchisor's option, assign to Franchisor all rights to the telephone numbers of the Outlet and any related business listings and execute all forms and documents required by Franchisor and any telephone company at any time to transfer such service and numbers to Franchisor. Franchisee must thereafter use different telephone numbers at or in connection with any subsequent business conducted by Franchisee.

14.2. Additional Franchisor Options. In addition to its options under Sections 14.1., Franchisor also has the following options, to be exercised within 30 days after termination or expiration of this Agreement:

14.2.1. Franchisor has the option to purchase from Franchisee any or all of the furnishings, equipment, signs, fixtures, supplies, materials, and other assets related to the operation of the Outlet, at fair market value. In addition, if Franchisee owns the land upon which the Outlet is located, Franchisor has the further option to purchase the land, including any building on the land used for the operation of the Outlet, for the fair market value of the land and building. If Franchisee does not own the land, Franchisor may nevertheless exercise this option for the purpose of purchasing any building owned by Franchisee and used in the operation of the Outlet.

14.2.2. With respect to Franchisor's options under this Section 14.2., Franchisor may purchase assets only and will assume no liabilities, unless otherwise agreed in writing by the parties. If the parties cannot agree on the fair market value of the assets within 30 days of Franchisor's exercise of its option, fair market value will be determined by three appraisers. Each party will select one appraiser, and those two appraisers will select a third appraiser. The average of the determinations of the three appraisers will be binding. In the event of an appraisal, each party will bear its own legal and other costs and will divide the appraisal fees equally. The purchase price will be paid in cash; provided, that Franchisor will have the right to set off from the purchase price **(a)** all fees due from Franchisee for any appraisal conducted hereunder, **(b)** all amounts due from Franchisee to Franchisor or any of its Affiliates, and **(c)** any costs incurred in connection with any escrow arrangement (including reasonable legal fees and costs).

14.2.3. Closing of the purchase and sale of the properties described above will occur not later than 30 days after the purchase price is determined, unless the parties mutually agree to designate another date. At closing, Franchisee will deliver to Franchisor, in a form satisfactory to Franchisor, such warranties, deeds, releases of lien, bills of sale, assignments, and such other documents and instruments which Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the properties being purchased and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all necessary documents, instruments, or third party consents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents. Closing will take place at Franchisor's corporate offices or at such other location as the parties may agree.

14.3. Assignment of Franchisor Rights. Franchisor has the right to assign any and all of its options in this Section 14. to any other party, without the consent of Franchisee.

14.4. Trademark Infringement. If Franchisee fails to comply with a written notice of termination sent by Franchisor and a court later upholds such termination of this Agreement) if such termination was disputed by Franchisee), then Franchisee's operation of the Outlet, from and after the date of termination stated in such notice, will constitute willful trademark infringement and unfair competition by Franchisee, and Franchisee will be liable to Franchisor for damages resulting from such infringement in addition to any fees paid or payable hereunder, including, without limitation, any profits which Franchisee derived from such post-termination operation of the Outlet.

15. COVENANTS

15.1. Noncompetition During Term of Agreement. Franchisee and each Owner acknowledge that Franchisee and each Owner will receive valuable, specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques and trade secrets of Franchisee and the System. Franchisee and each Owner covenant and agree that during the Term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee and, if applicable, such Owner, will not, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, or legal entity:

15.1.1. Divert or attempt to divert any present or prospective customer of a Outlet to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

15.1.2. Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any fast casual, quick service, or full service Outlet, or retail outlet of any type, that offers fries and chicken as a primary menu item that derives more than 25% of its revenue from the sale of fries and chicken, other than a Outlet operated pursuant to a then-currently effective franchise agreement with Franchisor, at any location within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

15.2. Noncompetition After Expiration or Termination of Agreement. Commencing upon the later of: **(a)** a transfer permitted under Section 12. of this Agreement, expiration of this Agreement (without renewal), or termination of this Agreement (regardless of the cause for termination); or **(b)** a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 15.2., and continuing for an uninterrupted period of two years thereafter, Franchisee will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as an owner or otherwise) or relationship or association with any casual, fast-casual, or quick-service restaurant, retail outlet, food truck, kiosk, cart, or store inside store of any type, that offers fries and/or chicken as a primary menu item or that derives more than 25% of its revenue from the sale of fries and/or chicken, other than an Outlet operated pursuant to a then-currently effective franchise agreement with Franchisor, that: **(i)** is, or is intended to be, located at the location of the former Location; **(ii)** is within a five-mile radius of the former Location; or **(iii)** is within a five-mile radius of any other restaurant operating under the System and Marks, that is in existence or under development at any location within the United States, its territories, or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Marks or similar marks, or operate or license others to operate a business under the Marks or similar marks, at the time of such expiration, termination, or transfer. If any Owner ceases to be an Owner of Franchisee for any reason during the Term of this Agreement, the foregoing covenant will apply to the departing Owner for a two-year period beginning on the date such person ceases to meet the definition of an Owner. The time periods relating to the obligations described in this Section 15.2. will be tolled during any period of noncompliance.

15.3. Additional Provisions. The parties acknowledge and agree that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 15.1. and 15.2., or any portion thereof, without Franchisee's consent or the consent of any Owner, effective immediately upon delivery of written notice to the affected party; and Franchisee and each Owner agree that such person will comply with any covenant as so modified. Franchisee and each Owner expressly agree that the existence of any claims Franchisee or any Owner may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to Franchisor's enforcement of the covenants in this Section 15. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 15.

15.4. Covenants from Individuals. Each individual who attends Franchisor's training program, or whom Franchisor designates, must sign a confidentiality and noncompetition agreement substantially in the form attached as Attachment D-1 to this Agreement, and Franchisee is responsible for ensuring compliance with such agreement. Each individual who is deemed a Principal by Franchisor, including the spouse of each Owner, Franchisee's spouse if Franchisee is an individual, and Franchisee's District Manager, if applicable, must sign a principals' undertaking in the from attached as Attachment D-2 to this Agreement.

15.5. Breach of Covenants and Irreparable Injury. Franchisee acknowledges that its violation of any covenant of this Section 15. would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

15.6. Exception for Publicly Held Companies. The foregoing restrictions will not apply to Franchisee's ownership or any Owner's ownership of less than a 5% beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

15.7. Improvements. If Franchisee or any of Franchisee's Owners or employees develop any new concept, process, or improvement in the development or operation of the Outlet, Franchisee agrees to promptly notify Franchisor and provide Franchisor with all related information, as determined by Franchisor in its sole discretion, without compensation. Any such concept, process, or improvement will become Franchisor's sole property, and Franchisor will be the sole owner of all patents, patent applications, and other intellectual property rights related thereto. Franchisee, its Owners, and employees hereby: **(a)** assign, waive, and release to Franchisor any rights Franchisee or they may have or acquire, including the right to modify such concept, process, or improvement; **(b)** agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process, or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights; **(c)** irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such concept, process, or improvement; and **(d)** grant Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process, or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe their rights therein, if any provision of this Section 15.7. is found to be invalid or otherwise unenforceable.

16. REPRESENTATIONS

16.1. Representations of Franchisor. Franchisor represents and warrants that Franchisor is duly organized and validly existing under the laws of the state of its formation and the execution of this Agreement and the performance of the transactions contemplated by this Agreement are permitted by Franchisor's governing documents and have been duly authorized.

16.2. Representations of Franchisee.

16.2.1. Franchisee represents and warrants that the ownership information set forth in the Key Terms is accurate and complete in all material respects, and Franchisee hereby agrees to notify Franchisor in writing prior to any change in the ownership information set forth in the Key Terms, and in compliance with the transfer requirements of Section 12. of this Agreement. If Franchisee is a Business Entity, Franchisee further represents and warrants to Franchisor that: **(a)** Franchisee is duly organized and validly existing under the laws of the state of its formation; **(b)** Franchisee's governing documents will, at all times, provide that Franchisee's activities are confined exclusively to the operation of the Outlet; **(c)** neither Franchisee nor any of its Affiliates nor Owners own, operate, or have any financial or beneficial interest in any business that is the same as or similar to a System outlet; and **(d)** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are permitted by Franchisee's governing documents and have been duly authorized. If Franchisee is two or more individuals or entities, then the rights and obligations of this Agreement may only be exercised jointly, but the liabilities of this Agreement will be joint and several as to all individuals and entities.

16.2.2. Franchisee acknowledges that Franchisee has conducted an independent investigation of the franchise opportunity and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent on Franchisee's abilities and efforts.

16.2.3. Franchisee acknowledges that it is relying solely on SURF'N'FRIES USA, LLC, and not on any affiliated entities or parent companies related to SURF'N'FRIES USA, LLC, with regard to Franchisor's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing Franchisor, has made any statement or promise to the effect that any affiliated entities or parent companies guarantee Franchisor's performance or financially back Franchisor.

16.2.4. Except for representations contained in Franchisor's franchise disclosure document provided to Franchisee or its Owners in conjunction with this franchise offering, Franchisee represents that neither Franchisor nor its agents or representatives have made any representations, and neither Franchisee nor its Owners have relied on representations made by Franchisor or its agents or representatives, concerning actual or potential gross sales, expenses, or profits of a franchise Outlet.

16.2.5. Franchisee acknowledges that it has received a complete copy of Franchisor's franchise disclosure document at least 14 calendar days before Franchisee signed this Agreement or paid any consideration to Franchisor for the rights granted herein.

16.2.6. Franchisee acknowledges that it has read and that it understands the terms of this Agreement and its attachments and that it has had ample time and opportunity to consult with an attorney or business advisor of its choice about the potential risks and benefits of entering into this Agreement.

16.2.7. Franchisee hereby warrants and represents that neither it nor any of its Owners, officers, directors, managers, partners, agents, or employees, or their respective interests therein is now (nor will be during the Term of this Agreement) identified, either by name or an alias, pseudonym, or nickname, on any of the lists of restricted or denied parties maintained by the United States government, including:

(a) "Denied Persons List" maintained by the U.S. Commerce Department's Bureau of Industry and Security (http://www.bis.doc.gov/dpl/Default.shtml);

(b) "Unverified List" maintained by the U.S. Commerce Department's Bureau of Industry and Security (http://www.bis.doc.gov/Enforcement/UnverifiedList/unverified_parties.html);

(c) "Entity List" maintained by the U.S. Commerce Department's Bureau of Industry and Security (http://www.bis.doc.gov/Entities/Default.html);

(d) "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (www.treas.gov/offices/enforcement/ofac/);

(e) "Debarred List" maintained by the Department of State (http://pmddtc.state.gove/compliance/debar.html); and

(f) "Nonproliferation Sanctions" maintained by the Department of State (http://www.state.gov/t/isn/c15231.html).

The foregoing constitutes continuing representations and warranties, and Franchisee agrees to immediately notify Franchisor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate, or misleading.

16.2.8. Franchisee further represents and warrants that neither Franchisee nor any of its Owners, officers, directors, managers, partners, agents, or employees has violated (nor will violate during the Term of this Agreement) any law prohibiting money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act (http://epic.org/privacy/terrorism/hr3162.html), U.S. Executive Order 13224 (http://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf), or any similar law.

17. NOTICES

17.1. Notices. All notices or demands must be in writing and must be delivered either in person, by certified mail, by overnight delivery, by facsimile, or by email using the information for notices set forth in the Key Terms. Service will be deemed conclusively made **(a)** at the time of delivery, if personal delivery is used; **(b)** 24 hours (exclusive of weekends and national holidays), if delivered by overnight delivery; **(c)** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; and **(d)** at the time of transmission by facsimile or other electronic transmission, whether or not the receiving party opens and reads the notice in a timely manner. Notices and demands will be given to the respective parties at the addresses set forth on the Key Terms Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices and other communications by providing a written notice given in the manner set forth above to the other party.

18. CONSTRUCTION OF AGREEMENT; MISCELLANEOUS

18.1. Entire Agreement. This Agreement, and any other agreements executed by the parties concurrently with the parties' execution of this Agreement, represents the entire fully integrated agreement between the parties and supersedes all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement will disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the franchise disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee in connection with this franchise offering. Except for those changes permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to in writing by the parties and executed by their authorized officers or agents.

18.2. No Waiver. No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee or any of its Owners under this Agreement will constitute a waiver by Franchisor to enforce any such right, option, duty, or power against Franchisee or its Owners, or as to a subsequent breach or default by Franchisee or any of its Owners.

18.3. Severability. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement.

18.4. Survival of Terms. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement will survive such expiration or termination.

18.5. Definitions and Captions. Unless otherwise defined in the body of this Agreement, capitalized terms have the meaning given to them in Attachment B. All captions in this Agreement are intended for the convenience of the parties, and none will be deemed to affect the meaning or construction of any provision of this Agreement.

18.6. Persons Bound. This Agreement will be binding on the parties and their respective successors and assigns. Each Owner must execute the Personal Guaranty attached as Attachment C. Failure or refusal to do so will constitute a breach of this Agreement. Franchisee and each Owner will be jointly and severally liable for each others' obligations hereunder and under the Personal Guaranty.

18.7. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement will be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement will be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision will be given the meaning that renders it enforceable.

18.8. Force Majeure. Except as provided in Section 3.6., no party shall be deemed in default of this Agreement for any delay or failure to fulfill any obligation (other than a payment obligation) hereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. Upon the occurrence of an event of Force Majeure, the party affected thereby must give prompt notice thereof to the other party, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected, and a plan for resuming operation under the Agreement, which the party must promptly undertake and maintain with due diligence. Such excuse from liability shall be effective only to the extent and duration of the event(s) causing the failure or delay in performance and provided that the Party has not caused such event(s) to occur and continues to use diligent, good faith efforts to avoid the effects of such event and to perform the obligation. If an event of Force Majeure occurs, then, in addition to payments required under Section 3.6., Franchisee will continue to be obligated to pay to Franchisor any and all amounts that it is duly obligated to pay in accordance with the terms of this Agreement prior to the occurrence of such event, and the Indemnitees will continue to be indemnified and held harmless by Franchisee in accordance with Section 11.3.

18.9. Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed because of a Force Majeure, the applicable deadline for performance will be extended for a period commensurate with the Force Majeure, but not to exceed 12 months.

18.10. Business Judgment Rule. Because complete and detailed uniformity under many varying conditions might not be possible or practical, Franchisee acknowledge that Franchisor specifically reserve the full right and privilege, as Franchisor deem best according to their business judgment, to vary Brand Standards or other aspects of the Franchise System for any franchisee. Franchisee have no right to require Franchisor to grant Franchisee a similar variation or accommodation. Franchisor have the right to develop, operate, and change the Franchise System in any manner this Agreement does not specifically prohibit. Whenever this Agreement reserves Franchisor's right to take or withhold an action, or to grant or decline to grant Franchisee the right to take or omit an action,

Franchisor may, except as this Agreement specifically provides, make their decision or exercise their rights based on information then available to them and their judgment of what is best for Franchisor, BRAND franchisees generally, or the Franchise System when they make our decision, whether or not they could have made other reasonable or even arguably preferable alternative decisions and whether or not their decision promotes their financial or other individual interest. Franchisee acknowledge and agree that this exercise of our business judgement is not reviewable by a judge or arbitrator.

18.11. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which together will constitute one agreement.

18.12. Remedies Cumulative. All rights and remedies of the parties to this Agreement are cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure, or default or threatened breach, failure, or default of any term, provision, or condition of this Agreement or any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates. The rights and remedies of the parties to this Agreement will be continuing and will not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination, or exercise of Franchisor's rights pursuant to Section 13. of this Agreement will not discharge or release Franchisee or any Owner from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination, or the exercise of such rights under this Agreement. Additionally, Franchisee and Owners will pay all court costs and reasonable attorneys' fees and costs incurred by Franchisor in obtaining any remedy available to Franchisor for any violation of this Agreement.

18.13. No Third-Party Beneficiary. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, and personnel and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, authorized by Section 12.) any rights or remedies under or as a result of this Agreement.

18.14. No Affiliate Liability. Franchisee acknowledge and agree that none of Franchisor's past, present, or future directors, officers, employees, incorporators, members, partners, stockholders, subsidiaries, parents, affiliates, controlling parties, entities under common control, ownership, or management, vendors, service providers, agents, attorneys, or representatives will have any liability for (i) any of Franchisor's obligations or liabilities relating to or arising from this Agreement, (ii) any claim against Franchisor based on, in respect of, or by reason of the relationship between Franchisee and Franchisor, or (iii) any claim against Franchisor based on any of Franchisor's alleged unlawful acts or omissions.

18.15. No Withholding Payments. Franchisee may not withhold payment of any amounts owed to Franchisor or Franchisor's affiliates due to their alleged nonperformance of their obligations under this Agreement or for any other reason. Franchisee specifically waive any right Franchisee have at Law or in equity to offset any monies Franchisee owe us or our affiliates or to fail or refuse to perform any of Franchisee's obligations under this Agreement.

18.16 Disavowal of Oral Representations. You and we must acknowledge that we want all terms of our business relationship to be defined in this written agreement and that neither of us want to enter into a business relationship with the other which any terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, you and we agree that this Agreement will supersede and cancel any prior and/or contemporaneous discussions between us. We each agree that we placed and will place no reliance on any such discussions. You agree that no representations have been made to you concerning this Agreement or the Franchised Business other than contained in this agreement and in the Franchise Disclosure Document you received before you signed this Agreement (the "FDD"). You agree that no claims, representations, warranties, r guarantees express or implied regarding actual or potential earnings sales profits or success of your Franchised Business have been made to you other than as forth in item 19 of the FDD.

18.17 Other Franchisees. You acknowledge that other Franchised Business franchisees have or will be granted franchisees at different times and in different situations and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement. You also acknowledge that because complete and detailed uniformity under varying circumstances may not be practical, there may be variations we grant to other of our Franchised Businesses (whether franchised or centers that we or our affiliates operate) and you will not be entitled require us to grant similar variations or privileges to you.

19. APPLICABLE LAW; DISPUTE RESOLUTION

19.1. Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the franchise, and all claims arising from the relationship between Franchisor and Franchisee will be governed by and construed in accordance with the laws of the State of Texas, without regard to its conflict of law rules. Franchisor and Franchisee acknowledge that the agreements regarding applicable law, forum, and venue set forth in this Section 19. provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the relationship created by this Agreement. Franchisor and Franchisee further acknowledge the receipt and sufficiency of mutual consideration for such benefit.

19.2. Mediation.

19.2.1. The parties acknowledge that during the Term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, Franchisor, Franchisee, and each Owner agree to submit to mediation any claim, controversy, or dispute between Franchisor or its Affiliates (and Franchisor's and its Affiliates' respective owners, officers, directors, agents, representatives, and/or employees) and Franchisee or Franchisee's Affiliates (and Franchisee's Owners, agents, representatives, and/or employees) arising out of or related to: **(a)** this Agreement or any other agreement between Franchisor and Franchisee; **(b)** Franchisor's relationship with Franchisee; or **(c)** the validity of this Agreement or any other agreement between Franchisor and Franchisee, before bringing such claim, controversy or dispute in a court or before any other tribunal. Excepted from the requirement to mediate under this Section 19.2. are claims related to action seeking injunctive relief, action Franchisor may bring relating to Marks or Confidential Information, and Franchisee's nonpayment of any fees under this Agreement to Franchisor.

19.2.2. The mediation will be conducted by a mediator agreed upon by Franchisor and Franchisee. If agreement cannot be reached within 15 days after either party has notified the other of its desire to seek mediation, then mediation will occur with the American Arbitration Association or any successor organization ("**AAA**") in accordance with its rules governing mediation. Mediation will be held at the offices of the AAA in the city where Franchisor's principal business office is located at the time of the mediation. The costs and expenses of mediation paid to the AAA or to the mediator will be paid equally by the parties. All other mediation-related expenses, including but not limited to, attorneys' fees and travel expenses, will be paid by the party which incurred such expense.

19.2.3. If the parties are unable to resolve the claim, controversy, or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may institute legal proceedings pursuant to Section 19.3. The parties agree that statements made during such mediation will not be admissible for any purpose in any subsequent legal proceeding.

19.2.4. Notwithstanding the foregoing provisions of this Section 19.2., the parties' agreement to mediate will not apply to controversies, disputes, or claims relating to or based on past due amounts owed to Franchisor pursuant to this Agreement, the Marks, Copyrighted Works, or Franchisor's Confidential Information. Moreover, regardless of this mediation agreement, Franchisor and Franchisee each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

19.2.5. The parties acknowledge that any information disclosed by either party in mediation may only be used for those purposes and may not be used in any following litigation. Mediation must be conducted in person pursuant to Section 19.2.2., and no telephonic or electronic appearance by any of the parties or their counsel is permitted except for the purposes of scheduling mediation or discussion non-material mediation-related matters.

19.3. Litigation. To the extent that litigation is permitted in accordance with the above provisions, or in the event that any claim or controversy is not finally resolved through mediation, then the following provisions will apply:

19.3.1. **JURISDICTION AND VENUE. FOR ANY CLAIMS, CONTROVERSIES, AND/OR DISPUTES WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION AS PROVIDED ABOVE, FRANCHISEE, OWNERS, AND PRINCIPALS IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE AND THE FEDERAL DISTRICT COURTS LOCATED IN THE STATE, COUNTY, OR JUDICIAL DISTRICT IN WHICH FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED. FRANCHISEE, OWNERS, AND PRINCIPALS HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION AND AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. FRANCHISEE, OWNERS, AND PRINCIPALS FURTHER AGREE THAT VENUE FOR ANY SUCH PROCEEDING WILL BE THE COUNTY OR JUDICIAL DISTRICT IN WHICH FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, THAT FRANCHISOR MAY BRING ANY ACTION (i) FOR MONIES OWED, (ii) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF OR (iii) INVOLVING POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, THE MARKS, OR THE CONFIDENTIAL INFORMATION, IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION.**

19.3.2. **WAIVER OF JURY TRIAL. FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.**

19.3.3. **WAIVER OF PUNITIVE DAMAGES. THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF 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 ACTUAL DAMAGES SUSTAINED BY IT.**

19.3.4. WAIVER OF CLASS ACTION. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS, IN ANY CLAIM, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY PARTY.

19.4. **LIMITATION PERIOD. FRANCHISEE MUST BRING ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN FRANCHISOR AND FRANCHISEE WITHIN TWO (2) YEARS FROM THE DATE ON WHICH THE VIOLATION, ACT, OR CONDUCT GIVING RISE TO THE CLAIM OCCURS, REGARDLESS OF WHEN FRANCHISE KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM, OR FRANCHISEE'S CLAIM WILL BE BARRED UNLESS A JUDICIAL PROCEEDING, AS PERMITTED, IS COMMENCED IN THE APPROPRIATE FORUM WITHIN THIS TWO-YEAR PERIOD.**

19.5. Attorneys' Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party will be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

Intending to be legally bound, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the Effective Date.

FRANCHISOR: SURF'N'FRIES USA, LLC a Texas limited liability company	**FRANCHISEE:**
By: [name, title]	By: [name, title]

SURF'N'FRIES USA, LLC
CALIFORNIA AMENDMENT TO THE FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT effective ______________________, ("**Amendment**") is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement ("**Franchise Agreement**") between SURF'N'FRIES USA, LLC, ("**Franchisor**") and ____________ ____ ("**Franchisee**").

1. As a condition to becoming registered to offer and sell franchises in the State of California, Franchisor has agreed to defer Franchisee's obligation to pay the franchise fee under section 3.1, until Franchisor has met its pre-opening obligations to Franchisee and the franchise is open for business.

2. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Amendment shall govern.

3. No disclaimer, questionnaire, clause or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.

FRANCHISOR:	**FRANCHISEE:**
SURF'N'FRIES USA, LLC a Texas limited liability company	
By: [name, title] Date: ____	By: [name, title] Date: ________________________

SURF'N'FRIES USA, LLC
FRANCHISE AGREEMENT

ATTACHMENT A
KEY TERMS

EFFECTIVE DATE: ____

FRANCHISEE: ____

INFORMATION FOR NOTICES:

Address: ____

Telephone Number: ____

Email Address: ____

OPERATING PRINCIPAL: ____

Address: ____

Telephone Number: ____

Email Address: ____

TYPE OF OUTLET: ☐ Restaurant ☐ SIS ☐ KIOSK ☐ Food Truck

AUTHORIZED BRAND: ☐ SURFIN' CHICKEN

TERM: ☐ Restaurant: 10 years from the Effective Date

☐ SIS: 5 years from the Effective Date

☐ KIOSK: 5 years from the Effective Date

☐ Food Truck: 5 years from the Effective Date

SITE SELECTION AREA: ____

DESIGNATED AREA: ☐ Restaurant ☐ SIS ☐ KIOSK ____________________________
DESIGNATED TRADE ROUTE: ☐ Food Truck: ____________________________________

INITIAL FRANCHISE FEE: ☐ Restaurant: ☐ $30,000 ☐ $25,000

☐ SIS: ☐ $25,000 ☐ $20,000

☐ KIOSK: ☐ $15,000 ☐ $10,000

☐ Food Truck: ☐ $20,000 ☐ $10,000

ROYALTY FEE: ☐ Restaurant: 5% of Gross Sales

☐ SIS: 6% of Gross Sales

☐ KIOSK: 8% of Gross Sales

☐ Food Truck: 7% of Gross Sales

MARKETING FEE: 2% of Gross Sales ☐ Restaurant ☐KIOSK

CONTRIBUTION: ☐ Food Truck
__% of Gross Sales ☐ SIS
(subject to change; See Section 9.2.)

LOCAL ADVERTISING EXPENDITURE: 3% of Gross Sales (All Outlets)

MARKET INTRODUCTION: ADVERTISING PROGRAM: ☐ Restaurant: $25,000
☐ SIS: $5,000
☐ KIOSK: $5,000
☐ Food Truck: $1,000

TRANSFER FEE: $5,000

RENEWAL FEE: An amount equal to 50% of the then-current initial franchise fee generally charged to surf franchisees

LOCATION: ____

OPENING DATE: To be determined, subject to Section 3.5.

FRANCHISEE'S OWNERS:

Name	**Address**	**% Ownership in Franchisee**	**Nature of Interest**

FRANCHISOR ADDRESS FOR NOTICE:
SURF'N'FRIES USA, LLC
Attention: President
5550 Granite Parkway, Suite 195
Plano, Texas 75024

[signature page to follow]

By signing below, each of the parties attests to the accuracy of the information set forth above as of the Effective Date.

FRANCHISOR:	**FRANCHISEE:**
SURF'N'FRIES USA, LLC a Texas limited liability company	
By: [name, title]	By: [name, title]

SURF'N'FRIES USA, LLC
FRANCHISE AGREEMENT

ATTACHMENT B
DEFINITIONS

"**Account**" means Franchisee's commercial bank operating account.

"**Affiliate**" means an affiliate of a named person identified as any person or entity that is controlled by, controlling, or under common control with such named person.

"**Agreement**" means the Franchise Agreement.

"**Business Day**" means each day other than a Saturday, Sunday, U.S. holiday or any other day on which the Federal Reserve is not open for business in the United States.

"**Business Entity**" means any legal entity, but not a natural person, with the power to enter into contracts. The term includes a corporation, limited liability company, limited partnership, and trust.

"**Confidential Information**" means all trade secrets, the Standards, and other elements of the System; all customer information; customer list, all information contained in the Manual; Franchisor's proprietary recipes, spice blends, and standards and specifications for product preparation, packaging and service; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Outlet which may be communicated to Franchisee, or of which Franchisee may be apprised, by virtue of its operation under the terms of the Franchise Agreement, and all other information that Franchisor designates.

"**Copyrighted Works**" means works of authorship which are owned by Franchisor and are fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Marks, Franchisor's recipes, menus, bulletins, correspondence and communications with its franchisees, training, advertising and promotional materials, and the content and design of Franchisor's Website.

"**District Manager**" means the person appointed by Franchisee to be the person to devote full time efforts to each Outlet's operations and management.

"**Franchise Agreement**" means the form of agreement prescribed by Franchisor and used to grant to its franchisees the right to own and operate a single Outlet, including all attachments, exhibits, riders, guarantees, or other related instruments, all as amended from time to time.

"**Franchisor's Conference**" means the meeting, which may vary in place and length, that Franchisor conducts and/or sponsors to provide its franchisees information regarding the System and various aspects of the business, which meeting may or may not be conducted on an annual basis.

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

"**Gross Sales**" Gross Sales is the total Selling Price of all services and products and all income of every other kind and nature related to the Outlet, including income related to catering operations and special events and the full value of meals provided to Franchisee's bona fide employees as a benefit of their employment (except Franchisee may deduct from Gross Sales the value of any employee discounts that are given during the week in which the meals are provided), whether for cash or credit and regardless of collection in the case of credit. Gross Sales does not include **(a)** receipts from any public telephone, vending machine, or video games installed in the Outlet, except for Franchisee's share of the revenues; **(b)** sales (or similar) taxes that Franchisee collects from Outlet customers if such taxes are transmitted to the appropriate taxing authority(ies); **(c)** proceeds from isolated sales of trade fixtures that are not part of the products and services offered at the Outlet and that do not have any material effect on the operation of the Outlet; **(d)** tips or gratuities paid directly by Outlet customers to Franchisee's employees or paid to Franchisee and then turned over to employees by in lieu of direct tips or gratuities; or **(e)** returns to shippers or manufacturers. Gross Sales also does not include proceeds from the sale of gift certificates or stored value cards, but it does include the redemption value of gift certificates and stored value cards at the time purchases are made. Franchisee is responsible for the accurate reporting of gift certificate and stored value card sales and the corresponding impact on Gross Sales. Franchisee has until 30 days after the end of Franchisor's fiscal year to notify Franchisor of any errors Franchisee made in calculating Gross Sales as those errors relate to the reporting of gift certificate and stored value card sales. "**Selling Price**" is defined as the non-discounted, regular menu price.

"**Location**" means the physical address of the Outlet.

"**Manual**" means the compilation of information and knowledge that is necessary and material to the System. The term "Manual," as used in this Agreement, includes all publications, materials, drawings, memoranda, video and audio files, regardless of form, and other electronic files that Franchisor from time to time may loan or otherwise make available to Franchisee. The Manual may be supplemented or amended from time to time by any written communication or directive or other method of delivery concerning the System to reflect changes in the image, specifications, and standards relating to developing, equipping, furnishing, and operating the Outlet, and each such communication will be considered part of the Manual.

"**Marks**" means certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark "SURFIN' CHICKEN"" and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System.

"**Owner**" means each individual or entity holding a beneficial ownership in Franchisee. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of a trust.

"**Outlet Manager**" means the person who is in charge of the day-to-day, on-site operations of the Outlet.

"**Proprietary Products**" means recipes and menu items that incorporate Franchisor's trade secrets and proprietary information and products and ingredients that are manufactured according to our proprietary specifications.

"**Principals**" includes, collectively and individually, Franchisee's spouse, all officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) whom Franchisor designates as Franchisee's Principals, Franchisee's District Manager, if applicable, and all holders of a direct or indirect ownership interest in Franchisee and of any entity directly or indirectly controlling Franchisee.

"**Reserved Area**" means the enclosed area of retail sales establishments, including without limitation, shopping malls, grocery stores, and retailers that are part of regional or national chains; food courts; airports; hospitals; cafeterias; commissaries; schools, colleges, and universities; hotels; office buildings; stadiums; arenas; ballparks; convention centers; festivals; fairs; military bases; and other mass gathering locations or events.

SURF'N'FRIES USA, LLC
FRANCHISE AGREEMENT

ATTACHMENT C
PERSONAL GUARANTY

1. I have read the franchise agreement between SURF'N'FRIES USA, LLC ("**Franchisor**") and ___________________ ("**Franchisee**"), having an Effective Date of _____________ ("**Franchise Agreement**").

2. I own a beneficial interest in Franchisee and am considered an "**Owner**" within the definition contained in the Franchise Agreement.

3. I understand that were it not for this Personal Guaranty ("**Guaranty**"), Franchisor would not have agreed to enter into the Franchise Agreement with Franchisee.

4. I will comply with of the provisions contained in <u>Section 7.</u> of the Franchise Agreement concerning Franchisee's use of Franchisor's Marks and Copyrighted Works (as those terms are defined in the Franchise Agreement). I understand that, except for the license granted to Franchisee, I have no individual right to use the Marks or Copyrighted Works, and I have no ownership interest in the Marks or Copyrighted Works.

5. I will comply with all of the provisions contained in <u>Section 8.</u> of the Franchise Agreement concerning the use of the Confidential Manual and Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Franchise Agreement. I further agree not to disclose any of the Confidential Information, except: **(a)** to Franchisee's employees on a need to know basis; **(b)** to Franchisee's and my legal and tax professionals to the extent necessary for me to meet my legal obligations; and **(c)** as otherwise may be required by law.

6. I will comply with all of the provisions contained in <u>Section 12.</u> of the Franchise Agreement concerning the transfer of my ownership interest in the Franchise Agreement and/or in Franchisee.

7. While I am an Owner of Franchisee and, for a two-year period after I cease to be an Owner (or two years after termination or expiration (without renewal) of the Franchise Agreement, whichever occurs first), I will not:

(a) Divert or attempt to divert any present or prospective customer of an Outlet to any competitor by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;

(b) Directly or indirectly employ, or seek to employ, any person who is or has been within the previous 120 days employed by Franchisor, an Affiliate of Franchisor, or a developer or franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment, unless such employee has obtained written consent from his or her current/previous employer that the employee may be hired; or

(c) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with any casual, fast-casual, or quick-service restaurant, retail outlet, food truck, kiosk, cart, or store inside store of any type, that offers fries and/or chicken as a primary menu item or that derives more than 25% of its revenue from the sale of fries and/or chicken, other than an Outlet operated pursuant to a then-currently effective Franchise Agreement. This restriction will apply, while I am an Owner, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks. This restriction will apply for two years after I cease to be an Owner (or two years after termination or expiration of the Franchise Agreement, whichever occurs first) to any location that: **(i)** is, or is intended to be, located at the location of the former Location; **(ii)** is within a five-mile radius of the former Location; or **(iii)** is within a five-mile radius of any other Outlet operating under the System and Marks, that is in existence or under development at any location within the United States, its territories, or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Marks or similar marks, or operate or license others to operate a business under the Marks or similar marks, at the time of such expiration, termination, or transfer. The time periods relating to restrictions set forth in this Guaranty will be tolled during any period of my noncompliance.

8. I agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Guaranty. If all or any portion of a covenant in this Guaranty is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Guaranty.

9. I understand and acknowledge that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant set forth in this Guaranty, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. I agree that the provisions contained in Section 19. of the Franchise Agreement will apply to any dispute arising out of or relating to this Guaranty. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its reasonable attorneys' fees and costs.

11. I hereby guarantee the prompt and full payment of all amounts owed by Franchisee under the Franchise Agreement or any other agreement between the Franchisee and the Franchisor.

12. I will comply with all of the provisions contained in SIS Agreement and SIS Outlet lease agreement, concerning operation of SURFIN CHICKEN SIS Outlet. I further will guaranty the prompt and full payment of all amounts owned by the Franchisee under the SIS Agreement and the SIS Outlet lease agreement. I agree to guaranty compliance of any and all tenant space requirements for the Franchisee's SIS Outlet.

13. I will pay all amounts due under this Guaranty within 14 days after receiving notice from Franchisor that Franchisee has failed to make the required payment. I understand and agree that Franchisor need not exhaust its remedies against Franchisee before seeking recovery from me under this Guaranty.

14. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies will in any way affect any of my obligations under this Guaranty. If Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of Franchisee's obligations, I agree that Franchisor's release of such security or other guarantees will not affect my liability under this Guaranty.

15. If I am a resident of California, or otherwise subject to the laws of the State of California, I hereby waive **(a)** all rights described in California Civil Code Section 2856(a)(1)-(2), inclusive, which includes, without limitation, any rights and defenses which are or may become available to the undersigned by reason of California Civil Code Sections 2787 to 2855, inclusive; and **(b)** California Civil Code Sections 2899 and 3433.

16. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE**.

17. I understand that Franchisor's rights under this Guaranty will be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

18. I agree that any notices required to be delivered to me will be deemed conclusively made **(a)** at the time of delivery, if personal delivery is used; **(b)** 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if delivered by overnight delivery; and/or **(c)** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail. Notices and demands will be given to the respective parties at the addresses set forth in the signature blocks below, unless and until a different address has been designated by written notice to Franchisor. I may change this address only by delivering to Franchisor written notice of the change.

Intending to be legally bound, I have executed this Personal Guaranty on the date set forth below:

GUARANTOR

________________________________ Date: ________________________________
[name], Individually
Address:

________________________________ Date: ________________________________
[name], Individually
Address:

SURF’N’FRIES USA, LLC
FRANCHISE AGREEMENT

ATTACHMENT D-1

CONFIDENTIALITY AND NONCOMPETITION AGREEMENT

In accordance with the terms of this Confidentiality and Noncompetition Agreement (“**Confidentiality Agreement**”) and in consideration of my relation to and/or connection with __________________ (“**Franchisee**”), and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, I (“**Covenantor**”) hereby acknowledge and agree that:

1. Franchisee has acquired the right from SURF’N’FRIES USA, LLC (“**Franchisor**”) to establish and operate a franchise Outlet (“**Outlet**”) and the right to use in the operation of the Outlet Franchisor’s trade names, trademarks, and service marks, including the service mark “SURFIN’ CHICKEN (“**Marks**”) and the system developed by Franchisor and/or its affiliates for operation and management of Outlets (“**System**”), as they may be changed, improved, and further developed from time to time in Franchisor’s sole discretion.

2. Franchisor possesses certain proprietary and confidential information relating to the operation of the Outlet, which includes the Manual, recipes, trade secrets, and copyrighted materials, methods, and other techniques and know-how (“**Confidential Information**”). Any and all manuals, trade secrets, copyrighted materials, methods, information, knowledge, know-how, and techniques which Franchisor specifically designates as confidential are deemed to be Confidential Information for purposes of this Confidentiality Agreement.

3. Because I am a Covenantor, Franchisor and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, Franchisor’s operations manual (“**Manual**”), and other general assistance during the term of this Confidentiality Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Outlet during the term of this Confidentiality Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves Franchisor’s trade secrets, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I will hold in strict confidence all Confidential Information and all other information designated by Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties to Franchisee and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. Except as otherwise approved in writing by Franchisor, I will not, while in my position with Franchisee and for a continuous uninterrupted period commencing upon the cessation or termination of my relationship and/or position with Franchisee, regardless of the cause for cessation or termination, and continuing for two years thereafter, either directly or indirectly, for myself or through, on behalf of, or in conjunction with any other person, partnership, corporation, or other limited liability company own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest or relationship or association with any casual, fast-casual, or quick-service restaurant, retail outlet, food truck, kiosk, cart, or store inside store of any type, that offers fries and/or chicken as a primary menu item or that derives more than 25% of its revenue (excluding revenue derived from the sale of alcoholic beverages) from the sale of fries and/or chicken within a five-mile radius of any Outlet, nor will I directly or indirectly employ or seek to employ any employee of Franchisor or an Affiliate of Franchisor (collectively, “**Employers**”), unless such employee’s employment has been terminated for 120 days or more, or such employee has obtained written consent from Employer that the employee may be hired. The restrictions in this Section 6 do not apply to my ownership of less than a five percent beneficial interest in the outstanding securities of any publicly-held corporation. The time periods relating to the restrictions set forth in this Confidentiality Agreement will be tolled during any period of my noncompliance.

7. I agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Confidentiality Agreement. If all or any portion of a covenant in this Confidentiality Agreement

is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Confidentiality Agreement.

8. I understand and acknowledge that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant set forth in this Confidentiality Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply with any covenant as so modified. I also understand that neither I nor Franchisee may make any changes to this Confidentiality Agreement without the written consent of Franchisor.

9. Franchisor is a third-party beneficiary of this Confidentiality Agreement and may enforce it, solely and/or jointly with Franchisee. I am aware that my violation of this Confidentiality Agreement will cause Franchisor and Franchisee irreparable harm; therefore, I acknowledge and agree that Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Confidentiality Agreement, and I agree to pay Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Confidentiality Agreement is enforced against me. Due to the importance of this Confidentiality Agreement to Franchisee and Franchisor, any claim I have against Franchisee or Franchisor is a separate matter and does not entitle me to violate or justify any violation of this Confidentiality Agreement.

10. This Confidentiality Agreement will be construed under the laws of the State of Texas.

11. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE**.

12. I acknowledge that I am to receive valuable information emanating from Franchisor's principal business office, wherever it may be located. Therefore, with respect to all claims, controversies, and disputes, I irrevocably consent to personal jurisdiction and submit myself to the jurisdiction of the federal and state courts that service the county where Franchisor's principal business office is located. Notwithstanding the foregoing, I acknowledge and agree that Franchisor or Franchisee may bring and maintain an action against me in any court of competent jurisdiction for injunctive or other extraordinary relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

[the following page is the signature page]

THE PARTIES HERETO, INTENDING TO BE LEGALLY BOUND, HAVE EXECUTED THIS CONFIDENTIALITY AGREEMENT AS OF THE DATES NOTED BELOW.

ACKNOWLEDGED BY DEVELOPER	**COVENANTOR**
By:______________________________	______________________________
[name, title]	[name], Individually
Date: ____________________________	Address:
	Date:___

SURF'N'FRIES USA, LLC
FRANCHISE AGREEMENT

ATTACHMENT D-2

PRINCIPALS' UNDERTAKING

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement, and any revisions, modifications, and amendments thereto, (collectively, "**Agreement**") by and between SURF'N'FRIES USA, LLC ("**Franchisor**"), and ______________("**Franchisee**"), and dated March 15, 2019, the undersigned (whether one or more individually and collectively "**Principal**") agrees as follows:

1. Principal acknowledges and agrees as follows:

(a) The undersigned is a "Principal," as defined in the Agreement, and has read the terms and conditions of the Agreement and acknowledges that the execution of this Principal's Undertaking is in partial consideration for, and a condition to, Franchisor entering into the Agreement with Franchisee and that Franchisor would not have entered into the Agreement without the execution of this Principal's Undertaking; and

(b) Without limiting any of Franchisee's obligations under the Agreement, Principal **(i)** makes all of the covenants, representations, warranties, and agreements set forth in Section 6.13. (Compliance with Laws), Sections 8.3. (Confidentiality), Section 12. (Transfer of Interest), Section 15. (Covenants), and Section 19. (Applicable Law; Dispute Resolution) of the Agreement and is obligated to perform thereunder; and **(ii)** represents that each and every representation of Franchisee made in connection with the Agreement is true, correct, and complete in all respects as of the time given and as of the time of the undersigned's execution of this Principals' Undertaking.

2. The obligations of Principal are independent of the obligations of Franchisee, and a separate action or actions may be brought and prosecuted against Principal, whether or not actions are brought against Franchisee or whether or not Franchisee is joined in any such action.

3. This Principal's Undertaking is governed by and interpreted in accordance with the laws of the State of Texas, without regard to its conflicts of law principles. This Principal's Undertaking is enforceable by and against the respective administrators, executors, successors, and assigns of the Principal, and the death of any Principal will not terminate the liability of such Principal or limit the liability of other Principals hereunder.

IN WITNESS WHEREOF, the undersigned execute this Principals' Undertaking effective as of the date(s) set forth below.

PRINCIPAL(S)

______________________________ Date: ______________________________
[name], Individually
Address:

______________________________ Date: ______________________________
[name], Individually
Address:

SURF'N'FRIES USA, LLC
FRANCHISE AGREEMENT

ATTACHMENT E

ACH AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Please complete and sign this form.

Franchisee Information

Franchisee Name or Legal Entity

____

Outlet Number & Location

____

Name and Email of Person to Receive ACH Debit Advice

____

Authorization Agreement

I (we) hereby authorize SURF'N'FRIES USA, LLC ("**Company**") to make ACH withdrawals from my (our) account at the financial institution named below. I also authorize the Company to initiate direct deposits into this account in the event that a debit entry is made in error. I (we) acknowledge that the origination of ACH transactions to or from my (our) account must comply with the provisions of U.S. law.

I agree to indemnify the Company for any loss arising in the event that any withdrawals from my (our) account are dishonored, whether with or without cause and whether intentionally or inadvertently.

This agreement will remain in effect until the Company has received advanced written notice of cancellation from me (us) in such time and in such manner as to afford the Company a reasonable opportunity to act on it, and in no event will such notice period be less than 30 days.

Payor/Franchisee Account Information

Name of Financial Institution:		
ABA Routing Number:		
Account Number:	Checking ☐	Savings ☐

Payor/Franchisee Signature

Authorized Signature (Primary):	Date
Authorized Signature (Joint):	Date:

Account holder(s), please sign here: **(Joint accounts require the signature of all persons having authority over the account)**

Please scan and email this Authorization and a copy of a voided check to: ______________________________

SURF'N'FRIES USA, LLC
FRANCHISE AGREEMENT

ATTACHMENT F

LEASE RIDER

(a) Landlord acknowledges that "**Tenant**" is a franchisee of SURF'N'FRIES USA, LLC ("**Franchisor**"), a Texas corporation, and that the franchise Outlet located at the Premises (as defined in the lease) ("**Outlet**") is operated under Franchisor's franchise system, pursuant to a franchise agreement ("**Franchise Agreement**") between Tenant and Franchisor. Landlord consents to Tenant's use at the Premises of such marks and signs, decor items, color schemes, and related components of Franchisor's system as Franchisor may prescribe for the Outlet. During the Term of the Franchise Agreement, the Premises may be used only for the operation of the Outlet.

(b) Landlord agrees to furnish to Franchisor copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant. Without limiting the foregoing, in the event of any default by Tenant, Landlord will give Franchisor written notice of such default. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord will give Franchisor further written notice of such failure ("**Franchisor Notice**"). Following Franchisor's receipt of Franchisor Notice, Franchisor will have the right (but not the obligation) to cure Tenant's default before Landlord exercises any of Landlord's remedies arising as a consequence of Tenant's default. Any such cure will be effected within 15 days following Franchisor's receipt of Franchisor Notice. Such cure by Franchisor will not be deemed to be an election to assume the terms, covenants, obligations, or conditions of the Lease.

(c) If Franchisor cures Tenant's default, or if Franchisor notifies Landlord that the Franchise Agreement has been terminated (which termination will constitute a non-curable default pursuant to the Lease upon Landlord's receipt of Franchisor's notice thereof), Landlord agrees, upon Franchisor's written request, to assign to Franchisor any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises, and Franchisor will have the right and option, upon written notice to Landlord, to assume the terms, covenants, obligations, and conditions of the Lease for the remainder of the term, together with any applicable renewal options. In such event, Landlord and Franchisor will enter into an agreement to document such assumption. Franchisor is not a party to the Lease and will have no liability under the Lease unless and until said Lease is assigned to, and assumed by, Franchisor as herein provided.

(d) If, at any time after the assignment contemplated in section (c), Franchisor notifies Landlord that the franchise for the Outlet is being granted to another franchisee, Landlord will permit the assignment of the Lease to such franchisee without the payment of any fee or other cost requirement, provided that such franchisee meets Landlord's reasonable financial qualifications. Landlord will not unreasonably withhold consent to such assignment. Thereafter, Franchisor will be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section (d).

(e) Tenant will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor, nor will Landlord and Tenant amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

(f) Franchisor has the right to enter the Premises to make any modification or alteration necessary to protect the Franchisor's System and Marks (including, without limitation, remove all signs, advertising materials, displays, fixtures, proprietary equipment and inventory, and any other items which display the Marks or are indicative of Franchisor's trade dress) or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord will not be responsible for any expenses or damages arising from any such action by Franchisor.

(g) Landlord will subordinate any lien in favor of Landlord created by the Lease to Franchisor. Landlord's rights to collect on any liens that Landlord files or attaches to Tenant's property rights will be subordinate and inferior to Franchisor's lien rights against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Tenant and on the premises operated by Tenant under the Lease.

(h) Franchisor is a third-party beneficiary of this Rider and may enforce it, solely and/or jointly, with Tenant.

(j) All notices sent pursuant to this Rider will be sent in the manner set forth in the Lease, and delivery of such notices will be effective as of the times provided for in the Lease. For purposes of a Franchisor Notice or any other notice to Franchisor that may arise under the Lease, Franchisor's mailing address is 5550 Granite Parkway, Suite 195, Plano, Texas 75024, Attn: President, which address may be changed by written notice to Landlord in the manner provided in the Lease.

SURF'N'FRIES USA, LLC
FRANCHISE AGREEMENT

ATTACHMENT G

FRANCHISEE QUESTIONNAIRE

As Franchisee ("**you**") knows, Franchisee and Franchisor are preparing to enter into a Franchise Agreement for the operation of a franchise outlet ("**Franchise**"). The purpose of this Questionnaire is to determine whether any statements or promises were made to Franchisee that Franchisor has not authorized or that may be untrue, inaccurate, or misleading, to be certain that Franchisee has been properly represented in this transaction, and to be certain that Franchisee understands the limitations on claims it may make by reason of the purchase and operation of the franchise outlet. Franchisee cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but Franchisee must sign and date it the same day Franchisee signs the Franchise Agreement. Please review each of the following questions carefully and provide honest responses to each question.

1. _________ I have received and personally reviewed the Franchise Agreement and each exhibit, addendum and schedule attached to it.

2. _________ I understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it.

3. __________ I have received and personally reviewed our disclosure document we provided to you.

4. ___________ I understand all of the information contained in the disclosure document.

5. ___________ I have discussed the benefits and risks of operating the Franchised Business with an attorney, accountant or other professional advisor and I do understand those risks.

6. ___________ I understand that the success or failure of my business will depend in large part upon my skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors.

7. _________ No employee or other person speaking on our behalf made any statement or promise concerning the revenues or profits of the Franchised Business that we or our franchisees operate.

8. _________ No employee or other person speaking on our behalf made any statement or promise concerning a Franchised Business that is contrary to, or different from, the information contained in the disclosure document.

9. _________ No employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business.

10. _________ No employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the disclosure document.

12. ________ I understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and these dealings are solely between you and us.

13. _________ I understand that my answers are important to us and that we will rely on them.

Comments:____
____
____
____

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

Name of Franchisee/Applicant:

Date: ____________________ ____
Name, Individually

Date: ____________________ ____
Name, Individually

SURF'N'FRIES USA, LLC
FRANCHISE AGREEMENT

ATTACHMENT H

SIS AGREEMENT

SURF'N'FRIES USA, LLC
FRANCHISE AGREEMENT

ATTACHMENT H

SIS AGREEMENT

In accordance with the terms of this SIS Agreement ("**SIS Agreement**") between SURF'N'FRIES USA, LLC ("**Franchisor**"), ____________________ ("**Franchisee**"), and ____________________________________(each "Guarantor").

1. Guarantor hereby acknowledges and agrees that the Guarantor has read the franchise agreement between Franchisor and Franchisee, having an Effective Date of ______________ ("**Franchise Agreement**").

2. If Franchisee is awarded a store-in-a-store subleased ("**SIS**") facility (the "**Facility**" or "**Outlet**"), the Franchisee and Guarantor each acknowledges and agrees to be bound by the following terms:

(a) Franchisor has entered into that certain lease agreement for Franchisee's operation of their SIS Outlet; therefore, the opening date ("**Opening Date**") of the Outlet shall be determined by such SIS Outlet lease agreement with the third-party landlord ("SIS Lease Agreement"), attached hereto and incorporated herein as Attachment 1.

(b) Franchisee and Guarantor each agree to be bound by and comply to all terms contained in the SIS Lease Agreement, including but not limited to any required tenancy space occupation requirements, any monetary and other compline requirements.

(c) **Site Requirements**. If you operate a SIS Outlet, pursuant to the SIS Lease Agreement, you must operate in a commercial retail space with approximately 800 to 2,000 square feet. Further, the real estate cost for your SIS Outlet may vary depending on the lease negotiated for the retail space

(d) **Monthly Rent**. The monthly rent for a SIS may be a flat charge, or a percentage of total sales, whichever is higher. Franchisee's monthly rental obligation shall be the amount as identified in Attachment 1, the SIS Lease Agreement The monthly rent for a SIS Outlet must be paid no later than the 27th day of each month for the upcoming months' rent, and must be paid electronically via Automated Clearing House (ACH) to the Franchisor or any other method as determined by the Franchisor from time to time. Please refer to Attachment E of the Franchise Agreement for the Franchisor's form of ACH Authorization Agreement. The percentage of sales rent must be paid by the 5th of each month for the previous month's sales accounting, or any other method as determined by the Franchisor from time to time.

(e) **Approved Vendors and Suppliers**. In addition to designated and approved suppliers authorized by the Franchisor, the Franchisee must use all the designated and approved suppliers as identified in the SIS Lease Agreement. Franchisee shall use only the approved vendors and suppliers for construction or renovations as required by the SIS Lease Agreement.

(f) **Insurance**. Franchisee and Guarantor each expressly agree to abide by all required insurance provisions as outlined in Article 11 of the Franchise Agreement and additionally abide by any insurance provisions of the SIS Lease Agreement. If Franchisee fails to procure or maintain the minimum insurance requirements, Franchisor or its designee has the right (but is not required) to procure such insurance on Franchisee's behalf. Such right will be in addition to and not in lieu of any other rights or remedies available to Franchisor. If such procurement occurs, Franchisee must reimburse Franchisor upon demand the cost of the premium and a reasonable amount for Franchisor's time.

(g) **Default and Termination**. In addition to the Franchisor's right to terminate the Franchise Agreement Pursuant to Article 13 of the Franchise Agreement, the Franchisor has the right to terminate the Franchise Agreement for operation of the Franchisee's SIS Outlet, if Franchisee fails to cure the following defaults within ten (10) days after delivery of written notice: (a) failure to obtain or maintain required insurance coverage; (b) failure to pay any amounts due Franchisor; (c) failure to pay any amounts due to the Franchisor pursuant to the SIS Lease Agreement and this SIS Agreement for operation of the Outlet premises, any outstanding amount to the suppliers, or other trade creditors (unless such amount is subject to a bona fide dispute); (d) failure to pay any amounts for which Franchisor has advanced funds for or on Franchisee's behalf, or upon which Franchisor is acting as guarantor of Franchise's obligations; (e) violation of any provision of this Agreement concerning the use and protection of the

Marks or Copyrighted Works; (f) violation of any provision of this Agreement concerning the preparation, service, appearance, or quality of SURFIN' CHICKEN products; or (g) failure to comply with any state, local or federal laws.

(h) **Indemnification**. Franchisee and Guarantor each expressly agree to terms of the Indemnification provisions of Article 11 and agree to indemnify the Indemnitees from any and all losses incurred in connection with operation of the SIS Outlet.

(i) **Ratification.** All provisions of the Franchise Agreement are hereby ratified and affirmed.

(j) **Enforceability.** If any one or more of the provisions contained in this Amendment are, for any reason, held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision herein, and this Amendment will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein and such invalid, illegal or unenforceable provision shall be revised so as to be valid, legal and enforceable.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:
SURF'N'FRIES USA, LLC
a Texas limited liability company

By: ______________________________
Name, Title

FRANCHISEE:

By: ______________________________
Name, Title

ATTACHMENT 1

to Exhibit H of the Franchise Agreement

SIS Lease Agreement

EXHIBIT D

SURF'N'FRIES USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE (SAMPLE FORM)

SURF’N’FRIES USA, LLC

GENERAL RELEASE (SAMPLE FORM)

1. Release of Claims. Franchisee and its Principals and their respective assigns, heirs, representatives, agents, family members, and all other persons acting on their behalf or claiming under them (collectively, “Franchisee Related Parties”) irrevocably and unconditionally release and forever discharge Franchisor, its predecessors, subsidiaries, affiliates and their respective owners, officers, directors, agents, independent contractors, servants, employees, representatives, attorneys, successors and assigns and all persons acting by, through, under or in concert with any of them (collectively “Releasees”), from all actions, causes of action, suits, debts, liens, contracts, agreements, obligations, promises, liabilities, claims, rights, demands, damages, controversies, losses, costs, and expenses (including attorneys’ fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent (“Claim” or “Claims”), which they now have or claim to have or at any time heretofore have had or claimed to have against each or any of the Releasees, including, without limitation, any and all such Claims arising from, based upon or related to the Franchise Agreement, but excluding claims based on any representation that Franchisor made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative in connection with the offer of this Agreement, subject to agreed-upon changes to the contract terms described in that Franchise Disclosure Document and reflected in the Franchise Agreement (including any riders or addenda signed at the same time as this Agreement).

2. Unknown Claims. Franchisee acknowledges for itself and the Franchisee Related Parties that there is a risk that subsequent to the execution of this Agreement, it will discover, incur or suffer Claims which are unknown or unanticipated at the time this Agreement is executed, including, without limitation, unknown or unanticipated Claims which arose from, are based upon or are related to the Franchise Agreement or some part or aspect thereof, which if known by Franchisee on the date this Agreement is being executed may have materially affected its decision to execute this Agreement. Franchisee acknowledges and agrees for itself and the Franchisee Related Parties that by reason of the release contained in Section 1 above, it is assuming the risk of such unknown and unanticipated Claims and agrees that its release of the Releasees contained in this Agreement applies thereto.

3. Covenant Not to Sue. Franchisee covenants and agrees for itself and for the Franchisee Related Parties not to bring or allow to be brought on behalf of itself or any Franchisee Related Party, any action, cause of action, suit or other proceeding of any kind, which has accrued or which may ever accrue, whether based in the Constitution, common law or statute, contract, tort, or in equity, for actual or punitive damages or other relief, against Franchisor and the Releasees arising out of, resulting from, or in any manner related to the matters referenced in Section 1.

4. No Assignment of Claims. Franchisee represents and warrants for itself and the Franchisee Related Parties that it has not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claims released under Section 1. of this Agreement and agrees to indemnify, defend and hold the Releasees harmless from and against any and all Claims, based on or arising out of any such assignment or transfer, or purported assignment or transfer, of any Claims, or any portion thereof or interest therein. Franchisee represents and warrants that since the date of the Franchise Agreement, there has been no assignment or transfer, and no purported assignment or transfer, to any person or entity of the Franchise, the Franchise Agreement, or any rights or interests therein or in the Franchisee.

5. Full and Independent Knowledge. Franchisee represents that it has been represented by an attorney in connection with the preparation and review of this Agreement, that it has specifically discussed with its attorney the meaning and effect of this Agreement and that it has carefully read and understands the scope and effect of each provision contained herein. Franchisee further represents that it does not rely and has not relied upon any representation or statement made by the Franchisor or, any of the Releasees or any of their representatives with regard to the subject matter, basis or effect of this Agreement.

6. Compromise. Franchisee agrees for itself and the Franchisee Related Parties that the releases contained herein are the result of a compromise and shall never at any time for any purpose be considered as an admission of liability or responsibility on the part of Franchisor or the Releasees regarding any matter.

7. General Provisions.

(a) Entire Agreement. This Agreement, when fully executed, supersedes all previous negotiations, representations, and discussions by the parties hereto concerning the subject matter hereof and integrates the whole of all of their agreements and understandings concerning the subject matter hereof. No oral representations or undertakings concerning the subject matter hereof shall operate to amend, supersede, or replace any of the terms or conditions set forth herein.

(b) Authority. By their signatures below, the parties hereto represent and warrant to each other that they have all necessary authority to enter into this Agreement. Each party hereto represents and warrants that the party is entering into this Agreement solely for the purposes and consideration set forth herein.

(c) Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which shall be fully effective as an original.

(d) Survival. All covenants, representations, warranties, and agreements of the parties shall survive execution and delivery of this Agreement and shall continue until such time as all the obligations of the parties hereto shall have lapsed in accordance with their respective terms or shall have been discharged in full.

(e) Further Assurance. The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Agreement.

(f) Complete Defense. Franchisee acknowledges that this Agreement shall be a complete defense to any claim released under the terms of Section 1. of this Agreement and hereby consents to the entry of a temporary or permanent injunction to end the assertion of any such claim.

(g) Attorneys' Fees. In the event that Franchisor institutes legal proceedings of any kind to enforce this Agreement, Franchisee agrees to pay all costs and expenses associated therewith, including, but not limited to, all attorneys' fees.

[the signature page is the following page]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR: SURF'N'FRIES USA, LLC a Texas limited liability company	**FRANCHISEE:**
By: ___________________________ Name, Title	By: ______________________________ Name, Title

[Add signature blocks for any additional parties identified pursuant to Section 1.]

[For Development Agreements the word "Franchisee" is replaced with the word "Developer" and "Franchise" is replaced with the word "Development".]

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

EXHIBIT E

SURF’N’FRIES USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES
AND FORMER FRANCHISEES

LIST OF FRANCHISEES
AS OF DECEMBER 31, 2021

Franchisee	Address	City	ST	ZIP	Telephone Number
Loaded Fries, LLC – Hardik Thakkar and Mohinderpal Ghuman	6250 Valley Spring Parkway	Riverside	CA	92507	718-820-6555
LVD81, LLC – Stephen Clark	1200 N Highway 77	Waxahachie	TX	75165	214-773-8524
LVD81, LLC – Stephen Clark	1801 Marketplace Dr.	Garland	TX	75041	214-773-8524
LVD81, LLC – Stephen Clark	555 W Interstate 30	Garland	TX	75043	214-773-8524
LVD81, LLC – Stephen Clark	951 SW Wilshire Blvd.	Burleson	TX	76028	214-773-8524

LIST OF FRANCHISEES WITH SIGNED FRANCHISE AGREEMENT
BUT OUTLET NOT OPEN AS OF DECEMBER 31, 2021

Franchisee	Address	City	ST	ZIP	Telephone Number
The Silva Lining, LLC – Ricardo Raposo; Joao J. Pareira DaSilva	11318 Matinal Circle	San Diego	CA	92127	310-406-4193
Loaded Fries, LLC – Hardik Thakkar and Mohinderpal Ghuman	440 N Euclid St	Anaheim	CA	92801	718-820-6555
Baines Restaurants, LLC – Sarvjeet S. Baines, Manjeet K. Bains, Mandeep K. Bains	860 Christina Circle	Sparks	NV	89436	775-722-1131
LVD81, LLC – Stephen Clark	3500 Greenbrier	Dallas	TX	72552	214-773-8524

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
AS OF DECEMBER 31, 2021

Franchisees whose franchise agreement was terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their franchise agreement as of December 31, 2020, or who have not communicated with us within the last 10 weeks.

None.

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

EXHIBIT F

SURF'N'FRIES USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

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THE SURF N FRIES EXPERIENCE

OPERATIONS

MARKETING & FINANICAL

EXHIBIT G

SURF'N'FRIES USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

California
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677

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

Illinois
Office of Attorney General
500 S. Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana
Securities Division
Franchise Section
200 W. Washington Street, Room 201
Indianapolis, Indiana 46204
(317) 232-6681

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

Michigan
Michigan Attorney General's Office
Consumer Protection Division
Attention: Franchise Section
G. Mennen Williams Bldg., 1st Floor
525 W. Ottawa St.
Lansing, Michigan 48933
(517) 373-7117

Minnesota
Department of Commerce
85 7th Place East, Suite 280
Saint Paul, Minnesota 55101-2198
(651) 539-1500

New York
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8285

North Dakota
Franchise Examiner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor, Dept. 414
Bismarck, North Dakota 58505-0510

Rhode Island
Securities Division
Department of Business Regulation
1511 Pontiac Avenue, Building 69-1
Cranston, Rhode Island 02920

South Dakota
Division of Insurance
Securities Regulation
124 S. Euclid, 2nd Floor
Pierre, South Dakota 57501
(605) 773-3563

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

Washington
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

Wisconsin
Franchise Administrator
Division of Securities
Department of Financial Institutions
345 West Washington Avenue
Madison, Wisconsin 53703

EXHIBIT H

SURF'N'FRIES USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

California
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013

Texas
Canada Lewis & Associates PLLC
5550 Granite Parkway, Suite 195,
Plano, Texas 75024

EXHIBIT I

SURF'N'FRIES USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE-SPECIFIC ADDENDA

STATE OF CALIFORNIA – DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

FRANCHISE INVESTMENT LAW NOTICE OF NEGOTIATED SALE OF FRANCHISE UNDER SECTION 310.100.2, TITLE 10, CALIFORNIA CODE OF REGULATIONS

DFPI-310.100.2 (Rev. 11-20)

Department of Financial Protection and Innovation
File No.____________________
(Insert file-number of currently effective franchise registration)

STATE OF CALIFORNIA
DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

1. (a) Name of FILER: SURF'N'FRIES USA, LLC
   (b) The above-named filer is filing as a (check one):
   ☑ FRANCHISOR ☐ SUBFRANCHISOR
   (c) If FILER is a SUBFRANCHISOR, the name of FRANCHISOR:
   ____

2. (a) Name of FRANCHISE: SURFIN' CHICKEN
   (b) Contact Person: Carrie Sams
   (c) Address: 5550 Granite Parkway, Suite 195, Plano, Texas 75024
   ____
   (d) Telephone: (415) 341-2769

3. A. (a) Offering Circular Item Number: 5
   (b) Description of Provisions in Currently Registered Offering Circular:
   See attached
   (c) Description of Change:
   See attached

   B. (a) Offering Circular Item Number: 6
   (b) Description of Provisions in Currently Registered Offering Circular:
   See attached
   (c) Description of Change: See attached

   C. (a) Offering Circular Item Number: 17
   (b) Description of Provisions in Currently Registered Offering Circular:
   See attached
   (c) Description of Change: See attached

(If additional space is needed, attach separate sheet (s) with respect to each additional item being changed using the above format)

4. Date of Sale of Negotiated Franchise: 10/11/2021

5. Name, title, business address and telephone number of individual to be contacted by the Department regarding this notice:

   Name: Carrie Sams

   Title: President

   Business Address: 5550 Granite Parkway, Suite 195, Plano, TX 75024

   Telephone: (415) 341-2769

6. Date of this notice : 6/14/2022

Authorized Signature

Carrie Sams

Printed Name of Signatory

STATE OF CALIFORNIA – DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

NEGOTIATED SALES EXEMPT UNDER 310.100.2

OF THE CALIFORNIA CODE OF REGULATIONS

Following changes were made for two territories and two franchise agreements signed by one franchisee.

1. (a) Offering Circular Number: Item 5

   (b) Description of Provisions in Currently Registered Offering Circular:

   Initial Franchise Fee for SIS is $25,000.

   (c) Description of Change:

   The initial franchise fee for SIS was reduced to $9,000.

2. (a) Offering Circular Number: Item 6

   (b) Description of Provisions in Currently Registered Offering Circular:

   Royalty Fee is 6%

   (c) Description of Change:

   Royalty Fee was reduced to (i) 0% of Gross Sales for the first (6) months from the Location Opening Date; (ii) 3.5% of Gross Sales for the remainder of (6) months for the first-year from the Location Opening Date; (iii) 4% of Gross Sales for the second year of Outlet operation; and (iv) 5% of Gross Sales for any remainder of Term and Renewal Term.

3. (a) Offering Circular Number: Item 17(a)

   (b) Description of Provisions in Currently Registered Offering Circular:

   The Initial Term for a SIS Outlet is 5 years.

   (c) Description of Change:

   The Initial Term for SIS Outlet was reduced to 2 years.

4. (a) Offering Circular Number: Item 17(c)

   (b) Description of Provisions in Currently Registered Offering Circular:

   Notice to renew is no less than 6 and no more than 24 months before the then-current term has expired.

   (c) Description of Change:

   Notice to renew is changed to no less than 12 months to no more than 24 months.

SURF'N'FRIES USA, LLC

STATE SPECIFIC ADDENDA

FOR THE STATE OF CALIFORNIA

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

The California Corporations Code, Section 31125, 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.

Item 3 of the disclosure document is supplemented by the following:

Neither the franchisor nor any person identified in Item 2 of the disclosure document is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A., 78a *et. seq.*, suspending or expelling such persons from membership in such association or exchange.

Item 5 of the disclosure document is supplemented by the following:

The Department has determined that either the franchisor has not demonstrated it is adequately capitalized or that the franchisor must rely on franchise fees to fund operations. The Commissioner has imposed a financial assurance requirement that requires the franchisor to defer collection of all initial fees due under the franchise agreement until franchisor has completed its pre-opening obligations and franchise is open for business. In addition, the franchisor must defer collection of the development fee under the development agreement until franchisor has completed its pre-opening obligations and the first developed franchise outlet is open for business.

Item 17 of the disclosure document is supplemented by the following:

California Business and Professions Code, Sections 20000 through 20043 provides rights to the franchisee concerning transfer, termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

You must sign a general release if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Franchise Agreement contains a covenant not to compete that extends beyond expiration or termination of the agreement. This provision may not be enforceable under California law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).

The Franchise Agreement provides for mediation and/or arbitration for certain disputes. The mediation and/or arbitration will occur at a location within 10 miles of our then current address (currently Plano, Texas). This provision may not be enforceable under California law.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The indemnification provision in the Franchise Agreement may not be fully enforceable as to punitive damages under California law.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

SURF 'N' FRIES USA, LLC

SUPPLEMENTAL APPENDIX TO DISCLOSURE DOCUMENT

STATE OF CALIFONRIA

DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

Negotiated Sales Exempt under Section 310.100.2, Title 10, California Code of Regulations

A. Certain terms of Items 1-23 of this FDD have been negotiated with other California franchisees. A copy of all Negotiated Sales Notices filed in California in the last twelve months is attached as Exhibit 1 of this Supplemental Appendix to Disclosure Document.

C. Copies of the negotiated terms are available upon written request.

D. Written requests should be submitted to Carrie Sams, President & COO, 5550 Granite Parkway, Suite 195, Plano, Texas 75024.

EXHIBIT 1

OF

SUPPLEMENTAL APPENDIX TO DISCLOSURE DOCUMENT

Negotiated Sales Notices filed in California

EXHIBIT J

SURF'N'FRIES USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

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

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

State	Effective Date
California	Pending

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 K

SURF'N'FRIES USA, LLC
FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If SURF'N'FRIES USA, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Michigan requires that SURF'N'FRIES USA, LLC give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If SURF'N'FRIES USA, LLC does not deliver this Franchise 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, DC 20580, and the appropriate state administrator listed in Exhibit G. SURF'N'FRIES USA, LLC's agents for service of process are listed in Exhibit H.

Issuance Date: June 7, 2022

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Carrie Sams	5550 Granite Parkway, Suite 195, Plano, Texas 75024	415-341-2769

I received a Franchise Disclosure Document June 7, 2022. State registration effective dates are listed on the State Effective Dates page. This Franchise Disclosure Document included the following Exhibits and Attachments:

Exhibit A	Financial Statements
Exhibit B	Development Agreement (with attachments)
Exhibit C	Franchise Agreement (with attachments)
Exhibit D	General Release (sample form)
Exhibit E	List of Current Franchisees and Former Franchisees
Exhibit F	Table of Contents of Manual
Exhibit G	List of State Administrators
Exhibit H	Agents for Service of Process
Exhibit I	State Specific Addenda
Exhibit J	State Effective Dates
Exhibit K	Receipts

Date:____________________________ ____

Signature

____

Printed Name, Individually

____

Printed Name, Officer, Title

of____

a ☐ Corporation ☐ LLC ☐ Partnership

(Keep this page for your records)

RECEIPT

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Date:____________________________ ____

Signature

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Printed Name, Individually

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Printed Name, Officer, Title

of____

a ☐ Corporation ☐ LLC ☐ Partnership

(Return this signed, dated page to us)